

Annual Report 2012 - 2013



Corporate Governance

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

Internal Controls

Sask Pork adheres to internal financial controls as detailed in the *Policy and Operating Procedures Manual* approved by the Board of Directors in September 2005.

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Chairman's Letter



To find an optimist among hog producers is a rare find indeed.

Years of low or negative margins, Circovirus, Swine Flu , COOL, expensive and poor quality feed are just some of the things that have beat the joy out of pig farming. However, the optimist believes eventually even bad luck runs out! The most amazing crop was grown on the prairies this summer which should see great quality grains at lower prices.

Diseases plaguing China and now the USA have largely missed western Canada.

Packers are now 'chasing hogs' to fill slaughter capacity. Investment from China and trade agreements with EU bodes well for export growth. Pork bellies that once sold for pennies are now many times in value.

2014 should be a catch up year. Outstanding bills and lines of credit need to be paid down. Repairs made with 'duct tape and a prayer' need replacement. Workers need new boots and undies. Who knows, maybe things will get so good that bankers will again buy a pig farmer a coffee and give us the time of day!

The Saskatchewan Pork Development Board folks have played significant roles in several national initiatives.

General Manager, Neil Ketilson has headed a project to provide better hedging programs for all producers. Currently, many large producers have hedging programs to reduce risk. A program that pools hedging administration and back margin requirements should make this tool available to most producers.

Sask Pork has also identified the need to better access immigrant labour. As such we have been working with our provincial government to get better access to immigrant spots and in a more timely manner.

As Chair of the National Pig Code Review Committee, I have worked to update our current national welfare standards.

Chairman's Letter

In addition, Sask Pork staff held two producer meetings in June that provided valuable producer feedback to the proposed Pig Code. We expect a completed and modified Code in 2014.

As Chair of the Canadian Swine Health Board (CSHB), much has been done to protect our herds from new and re-emerging diseases. CSHB has a surveillance tool, the Canadian Swine Health Intelligence Network (CSHIN), which brings timely on-farm disease information together from across Canada. CSHIN helps to monitor all health issues and has been particularly useful in monitoring PEDv which at the time of writing remains out of Canada. Our efforts to upgrade national Bio-Security protocols have been very timely.

Neil Ketilson and Ontario Pork's General Manager Ken Ovington, have been leading an exercise to restructure the Canadian Pork Council. This is a big task as ways to improve both operational efficiency and program effectiveness could lead to tough changes.

Through good and bad, Sask Pork will continue to work on your behalf to build pride in an industry that supplies great pork to families near and far.

Cheers,

A handwritten signature in dark ink, appearing to read 'Florian Possberg', written in a cursive style.

Florian Possberg
Chairman

General Manager's Letter



As we reflect on another busy year of continual change, I cannot help but think about how the weather has such a profound influence on our industry. 2012 will be remembered as the year of the significant drought in the United States and the dramatic impact that had on feed grain prices and the profitability of the industry. In keeping with the state of constant change, 2013 will be for most grain farmers the year they tell stories of the "best crop ever" to their grandchildren. For the pork industry, 2012 resulted in record feed grain prices and huge financial losses, and a dramatic change in ownership and demographics. Now with a return to profitability and renewed optimism, one wonders if the industry has seen the last of major adjustments.

To put the dramatic effects of 2012 and 2013 into perspective, the drought in the United States increased corn prices from \$5.86 in December 2011 to \$7.01 in December 2012. The corn price increase, which was reflected in Canadian feed grain prices, increased the cost of feeding a pig in 2012 by \$30, from \$95 in 2011 to \$125 in 2012/13. While feed prices increased, the price of index 100 hogs averaged only \$153.41, which was less than the previous year. As a result, producers suffered losses of \$25 to \$35 per hog for much of the year. The significant losses caused the bankruptcies of Puratone in Manitoba and Big Sky Farms in Saskatchewan. Both companies continue to operate, but are now owned by Maple Leaf Foods and Olymel respectively. Integrated companies now own and operate over 40% of western Canadian hog production. Obviously the trend to more integrated and larger companies continues in the prairies.

On behalf of our producer members, Sask Pork had another busy year developing options to assist with the cash flow crisis, and also continuing to develop policies and deliver programs that will assist the industry into the future. Government lobbying, the Pig Code, delivering on-farm programs, and work on the transitional plans for the next Growing Forward II funding dominated the year's activities.

Working through the Canadian Pork Council (CPC), a great deal of effort was made in lobbying the federal and provincial governments for cash support to transition producers through the high feed grain costs and significant financial losses. Unfortunately, both levels of government would not consider any support other

General Manager's Letter

than those provided through existing programs such as AgriStability. It seems obvious there is a significant shift in government policy to reduce spending, avoid Ad hoc support programs and download more costs to the industry.

Sask Pork continues to work with the CPC on lobbying for the Hedging Program that would use the existing futures market system to hedge hog prices but eliminate the need for producers to worry about having to cover margin calls. The federal government has commissioned an actuarial study to determine the financial risks of such a program and its feasibility. The study is due to be released for comment to the public soon.

2012/13 was also a year of significant transition for government program funding. Over the past 5 years, under Agriculture and Agri-Food Canada's Growing Forward I and other dedicated funding programs, CPI, Swine Innovation, and the Canadian Swine Health Board received significant funding. CPI for example, received \$17 million to develop and delivery international marketing programs to enhance and expand the sale of Canadian pork around the world. Swine Innovation, a national swine research organization established in 2010, administered approximately \$13 million of federal funding for swine research.

The federal government contribution was made possible by 15% in matching producer research funds provided by 5 participating provincial pork organizations.

The Canadian Swine Health Board was established to administer a \$25 million federal government grant which was specifically designed to develop programs to prevent and protect the health of Canadian swine herds. Many of the CSHB programs, such as the biosecurity program had tremendous acceptance and support by producers. Saskatchewan for example had a 99% participation rate.

Funding contracts with the federal government for all of these programs expired on March 31, 2013. As a result all of these organizations, including the Canadian Pork Council have spent considerable time and effort preparing applications for the new Growing Forward II funding. The rules under these programs are also changing such that administration costs will be reduced to 8%, dollars will be more scarce and industry will be required to match the dollars with a minimum 25% and perhaps as high as 50% contribution. The CSHB was particularly vulnerable as they were not funded originally under any program but from a special one-time fund. The CPC and these organizations have been working on restructuring plans that meet the new funding reality while trying to preserve the core program functions deemed necessary by the industry.

Animal welfare groups are certainly becoming far more vocal and public as to their expectations of production practices of all farm animals. Who would have thought the development of a new Pig Code, basically a reasonable management guide for pig production, would receive so much public attention?

General Manager's Letter

Over 4,700 comments were received on the proposed Pig Code with the majority of the controversy stemming from the use of gestation stalls for sows. Animal welfare groups have established a public following and corresponding budget to support their lobby efforts and as such, it becomes more important for the industry to maintain a strong research program to ensure our production practises are based on good science.

From a fiscal perspective, Sask Pork has a very solid balance sheet. Net returns were \$207,000 for the year ending July 31, 2013 and the organization has retained earnings of \$1,920,000. Please refer to the financial statements for an explanation of the organization's budget and financial positions for 2012-2013.

In closing, I would personally like to thank the Board of Directors for their support, for their contribution to the industry and their wisdom, ideas and passion for the industry. I would also like to thank, Kim, Patty, Mark and Harvey for all their work and dedication to the industry in this past year.

And finally, it seems the industry has turned the corner as producers are making money once again and the next couple years look very promising. There is renewed interest in the business and producers certainly have a positive outlook. We sincerely hope that for those who weathered the storm, future clouds have a silver lining.

Sincerely,

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

Neil Ketilson
General Manager

Board of Directors

Elections

Elections are held in November of odd numbered years. The Board of Directors consists of six registered producers who may hold office for a maximum of three consecutive, two-year terms.

The Executive is elected annually by the Board of Directors at the first scheduled meeting of directors following the Annual General Meeting.

Mission

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

Vision

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

2012 - 2013 Board of Directors



Florian Possberg
Chairman



Shannon Meyers
Vice-Chairman



Paul Ulrich
Audit Chair



Dickson Gould
CPC Board of
Directors



Jay McGrath
Past Chairman



David Tschetter

Staff / Committee Representation

Staff

Neil Ketilson

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Kim Browne

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Harvey Wagner

Manager Producer Services &
On-Farm Food Safety
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Canadian Pork Council Committee Representation

Canada Pork International Board of Directors - Neil Ketilson
Canadian Pork Council Board of Directors - Dickson Gould
Canadian Swine Health Board - Florian Possberg (Chair)
Canadian Swine Health Board Research Committee - Harvey Wagner
Identification and Traceability System Working Committee - Neil Ketilson
National/Provincial Traceability Staff Contact Group - Neil Ketilson
Safety Net Committee - Jay McGrath, Neil Ketilson
CQA® Advisory Committee - Harvey Wagner
Hog Farm Transition Program Management Committee - Neil Ketilson
International Swine Cost of Production Network (InterPig) - Mark Ferguson
Pig Code Development Committee - Florian Possberg (Chair)
Swine Innovation Pork - Neil Ketilson
Trade Advocacy Working Group - Dickson Gould / Neil Ketilson

Industry Representation

Agriculture in the City 2013 Planning Committee - Kim Browne
Farm Animal Council of Saskatchewan - Neil Ketilson
Feeds Innovation Institute, U of S - Neil Ketilson
Prairie Swine Centre Board of Directors - Neil Ketilson
Provincial Emergency Planning Consultations - Harvey Wagner
SIAST Retail Meat Cutting Program Advisory - Kim Browne
Statistics Canada Advisory Committee - Mark Ferguson

Director & Staff External Activities

- October 2012 - Canadian Pork Council Producer Forum - Neil Ketilson, Dickson Gould, David Tschetter, Paul Ulrich, Florian Possberg
- October 16, 2012 - Feral Swine Workshop, Toronto - Toby Tschetter
- October 16-17, 2012 - Canadian Swine Health Forum - Florian Possberg, Neil Ketilson, Harvey Wagner
- December 5, 2012 - FACS Annual Conference Harvey Wagner, Kim Browne, Mark Ferguson
- December 6, 2012 - FACS Farm/Food Issues Roundtable Discussion - Harvey Wagner
- January 16-18, 2013 - Banff Pork Seminar - Jay McGrath, Shannon Meyers, Dave Tschetter, Paul Ulrich, Dickson Gould, Neil Ketilson, Florian Possberg, Mark Ferguson, Harvey Wagner
- January 22, 2013 - Growing Forward 2 Stakeholder Consultation (Food Safety, Plant and Animal Health) - Neil Ketilson
- January 23-24, 2013 - Iowa Pork Congress - PRRS Survey - Mark Ferguson, Harvey Wagner
- January 23, 2013 - Iowa Pork Congress Industry Roundtable hosted by the Consulate General of Canada - Mark Ferguson, Harvey Wagner
- February 21, 2013 - Cramer Livestock Nutrition Show - Harvey Wagner, Mark Ferguson
- February 27, 2013 - Canada Pork International Annual General Meeting - Neil Ketilson
- March 4-5, 2013 - Livestock Emergency Response Course Update - Harvey Wagner
- March 20, 2013 - Chesterfield Stock Farm Annual Directors Meeting - Mark Ferguson
- March 20-21, 2013 - Ontario Pork Annual General Meeting - Neil Ketilson
- March 26, 2013 - Post Budget Presentation Breakfast Presentation with Honourable Ken Krawetz - Neil Ketilson
- April 10, 2013 - Manitoba Pork Annual General Meeting - Neil Ketilson
- April 13, 2013 - Agriculture in the City - Kim Browne, Harvey Wagner
- May 2, 2013 - Annual Premier's Dinner, Saskatoon - Shannon Meyers, Paul Ulrich, David Tschetter, Don Kolla
- May 29-June 1, 2013 - Canadian Meat Council meeting, Quebec City - Neil Ketilson
- June 3-4, 2013 - National Consumer Promotions Meeting - Toronto - Kim Browne
- June 12, 2013 - China Opportunities Roundtable with Saskatchewan Ministry of Agriculture - Florian Possberg, Shannon Meyers
- June 25-27, 2013 - InterPig Annual Meeting - London, England - Mark Ferguson
- July 9, 2013 - Thunder Creek Pork Producer Open House - David Tschetter, Paul Ulrich, Neil Ketilson, Harvey Wagner, Mark Ferguson
- June 20, 2013 - ACS Annual General Meeting and Industry Forum - Neil Ketilson
- July 25, 2013 - Upper Qu'Appelle Water Conveyance Tour - Moose Jaw - Neil Ketilson

Provincial Focus

PRRS Free Certification Economic Analysis

Upon completion of the PRRS-free pilot program, the Canadian Swine Health Board commissioned Sask Pork to complete a study to estimate administration and participation costs, evaluate producer attitudes towards the potential program, and assess the willingness of swine purchasers to pay for PRRS-free certification. A business plan for ongoing operation of the program was also drafted. The study was conducted by Dr. Jill Hobbs from the University of Saskatchewan and Mark Ferguson. A total of 55 producers completed the survey.

Some of the highlights of the study results were:

- Only 15% of the respondents felt that a certification program would decrease costs to verify PRRS freedom.
- 58% of respondents believe that certified stock would be worth more. 42% believe stock would be worth the same.
- Producers who felt PRRS-free certified stock would be worth more (31 respondents) anticipated average premiums of \$1.77/dose for semen; \$34.17/pig for breeding stock; \$4.69/pig for feeder pigs. There are large variations in the anticipated premiums.
- The majority of respondents would consider utilizing a PRRS-free certification tool, either through enrolling in the program (58%) and/or using the database to check suppliers (55%).
- PRRS-free status is likely to remain a low priority in terms of the buying decisions of major packers and exporters due to the small number of countries and small number of products affected by pork import restrictions.

Therefore, a PRRS-free certification attribute is unlikely to return a premium for live market hogs in the near future.

- For a 600-sow farm, routine serological testing and participation in the program would cost \$0.11/pig.
- The total cost to establish the protocol and database for the program was \$105,333. It is estimated to cost \$40,298 per year to operate and maintain the PRRS-free program on an ongoing basis.

PRRS-Free Certification Database Enhancements

Upon completion of the pilot project on December 31, 2012, some project funds were not utilized, and the Canadian Swine Health Board agreed that these funds could be re-allocated to enhancing the database. Drawing from the experience of administrators and database users, the following enhancements were made to the database:

- The database was improved to allow importing of data into the database on a daily basis from more than one source (i.e. import from veterinarian databases).
- The database was improved to add automated email capabilities, triggered by reduced points totals.
- Improvement of the Points Calculation Methodology to increase processing efficiency and increase future flexibility.
- Convert the database to Access 2010.

Provincial Focus

InterPIG (International Swine Cost of Production)

In 2012/2013, Mark Ferguson continued to participate in the InterPIG International cost of production benchmarking group by assembling and submitting a representative Canadian dataset, and attending the InterPIG annual meeting in June. The InterPIG dataset is the most reliable data available comparing the competitiveness of our major competitors in the pork export business.

The results show that in 2012, Canada had the third highest cost of production of the 15 participating countries at \$188/ckg (all figures expressed in Canadian hot dressed carcass basis and dollars). Lower, were the U.S. (Iowa) at \$163/ckg, and both the Mato Grosso and Santa Caterina regions at \$141/ckg and \$175/ckg respectively. Spain led the EU countries in cost of production at \$201/ckg, followed by Denmark (\$203/ckg) and France (\$204/ckg).

Brazil reported the lowest hog prices in the dataset, with the Mato Grosso and Santa Caterina regions reporting a net price of \$144/ckg and \$160/ckg respectively, followed by Canada at \$167/ckg, and the U.S. at \$179/ckg, confirming the ongoing price disparity between Canada and the U.S. France, Denmark, and the Netherlands reported the lowest prices of the E.U. countries at \$198/ckg, \$199/ckg, and \$203/ckg respectively.

2012 Drought Disaster Assistance and Provincial Lobby Effort

Recognizing the severe financial situation impacting producers in the fall of 2012, the Saskatchewan Pork Development Board developed a discussion paper and began consulting with the provincial government in early September.

Sask Pork held an emergency board meeting on September 20th to discuss the hog financial crisis and make recommendations which could assist the industry. The Board made the following motion with respect to what it considered should be requested from governments to solve the immediate needs of the industry as well as programs that provide long term solutions.

The motion passed unanimously read:

Be it resolved that:

- The present hog financial crisis is the direct result of increased costs caused by the United States drought of 2012.
- The crisis is not a Canada hog supply issue but a feed cost issue.
- Cost increases directly as the result of the drought and higher feed grain cost are a minimum \$30 per market hog. Coupled with the higher feed cost, hog prices have decreased since July 2012 by more than \$30 per market hog. In reality, producers are at a disadvantage by \$60 or more per hog. Thus the need for both federal and provincial governments to participate in financial assistance programs.
- The majority of producers do not have the financial ability to obtain necessary credit or capital through normal financial institutions to transition to expected profitability in the spring of 2013 due to the degradation of profit margins since 2008 due to US implementation of MCOOL legislation.
- Present government programs AgriStability, APP nor any other existing program will provide any material assistance to the industry without some modification.

Provincial Focus

- There is a need for both provincial and federal government action to prevent long term damage to the entire pork value chain.

Sask Pork recommended both levels of government immediately instate the following measures:

That the federal government:

1. Make a direct payment of \$10 per hog based as a feed assistance off-set for all hogs produced in 2012 through Ag-Recovery.
2. Recognize the loss of revenue caused by the MCOOL legislation in the United States to the Canadian hog industry since September 2008. Apply \$15.00 per market hog farrow to finish or \$10.00 per market hog or \$5.00 per weaned pig or feeder pig as a structural margin change back to September 1, 2008 and apply to the producers Agri Stability accounts. This will allow more pork producers to qualify for AgriStability and the 2008-2012 reference margins can be used in calculations on a go forward basis. Once the calculations are done we can implement a MCool adjusted Targeted Advance Payment immediately for all producers, in all provinces.
3. Continue to fund longer term pork industry initiatives through Growing Forward II including:
 - i. Funds to assist marketing programs through CPI
 - ii. Protection and enhancement of Canada's swine health through the Swine Health Board
 - iii. Traceability and zoning initiatives
 - iv. Adoption of CPC's Hedge Proposal
 - v. Enhancement of research through Swine Innovation

4. Allow all APP loans and HILLRP loans to go interest-only for a 2 year extension. Allow the HLLRP to remain at 90% loan guarantee for an extended period of an additional 2 years. Allow new entrants to apply for HLLRP loans to restructure their farms under the same terms as the first HLLRP loans so that we have enough capital for the increase in feed costs and projected losses.
5. Establish a Joint Hog Industry /Government Task Force to make recommendations on the necessary structural changes to ensure financial and environmental sustainability for the Canadian Pork Chain.

That the provincial Government:

1. Immediately implement a 2012 Short Term Hog Loan of \$30 per market hog and \$20 per iso wean for each producers' inventory for the period of July 1, 2012 to April 30, 2013.
2. Postpone principle and interest payments on all hog producer loans for a period of one year.
3. Issue a statement of support for the industry recognizing the importance of the livestock sector in Saskatchewan. The livestock sector has historically been an important sector of Saskatchewan's economy, unfortunately the last 4 to 5 years have been difficult for the livestock sector. We feel it's important to state and renew the support and confidence in the sector for producers, the public and the entire business community in Saskatchewan.

Provincial Focus

Following frequent correspondence and discussions with the provincial government officials, it became apparent by mid-October, that while they were sympathetic to the plight of the industry, ad hoc hog industry assistance was not a high priority. The government cited low hog industry uptake on existing agricultural programs, namely AgriStability interim payments, and the Advance Payments Program (APP) as one of the primary reasons, and opted to take a wait and see approach.

The provincial government pledged to make hog producers a priority for AgriStability form processing, and to contact all producers to encourage them to apply for existing programs. They also asked for Sask Pork's assistance in encouraging producers to apply for existing programs.

Sask Pork strenuously argued that deficiencies in the AgriStability and APP programs were the root cause of the low uptake in these programs. Statistics demonstrating the ineffectiveness of the programs, and the low number of producers expected to benefit from either program were assembled, yet the provincial government's commitment to these ineffective programs was unwavering.

Ultimately, only a handful of AgriStability Interim Payment and APP applications were submitted by producers. This, combined with somewhat improved prices and margins weakened Sask Pork's argument for additional support in 2012/2013.

Hedging Program

Over the past two years, one of Sask Pork's main risk management policy initiatives has involved advocating for increased government support for private sector risk management. Specifically, given the challenging financial situation of much of the hog

industry, access to capital for hedging activities, and margin calls specifically has been problematic. In cooperation with several other provinces and the Canadian Pork Council, Sask Pork developed the concept for a program which would provide a government loan guarantee for margin calls, making it easier for producers to obtain financing specifically for this purpose.

There is ongoing interest in the program by federal and provincial governments in the concept and Sask Pork continues to promote the concept. In January, 2013, the federal government commissioned a study to investigate the feasibility of a hedging program for the Canadian hog industry. The results of this study are expected to be made public in late 2013.

Pig Code Development Review

The draft Code of Practice for Pigs was released this summer with the public comment period ending August 3. Sask Pork held producer meetings in Saskatoon and Swift Current with more than 80 producers representing 50% of Saskatchewan's pork production in attendance. The meetings were held to gain feedback on the draft Code for inclusion in Sask Pork's July 31, 2013 submitted comments to the National Farm Animal Care Council. More than 4,700 comments on the draft Code were received by NFACC. It is expected that the Code will be finalized by the end of 2013.



Pig Code Review Meeting - Saskatoon

Export Focus

Canadian pork and pork by-products are exported to more than 100 countries. Exports account for more than 50% of Canadian pork production.

Total exports of all products in 2012 was 1,189,261 tonnes

Top Volume Markets (\$000)

USA	981,113
Japan	877,591
Russia	491,887
China	239,769
South Korea	129,252

In early 2012, Agriculture and Agri-Food Canada published 2012 Stats Canada data for Canadian Domestic Exports of Pork and Pork Products. Canada exported 1,189,261 tonnes of pork, representing a 3.2% increase in volume compared to 2011.

Dollar value was 3.198 billion, almost equal to the 2011 dollar value of \$3.205 billion.

(Source: Canada Pork International)

More information available at
www.canadapork.com

Canada Pork International (CPI) Strategic Priorities:

Market Access - multilateral/bilateral negotiations; regulatory issues and advocacy; technical issues.

Market Intelligence and Member Services - trade stats & trends, research, technical projects trade listings/leads and member relations.

Market Development - identify market priorities; investment in opportunities; trade shows, events and seminars.

Product Positioning Promotion - quality, performance, safety, security, differentiation and promotion.

Producer Services

Canadian Quality Assurance (CQA®)

There are 150 current registered units participating in the CQA® program, which covers virtually all hogs sold for slaughter in Saskatchewan. The change to the CQA® program incorporating the Animal Care Assessment™ (ACA™) in 2012 has been successful in Saskatchewan, with all CQA® farms now registered in the ACA™. At the end of the three year phase-in late 2014, the ACA™ will be built into the CQA® program and they will become one program.

The project to review of parts of the CQA® program has been completed. The comparison to the Global Food Safety Initiative (GFSI) system has shown that the CQA® program is basically sound, but will need some additional parts to be fully GFSI compliant. The electronic technology trial showed that the concept has the potential to simplify the data flow of the CQA® program. It also has significant potential in inter-program applications. Adjusting the HACCP plan to fully account for organic and outdoor production will require significant changes, however.

Canadian Ractopamine-Free Pork Certification Program

The Canadian Pork Council and the Canadian Meat Council together with the CFIA developed the Canadian Ractopamine-Free Pork Certification Program (CRFPCP) to maintain exports of Canadian pork to Russia. A high level of monitoring is needed for meat plants and individual producers to comply with the Rosselkhoznadzor Federal Service for Veterinary and Phytosanitary Surveillance of the Russian Federation (FSVPS) requirements. On-going monitoring of producers will be done as a part the CQA® program for those producers enrolled in the CRFPCP.

Needle Free Injection Systems

Sask Pork applied for and received funding for needle free injection systems (NFIS) equipment purchase up to 60 CQA® registered farms from the Saskatchewan Ministry of Agriculture, On Farm Food Safety Program for the 2012/2013 government fiscal year. Sask Pork administers the pork industry NFIS program for the Growing Forward OFFS provincial program. Unfortunately, there were no applications to this program to partially fund NFIS units due to producers' difficult financial situation.

National Swine Biosecurity Program

Producer participation in the National Swine Biosecurity Program exceeded expectations. The program wrapped up March 31, 2013. At that time, 16 training sessions were held with producers from 145 farms being trained. 138 farms completed their farm assessments and follow-up veterinarian visit. Over the life of the program, nearly \$160,000 was paid to producers for training, completing their farm assessment and for a follow-up veterinary visit. A biosecurity Strategic Planning Session was held in December to help determine the specific biosecurity needs of Saskatchewan producers.

The Saskatchewan Swine On-Farm Biosecurity Program

This program (SSOFBP), funded by the Saskatchewan Ministry of Agriculture, was announced June 21, 2012 as a companion program to the National Swine Biosecurity Program. The SSOFBP had a total of \$150,000 available for a second follow-up veterinary visit and biosecurity enhancements under Growing Forward.

Producer Services

All farms that had received biosecurity training and completed the assessment forms were eligible to apply for a \$300 payment to offset the cost of one additional veterinary visit and up to \$1,000 towards equipment upgrades/purchases completed between March 20, 2012 and February 28, 2013.

This added funding was to assist pork producers in implementing biosecurity sanitation improvements on their farms. At the close of the SSOFBP on March 31, 2013, 107 farms made application to the program and were paid a total of \$136,160.

PRRS Free Herd Certification Pilot Program

This project was undertaken to assess the feasibility of certifying that farms are free from specific diseases, in this case PRRS. Target groups for the program include farms that sell feeder pigs, breeding stock or any class of live pigs for export. The project wrapped with 92 farms having enrolled in Saskatchewan, Alberta, Manitoba, Ontario and Quebec. Producers were paid for participating in the program after submitting data.

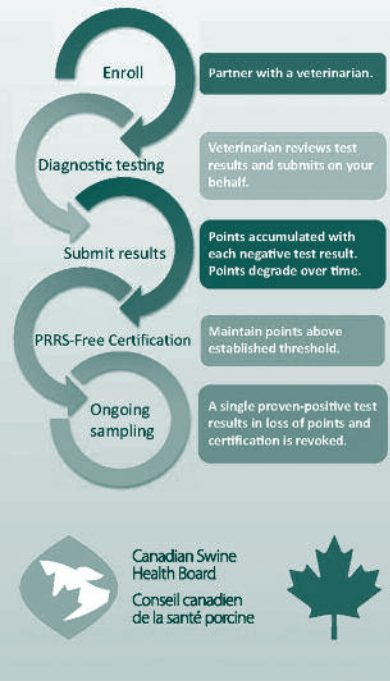
The project proved the concept to be workable. A second phase of the project has begun. The project was wholly funded by the Canadian Swine Health Board.

Transportation Quality Assurance (TQA®)

This year Sask Pork held 9 TQA® certification training sessions with 43 attendees. The Canadian Livestock Transport (CLT) program is continuing the renewal of the program which will be available and offer training in person and on-line in late 2013.

PRRS-FREE CERTIFICATION Canadian Pilot Program

What does it mean for you?



Producer Services

Sask Pork Co-Hosts Producer Open House with Thunder Creek Pork - Moose Jaw, SK

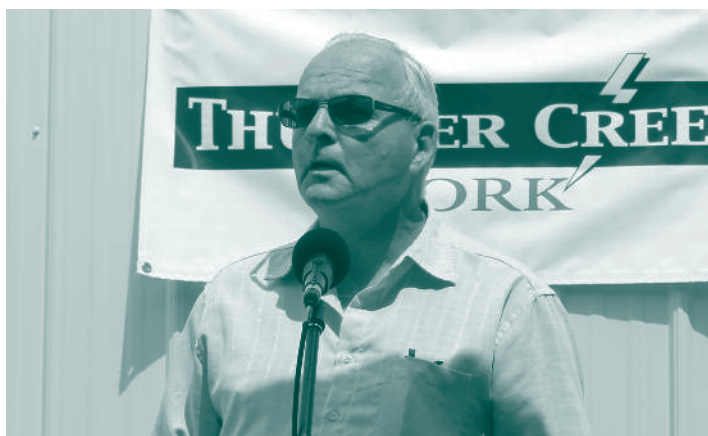
Thunder Creek Pork invited producers to tour the Moose Jaw processing plant on July 9, 2013.

Media were also invited to the event which included remarks from Thunder Creek Pork officials, The Honourable Lyle Stewart, Minister of Agriculture, and Sask Pork Chairman, Florian Possberg.

Sask Pork assisted with the logistics for the event providing tents, a pulled pork lunch and refreshments. About 70 producers attended the Open House.



Sask Pork Chairman Florian Possberg



The Honourable Lyle Stewart, Minister of Agriculture



Communications & Promotion

Saskatchewan Pork Industry Symposium - 2012

2012 marked the 35th year for Symposium. Our excellent slate of speakers delivered practical information to help producers improve profitability and what the future holds for the Canadian pork industry. Attendance was 220 over the two days.

Symposium Advisory Committee 2012

- Kim Browne, Sask Pork, Symposium Coordinator
- Joanne Burak - Hypor, a Hendrix Genetics Co.
- Ryan Epp - Big Sky Farms
- Mark Ferguson - Sask Pork
- Henry Gauvreau, DVM - Warman Veterinary Services
- Neil Ketilson - Sask Pork
- Don Kolla - Cudworth Pork Investors Group
- Michel Lariviere - PIC Canada Ltd.
- Brad Marceniuk - Saskatchewan Ministry of Agriculture
- Bernardo Predicala, Prairie Swine Centre Inc.
- Paul Ulrich - Ulrich Pork Farms Ltd.
- Harvey Wagner - Sask Pork
- Lee Whittington - Prairie Swine Centre Inc.

Prairie Swine Centre Celebrates 20 Years of Innovation

In conjunction with Saskatchewan Pork Industry Symposium, Elanco, Pfizer Animal Health and Sask Pork co-sponsored the Centre's 20th Anniversary Research Event *Advancing the Science of Swine Production* with presentations on advances in animal care and nutrition, barn design and environment and meat quality.

Prairie Swine Centre's *Advancing the Science of Swine Production*

Celebrating 20 Years
OF INNOVATION

Wednesday, November 14, 2012
Saskatoon Inn, Saskatoon, SK
1:00 – 4:30 p.m. - Presentations
4:30 – 6:00 p.m. – Reception

Featuring the original team of research scientists that established the Centre's near-market and industry focus in 1992. The program addresses changes in technology that have impacted all the participants in the pork value chain, specifically areas affecting cost of production, environment, welfare and product quality.



Dr. Harold Gonyou
Prairie Swine Centre



Dr. John Patience
Iowa State University



Dr. Yuanhui Zhang
University of Illinois



Dr. Kees deLange
University of Guelph

Communications & Promotion

Farmscape Radio Program

Farmscape, hosted by Bruce Cochrane, has been broadcasting for 16 years. Sask Pork and Manitoba Pork Council co-sponsor the radio network airing in Manitoba and Saskatchewan.

The program airs daily (Mon-Fri) on CKLQ Radio Brandon, CFRY Radio Portage La Prairie, CJVR Radio and CK750 Radio Melfort, CKSW Radio Swift Current and XMI05 Radio in Whitecourt, Alberta.

Agriculture in the City 2013



The pork industry, other provincial agriculture commodities, Ag in the Classroom and the Province of Saskatchewan formed the stakeholder planning and advisory group for AITC 2013 Saskatoon held April 13th at the Mall at Lawson Heights.

The mall setting was a great location since it meant nearly 10,000 visitors to the mall that day providing exceptional opportunity to discuss pork production with the general public.

Special guest speakers including local agriculture producers, The Honourable Gerry Ritz, the federal Agriculture Minister and the Honourable Lyle Stewart, Saskatchewan's agriculture minister contributed to promoting the local agriculture community and how agriculture touches our lives every day.

The trade show portion of the Ag in the City was very well received by the public who were very interested in modern farming practices. Kim Browne, Harvey and Val Wagner hosted the pork industry display.

Cooking demonstrations by local chefs featured dishes prepared with locally grown foods.

The event was administered by and received funding from Agriculture and Agri-Food Canada with additional funding from the Saskatchewan Ministry of Agriculture and participating commodities.

Agri-Education Program

Sask Pork continued its participation in provincial Agri-Ed events and with the assistance of the Prairie Swine Centre graduate students and volunteers in the province, provided manned pork displays with live animals at AgEd shows in Lloydminster, Prince Albert and Yorkton.

Our display at *Chilling with Agriculture* in Prince Albert was hosted by grad student Millie Lemieux. 1241 students toured the Lloydminster AgEx pork display which was managed by Sam Hardstaff, Agriculture Manager, Lloydminster Exhibition.

Hurry Hog Curling Rink Decals

The ice decal program continues to be popular with the province's curling clubs. In our 7th year of offering the program, 50 clubs ordered decals.

E-Forum Newsletter

Sask Pork's quarterly newsletter is now distributed electronically with printed copies available to organizations who do not subscribe to email.

Communications & Promotion

Farm Animal Council of Saskatchewan “We Care” Billboard Campaign

Sask Pork was a sponsor of the 2013 outdoor billboard campaign to educate consumers about livestock and poultry production and responsible animal care. Additional campaign sponsors include the Saskatchewan Ministry of Agriculture, bison, cattle, chicken and egg industries.

Western College of Veterinary Medicine

Each year the animal production club students organize a “lunch and learn” event to which Sask Pork is invited to present. This year’s event was held November 9th and Harvey Wagner presented *Saskatchewan Pork Producers and the Pork Value Chain* to 60 students and faculty members.

Sask Pork also had a pork display at the *Vetavision* Open House in September 2012.

Canadian Western Agribition November 2012 - Regina, SK

Sask Pork staff hosted an industry booth over the week long event. Information on pork production, on-farm food safety and consumer resources were distributed. The pork industry was also a sponsor of the International Reception.

Cramer Livestock and Nutrition Show

Sask Pork participated as a sponsor exhibitor at the second annual Cramer Livestock show in Swift Current on February 21, 2013. This show is growing in popularity and attracted 60+ exhibitors this year.

Veterinarians Without Borders

Sask Pork is also an ongoing supporter of the Western College of Veterinary *Medicine Vets Without Borders* program through the donation of pulled pork for fundraising lunches. This summer students Ilse Dedden and Katie Nichol participated in the program which offered education on the care and health of pigs and goats and training of 7 new paravets to provide basic veterinary care for the animals.

Photo 1 shows Kioshabie Dian who poses with her very large and healthy pig. The second photo is of a community meeting in Kikokwa at which they passed on a piglet to a new member.



Communications & Promotion

Domestic Promotion

The proposed national domestic consumer program has not been finalized at July 31, 2013. A number of provinces did continue to work together to complete initiatives undertaken under Pork Marketing Canada including redesign of the new *Put Pork on Your Fork* national website, increasing social media activities and the continuation of the Choose Canadian retail label program. It is anticipated the new website will be operational by December 2013.

Other regional/national consumer promotion opportunities are being investigated relative to developing a long-term strategy for domestic consumer promotion.

Regina Home Economics for Living Project

Sask Pork sponsored a second series of Healthy Eating Workshop in May-June 2013. 15 registrants participated in the workshops, the majority of whom were parents of small children who struggled with food security concerns and a lack of knowledge about cooking healthy meals on a budget.

Measured outcomes of the workshops were:

- All participants reported an increase in confidence with their kitchen skills.
- All participants reported becoming more aware of healthy pork choices they can make in the grocery store.
- 13 of 15 participants named and described two new recipes involving pork that they will try at home as a result of programming.

- 14 of 15 participants reported knowing little of the health benefits of pork before the workshops and all reported understanding the importance of incorporating pork into a well-balanced diet upon completing the workshop.
- Nearly all participants reported an increased desire to shop for pork related items in the grocery store as a result of attending the workshops.

Retailers and Animal Welfare

The revision of the Pig Codes of Practice for Pigs by the National Farm Animal Care Council resulted in and increased focus on animal care and consumer demand for humanely raised meat products and sustainably grown foods.

Representatives from Sask Pork and the Prairie Swine Centre attended the Saskatoon and Regina Federated Co-Operatives annual meetings in May to speak to two resolutions being brought forward by Co-Op members requesting Co-Op phase out the sale of eggs and pork sourced from intensive confinement cages. Both resolutions were defeated.

Print Advertising

Regina Leader Post - March is Nutrition Month Feature "*Lean Pork - Nutrient Rich Fast Food*"

Saskatoon Star Phoenix - Wellness Guide - June 2013 -- *Why Include Pork in Your Diet?*

The Power of Canadian Swine Genetics - July 2013

Communications & Promotion



Meet the **Demands** of Today's Consumers

Boost your profits with Canadian pork's endless variety of cut choices and value-added options.

Give your customers the chance to choose the highest quality pork that is raised under Canadian Quality Assurance (CQA) and Animal Care Assessment (ACA) - food safety and animal care programs.


Anyway you cut it, pork is the perfect choice!

Sask PORK
saskpork.com

ManitobaPork
saskpork.com



Western Grocer Magazine - Nov/Dec 2012



Grilled Barbados Chops
with Black Bean Relish

Pork Delivers
Price, Flavour, Versatility
every time

Ask your supplier for available cuts.

To reduce costs and increase profitability, visit PutPorkOnYourFork.com/food_service_retail.html

ManitobaPork
saskpork.com

Sask PORK
saskpork.com



Western Restaurant Magazine - Summer 2013



Simply Wow
in 6 easy steps.

Canadian **Crown Roast of Pork**
with Grand Marnier Apricot Stuffing

Canadian Crown Roast of Pork

1 cup / 250 mL diced dried apricots
1 cup / 250 mL Grand Marnier liqueur
½ cup / 125 mL butter or margarine
1 cup / 250 mL chopped celery
1 medium onion, chopped
8 oz / 227 g pkg. herb seasoned stuffing mix
½ cup / 125 mL slivered almonds
1 cup / 250 mL chicken broth
½ tsp / 2 mL dried thyme
Salt and Pepper

In a small saucepan, heat apricots and Grand Marnier to boiling. Remove from heat; set aside. Melt butter in large skillet over medium heat. Add celery and onion; sauté 5-10 minutes. Transfer to large mixing bowl. Add stuffing mix, apricots with liquid, and almonds. Stir to combine. Heat broth to boiling. Pour over stuffing mix. Add thyme, and salt and pepper to taste. Stir to combine.

For all roasts:
1. Preheat oven to 325°F (160°C).
2. Fill cavity with a large foil ball.
3. Place roast in roasting pan, bones pointing up.
4. Pat roast dry; season with salt and pepper to taste.
5. Wrap bone tips with small pieces of foil to prevent burning.
6. Roast uncovered according to the chart.

Baste occasionally with pan juices. Remove roast from oven. Drain off excess fat. Remove foil ball. Fill cavity with stuffing. Cover stuffing with a small piece of foil to prevent drying. Roast another 1 ½ hours or until meat thermometer reaches 155-160°F (68-71°C). Place roast on a carving board and allow to rest 10-15 minutes. Slice between ribs to serve.

A 100 g average serving of raw, trimmed Canadian pork contains 129 calories, 22 g protein, 3.9 g fat and 0 g carbohydrates.

SM. Roasts	Under 7 lbs/3.1 kg	0.5-1 hour
MED. Roasts	7-9 lbs/3-4 kg	1.5 hours
LG. Roasts	Over 10 lbs/4.5 kg	2-2.5 hours

For more delicious recipes, visit PutPorkOnYourFork.com

Sask PORK
saskpork.com

ManitobaPork
saskpork.com



Western Living Magazine - December 2012

Communications & Promotion

Consumer Events

Gardenscape BBQ Cooking Show sponsored by Sask Pork

The BBQ Cooking Show featured Honey Bourbon BBQ pork prepared by Doug Hyndford, Executive Chef at the Saskatoon Inn.

Sask Pork was on hand to serve pork samples and distribute samples and pork consumer resources. About 100 people attended the presentation.

Discover Saskatchewan “We Eat Local” Event - Regina

Sask Pork was a sponsor of the event and also partnered with Leaning Maple Meats to demo fresh pork products at the show. The door prize provided was a pork consumer package consisting of a Slow Cooker, recipe booklets, oven mitts, pork thermometer and \$50 in fresh pork from Butcher’s Best Meats in Regina.

Joint Food Bank Donation by Thunder Creek Pork and Sask Pork

In April 2013, Sask Pork and Thunder Creek Pork partnered on an 1800 kg donation of boneless pork collar butt to the provincial Food Banks Association. The product was split between the Moose Jaw, Saskatoon and Regina food banks.

The Saskatchewan Food Banks Association *Hungercount Report* released in late 2012, indicated almost 25,000 individuals were assisted by food banks that year (up 38.7% since 2008). Of those, 47.5% were under the age of 18 years.

Sponsorship & Donations

Sponsorships & Donations

Saskatchewan Food Industry Development Centre Annual Golf Tournament - August 16, 2012 - golf prizes

Hypor Annual Golf Tournament - August 24, 2012 Door and golf prizes

Northeast Local Food Producers Open Farm Days 2012 Tours - August 25-26, 2012 - Sponsorship

Prairie Swine Centre 20th Anniversary “Pig Out” Event - September 8, 2012 - Saskatoon Farmers’ Market - Sponsor and commodity exhibitor

MS Society 12th Annual Bike Tour - Waskesiu - September 15, 2012 -- Donation of water bottles

National Convention of Crown Jewels of Canada Society - September 20-23, 2012 - Door prize

Vetavision Open House - U of S -September 20-23, 2012 - Pork display/resource materials for swine exhibit

7th Annual Sustainable Gourmet Dinner - September 22, 2012 - Saskatoon - Donation of Pork for dinner

Saskatchewan SPCA Animal Welfare Conference - Saskatoon - September 28-30, 2012 - Gold level sponsor and Pork luncheon sponsor.

24th Annual Grain Millers Harvest Showdown - November 7-10, 2012 - Yorkton, SK - Agri-Ed swine display, resources and general sponsor

Canadian Western Agribition - International Reception - November 2012

Farm Animal Council “Using Your Influential Muscles” seminar - December 5, 2012 - Sponsor and workshop participants

Saskatchewan Association of Rural Water Pipelines Annual Seminar - December 4-5, 2012 - Saskatoon - Sponsor and resources for delegates packages.

Kinsmen Telemiracle 37 - March 2-3, 2013 - Sponsor of pork for volunteers’ meals

U of S College of Pharmacy and Nutrition - Professional Enhancement Day - March 7, 2013 - Sponsor and resources

Saskatchewan Meat Processors Association Annual Meeting - March 9, 2013 - sponsor and door prizes

College of Agriculture Curling Bonspiel - March 30, 2013 - Donation of door prizes

Go Gourmet, Canadian Foundation for Dietetic Research Celebrity Chef Event - April 26, 2013 - Toronto - Co-sponsorship of Culinary Team Canada (with Alberta, Manitoba and Ontario)

Farm Animal Council of Saskatchewan Annual “We Care” Billboard Campaign - April 2013

Saskatchewan Food Banks Donation of 1800 kg Collar Butt fresh pork sourced from Thunder Creek Pork - Distributed to Saskatoon, Prince Albert and Moose Jaw local Food Banks - April 2013

Western College of Veterinary Medicine Annual Veterinarians Without Borders Annual Fundraiser - Sponsor and donation of pork for pulled pork fundraiser - April 9, 2013

Saskatchewan Outstanding Young Farmers Program - May 2013 - Sponsor

Sponsorship & Donations

Gardenscape Outdoor Living Show - March 22-28, 2013 - Sponsor of Pork BBQ Demonstrations and Product Tasting

Discover Saskatchewan “*We Eat Local*” show - May 20-11, 2013 - Regina, SK - Sponsor and door prizes. Provided financial support for Leaning Maple Meats, a local meat processor, and exhibitor, who sampled smoked pork chops, beer sticks and bacon on behalf of Sask Pork.

Agriculture in the Classroom - 2013-2013 Membership

Prince George B.C. Wellness Conference - provided nutrition and consumer resources for 250 delegates’ packages - June 8, 2013

1st annual Great Saskatchewan Bacon Festival - June 15, 2013 - Fundraiser for the Mural Wall Project for the Kipling Youth Centre and local Food Bank - Sponsor, door prizes and consumer resources

Shaunavon 100th Anniversary Celebration and Hog Roast - July 20, 2013 - Sponsor, door prizes and pork consumer resources

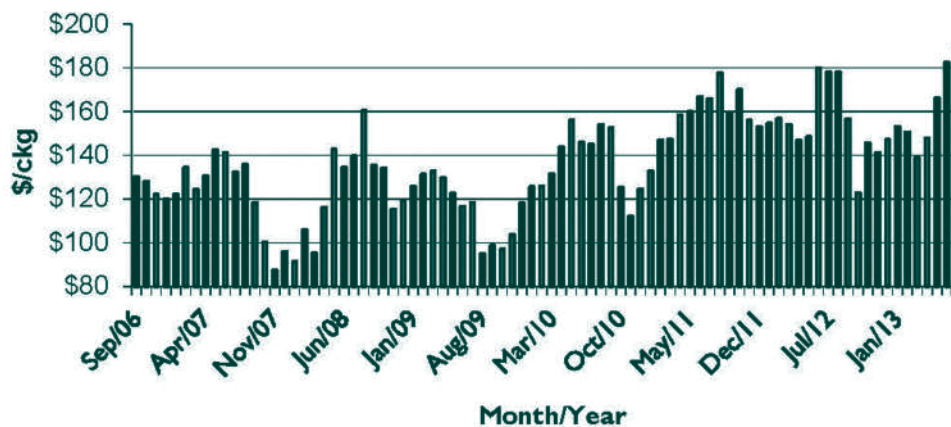
Upper Qu’Appelle Water Conveyance Tour - Moose Jaw - July 2013

Statistics & Trends

2012/2013 was yet another difficult year for producers. Despite relatively strong pricing, a drought in the U.S. caused feed costs to reach historic highs, once again resulting in poor margins for much of the year. However, indications are that the 2013/2014 crop appears to be very good, leading to optimism of better margins through next year. Strong prices for 2013/2014 are also expected, in part due to the Porcine Epidemic Diarrhea (PED) in the U.S.

Between August 2012 and July 2013, hog prices in Saskatchewan averaged \$153.41/c/kg, which was significantly above the ten-year average of \$135.42/c/kg. Starting in the spring of 2013, outbreaks of PED, which causes high mortality in nursing pigs were being tracked in the U.S. The expectation of smaller hog supplies along with strong demand for pork strengthened prices through the summer and futures through the coming winter months.

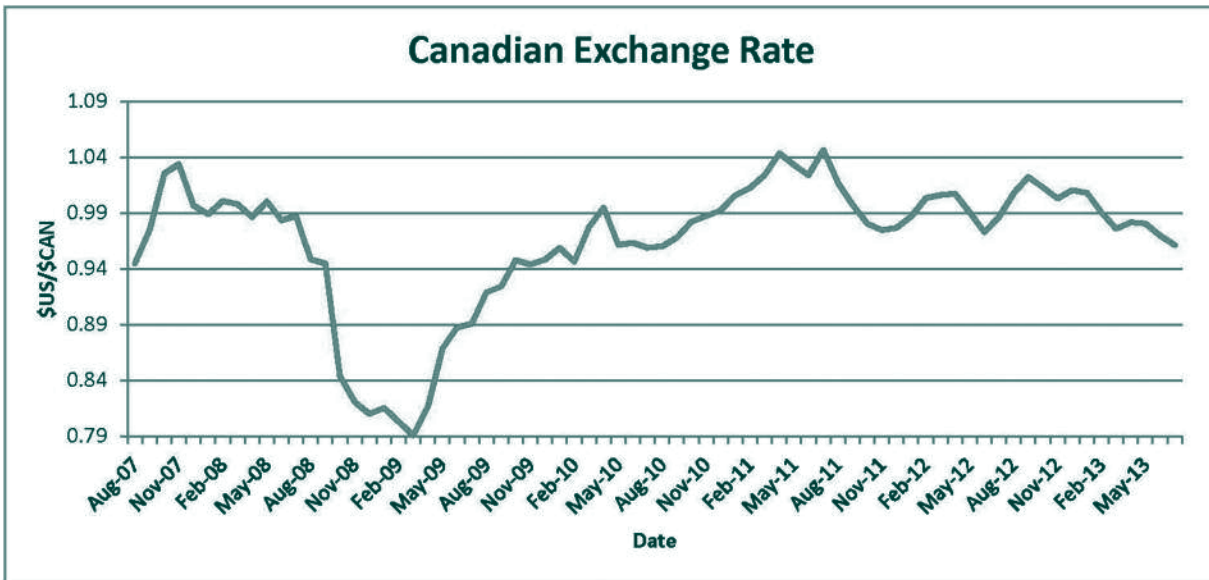
Saskatchewan Monthly Hog Prices



Source: SPI Marketing Group Inc, H@ms Marketing Services

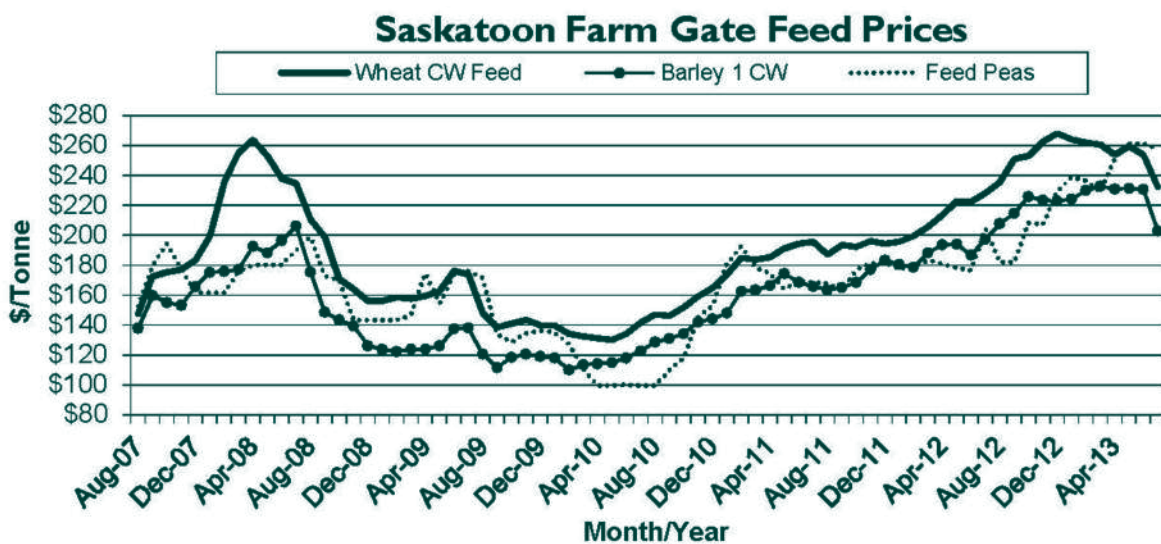
The Canadian dollar remained relatively stable in 2012/2013, averaging 0.99, which is the same as the previous year, and represents the second highest exchange rate in recent history. However, the dollar did decline significantly throughout the year providing some reason for optimism. In September, 2012, the exchange rate averaged 1.02, but by July, it was down to 0.96, which supported prices through the spring and summer months.

Statistics & Trends



Source: Bank of Canada

Feed prices in 2012/2013 reached record highs as a historic drought in the Midwest U.S. reduced the U.S. supply of feed grains by 38 million tonnes (12%), and subsequently resulted in a spike in western Canadian grain prices. Saskatchewan feed wheat prices increased by 25% to \$254.54/tonne while feed barley prices increased 23% to \$223.03/tonne, and feed peas increased 28% to \$228.56/tonne over the previous year. The run-up in feed prices challenged the economics of western Canadian hog production, leading to record highs in the overall cost of production. However, on a positive note, expectations of excellent North American crops in 2013 have already started weakening feed prices as of July, 2013.



Source: Saskatchewan Agriculture and Food

* Note: These are cash spot prices that a grain producer would receive at a Saskatoon elevator.

Statistics & Trends

In 2012, a total of 90 producers marketed hogs produced at 157 active premises across the province. This is a decline of three producers over the previous year. Saskatchewan's producer base has remained relatively stable since 2010 when 99 producers marketed hogs.

Saskatchewan Producer Profile*

Number of Hogs Produced	Number of Producers				Number of Slaughter Weight Hogs Produced			
	2012	2011	2010	2009	2012	2011	2010	2009
<100	7	8	11	27	144	205	472	845
100-500	6	6	7	9	1,909	1,787	1,952	2,239
500-1000	1	3	3	3	968	1,796	2,424	1,605
1000-5000	12	12	15	18	37,207	36,431	47,600	48,232
5000-25000	55	55	55	54	602,682	591,143	579,719	545,789
25000-50000	5	5	5	5	140,900	146,232	169,217	163,815
>50000	4	4	3	3	977,269	989,257	880,414	684,405
Totals	90	93	99	119	1,761,079	1,766,851	1,681,798	1,446,930

Source: Saskatchewan Pork Development Board

*Note: These numbers are based upon checkoff data, and represent the number of producers/companies that produced hogs, not the number of production units or premises. In 2012 there were 157 active premises in Saskatchewan.

In 2012, Saskatchewan produced a total of 2,061,607 pigs, which was down by 5,411 animals from 2011. Feeder pig exports were up by 2% to 270,257 pigs. Market hog production declined by 5,772 animals, while marketings of sows and breeding stock declined by 4,951 animals.

Number of Pigs Sold in Saskatchewan by Category

	Market Hogs	Sows and Breeding Stock	Feeder Pig/ Weanling Exports	Total Pigs Produced
2007	1,938,976	55,065	547,650	2,541,691
2008	1,496,623	37,065	1,069,752	2,603,440
2009	1,446,930	34,555	494,201	1,975,686
2010	1,681,798	28,754	255,819	1,968,381
2011	1,766,851	35,222	264,945	2,067,018
2012	1,761,079	30,271	270,257	2,061,607

Source: Saskatchewan Pork Development Board

Statistics & Trends

According to Statistics Canada, as of January 1, 2013 Saskatchewan's breeding herd declined by 1,300 sows over the previous year and stands at 89,100 animals. The entire Canadian herd declined by 8,900 sows and bred gilts over the same time period.

Sows and Bred Gilts in Canada (1,000 Head, January 1st)

	B.C.	Alberta	Sask.	Man.	West	Ontario	Quebec	Atl.	East	Canada
2007	17.6	185.0	130.7	368.4	701.7	407.7	391.5	31.2	830.4	1,532.1
2008	17.2	168.3	124.2	356.3	666.0	377.6	372.9	28.7	779.2	1,445.2
2009	16.2	157.1	102.8	331.3	607.4	327.4	355.7	25.2	708.3	1,315.7
2010	11.6	143.7	84.9	319.0	559.2	306.8	341.9	18.8	667.5	1,226.7
2011	8.2	137.0	85.9	314.0	545.1	299.5	328.2	19.9	647.6	1,192.7
2012	9	137.1	90.4	314.5	551.0	302.5	319.4	21.4	643.3	1,194.3
2013	8.6	135.7	89.1	312.7	546.1	303.2	315.4	20.7	639.3	1,185.4

Source: Statistics Canada, Cansim Table 003-0004

The total number of pigs produced in Canada declined in 2012. Eastern Canadian production decreased by 296,600 animals and stands at just over 13.5 million pigs, while western Canada's production increased by 166,200 animals and sits at just over 13.3 million pigs. Saskatchewan remains the 5th largest pork producing province in Canada behind Manitoba, Quebec, Ontario, and Alberta.

Hogs Marketed in Canada by Province (1,000 Head)

	BC	Alberta	Sask.	Man.	West	Ontario	Quebec	ATL	East	Canada
2007	336.3	3,748.1	2,849.1	9,160.8	16,094.3	7,396.3	7,163.7	576.6	15,136.6	31,230.9
2008	325.8	3,530.8	2,907.6	8,788.1	15,552.3	7,686.8	7,259.3	562.5	15,508.6	31,060.9
2009	288.2	3,052.8	1,978.4	8,270.1	13,589.5	6,768.2	7,389.4	431.9	14,589.5	28,179.0
2010	231.7	2,996.1	1,985.3	7,746.1	12,959.2	6,195.6	7,497.0	401.7	14,094.3	27,053.5
2011	182.8	3,010.2	2,114.0	7,891.4	13,198.4	6,078.6	7,368.8	441.4	13,888.8	27,086.9
2012	185.8	3,007.5	2,173.3	7,998.0	13,364.6	6,020.9	7,150.6	420.7	13,592.2	26,956.8

Source: Input Data from Statistics Canada, calculated by Saskatchewan Ministry of Agriculture, Sask Pork

Calculation: Slaughter plus international and interprovincial exports, less international and interprovincial imports

Includes: Slaughter Market and Culled Hogs, Weanlings and Feeders

Statistics & Trends

In 2012, the total Canadian slaughter increased by 23,000 animals to 21.1 million animals. Slaughter increased in Saskatchewan, Manitoba, and the Atlantic region, and declined in all other provinces. Saskatchewan's hog slaughter increased by 11,200 animals as 213,000 hogs were slaughtered in the province in 2012.

Hogs Slaughtered In Canada (1000 Head) (Number of Hogs Slaughtered in Federally and Provincially Inspected Plants)

	BC	Alberta	Sask.	Man.	Ontario	Quebec	ATL	Canada
2007	494.9	2,934.7	302.8	4,442.3	4,799.7	7,758.2	361.5	21,094.0
2008	523.0	2,701.4	48.5	4,806.8	5,122.0	8,122.1	195.7	21,519.4
2009	500.0	2,599.2	39.7	5,242.2	4,949.4	8,168.2	140.4	21,639.1
2010	499.3	2,662.1	33.8	5,322.3	4,432.3	8,120.8	52.4	21,123.1
2011	490.5	2,507.0	201.8	5,368.0	4,451.6	8,052.4	26.3	21,097.5
2012	484.6	2,406.0	213.0	5,571.8	4,431.0	7,985.4	28.7	21,120.5

Source: Agriculture and AgriFood Canada, Red Meat Market Information, Various Years

Checkoff data indicates that Saskatchewan produced 1,791,350 market hogs, cull sows, and breeding stock in 2012. In all, 162,991 animals produced in Saskatchewan were slaughtered locally in the province. Of the remainder, 1,143,516 were transported to Manitoba for slaughter, while 418,320 animals were transported to Alberta for slaughter, and 66,523 were exported to the U.S.

In 2012, live hog exports from Canada to the U.S. were down. According to Agriculture and Agri-Food Canada, approximately 4.8 million feeder pigs were exported from Canada to the United States in 2012 down 0.1% from the previous year. Canadian Market hog exports to the U.S. were 882,016, down by 138,293 animals from the previous year.

Statistics & Trends

Canadian Live Hog Exports by Province (< 50kg)

	Manitoba	Saskatchewan	Alberta	B.C.	West	Canada
2007	4,479,810	672,345	297,620	19,675	5,469,450	6,729,779
2008	4,383,172	1,095,464	360,170	14,855	5,853,661	7,036,388
2009	3,478,459	477,434	365,457	9,757	4,331,107	5,221,664
2010	3,042,429	253,832	405,501	7,200	3,708,962	4,699,916
2011	3,161,424	279,933	480,819	238	3,922,414	4,800,747
2012	3,212,162	336,478	447,301	0	3,995,941	4,794,338

Source: Agriculture & Agri-Food Canada

Canadian live hog exports have declined sharply since the Country of Origin labelling laws came into force in 2008. There has been no resolution to the ongoing trade dispute. The U.S. continues to ignore rulings issued by the WTO panel in 2011 and appellate body in 2012 that country of origin labelling rules violates trade rules. Canada is currently considering retaliatory action.

Canadian Live Hog Exports by Province (> 50kg)

	Manitoba	Saskatchewan	Alberta	B.C.	West	Canada
2007	1,665,793	306,076	304,545	3,643	2,280,057	3,283,250
2008	1,114,780	73,888	251,074	2,306	1,442,048	2,308,368
2009	477,757	6,453	171,026	1,595	656,831	1,142,671
2010	451,767	6,389	140,585	2,691	601,432	1,060,109
2011	428,093	16,959	155,647	0	600,699	1,020,309
2012	397,620	12,915	152,641	0	563,176	882,016

Source: Agriculture & Agri-Food Canada

Audited Financial Statements

for the year ended July 31, 2013

Management's Responsibility

To Saskatchewan Pork Producers:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors (the "Board") is composed entirely of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors.

Twigg & Company, an independent firm of Chartered Accountants, is appointed by the Board to audit the financial statements and report directly to the members, their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

October 30, 2013



Management



Management

Independent Auditors' Report

Twigg & Company

CHARTERED ACCOUNTANTS

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333-26TH STREET EAST
SASKATOON, SK S7K 0L4

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www.twiggandcompany.com

Independent Auditors' Report

To the Board of Directors of Sask Pork.

Report on the Financial Statements

We have audited the accompanying financial statements of Sask Pork, which comprise the statement of financial position as at July 31, 2013, July 31, 2012 and August 1, 2011 and the statements of operations, changes in net assets, cash flows, and schedule of travel expenses for the years ended July 31, 2013 and July 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Independent Auditors' Report

Independent Auditors' Report

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Sask Pork as at July 31, 2013, July 31, 2012 and August 1, 2011 and the results of its operations and cash flows for the years ended July 31, 2013 and July 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

October 30, 2013



Chartered Accountants

Statement of Financial Position

as at July 31, 2013

	ASSETS		
	July 31, <u>2013</u>	July 31, <u>2012</u>	August 1, <u>2011</u>
CURRENT:			
Cash	\$ 216,509	\$ 648,892	\$ 404,123
Short-term investments	609,000	259,000	239,000
Accounts receivable	187,850	160,509	189,405
Prepaid expense	<u>9,387</u>	<u>36,874</u>	<u>11,368</u>
	1,022,746	1,105,275	843,896
CAPITAL ASSETS (Note 4)	2,788	5,576	801
RESTRICTED INVESTMENTS	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
	<u>\$ 2,025,534</u>	<u>\$ 2,110,851</u>	<u>\$ 1,844,697</u>
	LIABILITIES		
CURRENT:			
Accounts payable and accrued expenses	\$ 105,958	\$ 115,431	\$ 99,038
Deferred contributions and revenue (Note 5)	<u>-</u>	<u>282,643</u>	<u>206,332</u>
	<u>105,958</u>	<u>398,074</u>	<u>305,370</u>
	NET ASSETS		
INTERNALLY RESTRICTED (Note 6)	1,000,000	1,000,488	1,007,225
UNRESTRICTED	<u>919,576</u>	<u>712,289</u>	<u>532,102</u>
	<u>1,919,576</u>	<u>1,712,777</u>	<u>1,539,327</u>
	<u>\$ 2,025,534</u>	<u>\$ 2,110,851</u>	<u>\$ 1,844,697</u>
COMMITMENTS (Note 7, 8)			

APPROVED BY THE BOARD:


Director


Director

Statement of Operations

for the year ended July 31, 2013

	2013	2013	2012
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUE			
Check-off and export service charge	\$ 1,433,250	\$ 1,399,862	\$ 1,414,507
Government grants and project funding (Note 9)	482,242	479,226	311,019
Symposium fees	54,000	52,210	52,725
Reimbursed travel	67,000	22,943	17,099
Interest	21,800	23,744	22,307
Program administration and traceability	-	121,325	70,128
Other	-	<u>4,257</u>	<u>3,106</u>
	<u>2,058,292</u>	<u>2,103,567</u>	<u>1,890,891</u>
EXPENSES			
Research, including Prairie Swine Centre (Note 7)	463,742	329,989	287,500
Salaries and benefits	454,414	449,025	433,445
Industry association	305,625	255,495	248,342
Symposium	60,200	67,119	59,463
Communications	112,000	81,871	73,350
Operations and office	106,030	100,835	103,717
Promotions	75,500	20,925	34,675
Directors and committees	57,180	36,728	31,138
Policy and industry development	35,000	4,809	5,198
Travel (Schedule 1)	33,600	25,869	30,023
Organizational development	22,690	10,903	12,583
Amortization	1,667	2,788	3,589
National services	345,600	233,955	251,448
Bad debts	-	-	36,130
Reimbursed expenses	12,000	23,159	18,025
PRRS project	-	<u>253,298</u>	<u>88,815</u>
	<u>2,085,248</u>	<u>1,896,768</u>	<u>1,717,441</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	\$ (26,956)	\$ 206,799	\$ 173,450

Statement of Changes in Net Assets

for the year ended July 31, 2013

	Internally Restricted	Unrestricted	2013 Total	2012 Total
NET ASSETS, BEGINNING OF YEAR	1,000,488	712,289	1,712,777	1,539,327
Excess (deficiency) of revenue over expenses	-	206,799	206,799	173,450
Interfund transfers	(488)	488	-	-
NET ASSETS, END OF YEAR	<u>\$ 1,000,000</u>	<u>\$ 919,576</u>	<u>\$ 1,919,576</u>	<u>\$ 1,712,777</u>

Statement of Cash Flows

For the year ended July 31, 2013

	<u>2013</u>	<u>2012</u>
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 206,799	\$ 173,450
Amortization	<u>2,788</u>	<u>3,589</u>
	<u>209,587</u>	<u>177,039</u>
Changes in non-cash working capital		
Balances related to operation:		
Accounts receivable	(27,341)	28,896
Prepaid expenses	27,487	(25,506)
Accounts payable and accrued liabilities	(9,473)	16,394
Deferred contributions and revenue	<u>(282,643)</u>	<u>76,311</u>
	<u>(291,970)</u>	<u>96,095</u>
Total from operating activities	<u>(82,383)</u>	<u>273,134</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	_____ -	(8,365)
Total from investing activities	_____ -	(8,365)
INCREASE (DECREASE) IN CASH DURING THE YEAR	(82,383)	264,769
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>907,892</u>	<u>643,123</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 825,509</u>	<u>\$ 907,892</u>
CASH AND EQUIVALENTS CONSISTS OF:		
Cash	216,509	648,892
Short-term investments	<u>609,000</u>	<u>259,000</u>
	<u>\$ 825,509</u>	<u>\$ 907,892</u>
SUPPLEMENTAL CASH FLOW DISCLOSURE		
Interest paid	1,004	527
Income taxes paid	<u>Nil</u>	<u>Nil</u>

Notes to Financial Statements

for the year ended July 31, 2013

I. 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, 2004*. Sask Pork is subject to supervision by the Agri-Food Council members of which are appointed by the Government of the Province of Saskatchewan.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CICA Handbook* and include the following significant accounting policies:

(a) Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statements of operations in the period incurred.

Financial assets subsequently measured at amortized cost include cash and accounts receivable. Financial liabilities subsequently measured at amortized cost include accounts payable and deferred contributions and revenue. The fair value of the cash, accounts receivable, and accounts payable approximates their carrying value due to their short-term nature.

(b) Cash and cash equivalents:

Cash is comprised of cash on hand.

Short-term investments are composed of guaranteed investment certificates. 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. Short-term investments subject to restrictions that prevent their use for current purposes are included in restricted investments.

Notes to Financial Statements

for the year ended July 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Capital assets:

Sask Pork capitalizes all assets with a cost 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	3-5 years
Leasehold improvements	3 years

(d) Revenue recognition:

Hog check-off revenue is recognized using the accrual basis in conjunction with delivery of producer's product.

Sask Pork follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred or restrictions met. Unspent amounts are included in deferred contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Recognition of grants related to capital assets is deferred to periods when the related capital assets are amortized.

Revenues for conference fees are recognized upon completion of the conference.

Interest and investment revenue is recognized when earned.

(e) Research funding expenses:

Research funding expenses are recognized when projects are approved and the recipient has met eligibility criteria. Funds advanced to recipients prior to eligibility criteria being met are recorded as advances.

Notes to Financial Statements

for the year ended July 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Contributions in-kind:

Contributions in-kind are recorded at fair value for goods or services used in the normal course of operations that would otherwise have been purchased.

(g) Use of estimates:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in excess of revenues and expenses in the periods in which they become known.

The application of the Organization's accounting policy for deferred contributions and revenue requires judgment in determining whether a particular item meets the criteria for recognition as revenue or deferred contributions.

3. ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS:

These financial statements were prepared in accordance with Part III of the *CICA Handbook*. The Organization's first reporting period under Part III is for the year ended July 31, 2013. As a result, the date of transition to Part III is August 1, 2011. The Organization previously presented financial statements under Canadian generally accepted accounting principles ("CGAAP").

These financial statements are the first financial statements for which the Organization has applied the Canadian accounting standards for not-for-profit organizations. As a result of adoption, the financial statements for the year ended July 31, 2013 were prepared in accordance with the provisions set out in Section 1501 of Part III, *First-Time Adoption by Not-for-profit Organizations*. Section 1501 is to be applied on a retrospective basis although the section provides exemptions from this treatment in certain specific circumstances as well as permitting elections in the year of transition. Upon adoption, the Organization did not choose to apply any of the available exemptions.

The first-time adoption of this new basis of accounting had no impact on the Organization's excess (deficiency) of revenues over expenses for the year ended July 31, 2012 or on the net assets as at August 1, 2011 (the date of transition).

Notes to Financial Statements

for the year ended July 31, 2013

4. CAPITAL ASSETS

Capital assets consist of the following:

	July 31, 2013		July 31, 2012	August 1, 2011
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Leasehold Improvements	\$ 2,403	\$ 2,403	\$ -	\$ 801
Computer equipment	8,365	5,577	2,788	-
	\$ 10,768	\$ 7,980	\$ 2,788	\$ 801

5. DEFERRED CONTRIBUTIONS AND REVENUE

Sask Pork receives funding from the Canadian Swine Health Board (CSHB) to be held, administered and distributed in accordance with the related PRRS project funding agreement. Deferred contributions related to expenses of future periods represent unspent externally restricted funding for the purposes of paying research expenditures in future periods.

Sask Pork receives funding to administer the On Farm Food Safety (OFFS) program. The OFFS program provides funding to producers who have expended funds on approved program activities such as OFFS technical advice, the purchase of approved equipment, or a first certification audit.

Sask Pork receives funding from the Canadian Swine Health Board (CSHB) to be held, administered and distributed in accordance with the related National Biosecurity Training program funding agreement. The National Biosecurity Training program provides funding to producers who have attended training sessions on national biosecurity, completed a self-assessment and action plan, and had a veterinarian conduct an onsite visit. Deferred contributions related to expenses of future periods represent unspent externally restricted funding for the purposes of paying program participants and veterinarians.

Sask Pork receives funding from the Saskatchewan Ministry of Agriculture to be held, administered and distributed in accordance with the related Saskatchewan Swine On-Farm Biosecurity program funding agreement. The Saskatchewan Swine On-Farm Biosecurity program provides funding to producers who have attended training sessions on biosecurity, completed a self-assessment and action plan, and had a veterinarian conduct an onsite visit. Deferred contributions related to expenses of future periods represent unspent externally restricted funding for the purposes of paying program participants and veterinarians.

Notes to Financial Statements

for the year ended July 31, 2013

5. DEFERRED CONTRIBUTIONS AND REVENUE (continued)

	July 31, 2013	July 31, 2012	August 1, 2011
Deferred contributions and revenue, beginning of year	\$ 282,643	\$ 206,332	\$ 113,526
<i>Contributions and revenue received during the year:</i>			
PRRS project contributions	85,322	96,620	96,620
Saskatchewan Pork Industry Symposium funding	-	-	41,500
On-Farm Food Safety program (OFFS)	-	20,000	35,000
National Biosecurity training program (CSHB)	63,382	207,360	-
Saskatchewan Swine On-Farm Biosecurity program	61,150	75,000	-
<i>Less:</i>			
Amounts recognized as PRRS project expenses	(251,959)	(88,815)	(50,314)
Amounts recognized as conference fees (Symposium)	-	(12,500)	(30,000)
Amounts recognized as OFFS program expenses	-	(32,820)	-
Amounts recognized as National Biosecurity (CSHB) training program expenses	(82,208)	(188,534)	-
Amounts recognized as Saskatchewan Swine On-Farm Biosecurity program expenses	(136,150)	-	-
Funding repaid (OFFS)	(22,180)	-	-
Deferred contributions and revenue, end of year	\$ -	\$ 282,643	\$ 206,332

The deferred contributions and revenue relates to the following:

	July 31, 2013	July 31, 2012	August 1, 2011
Saskatchewan Pork Industry Symposium	-	-	12,500
PRRS project	-	166,637	158,832
On Farm Food Safety program	-	22,180	35,000
National Biosecurity training program (CSHB)	-	18,826	-
Saskatchewan Swine On-Farm Biosecurity program	-	75,000	-
Deferred contributions and revenue, end of year	\$ -	\$ 282,643	\$ 206,332

Notes to Financial Statements

for the year ended July 31, 2013

6. INTERNALLY RESTRICTED NET ASSETS

Sask Pork's Board of Directors have internally restricted net assets of \$1,000,000 as a reserve for future operating expenses.

7. RESEARCH COMMITMENTS

Prairie Swine Centre Inc.

Effective January 1, 2011 Sask Pork agreed to provide an annual contribution of \$275,000 to the Prairie Swine Centre Inc. The annual contribution is provided for the core funding of the Prairie Swine Centre. In the current year the Board approved a motion to increase the annual funding to the Prairie Swine Centre Inc. by 10% to a total of \$302,500. Of this funding increase \$13,750 represents a new five year funding commitment for the salary of the Chair in Animal Welfare. The amounts that Sask Pork has committed to pay to PSCI are as follows:

	2013	2012
Prairie Swine Centre Inc.	302,500	148,916
Canadian Swine Research & Development Cluster	-	126,084
ADOPT Project	9,760	-
SaskMilk CAAP Project	3,000	-
Canadian Swine Research & Development Cluster - Swine Innovation fund	14,729	12,500
	329,989	287,500

8. LEASE COMMITMENTS

(a) Building lease:

Sask Pork is committed under a lease agreement for its premises at #2, 502 - 45th Street West. The agreement expires on October 31st, 2016 and requires minimum annual lease payments as follows:

Year ending July 31:	
2014	\$ 26,205
2015	37,560
2016	41,054
2017	10,482

Notes to Financial Statements

for the year ended July 31, 2013

NOTES TO FINANCIAL STATEMENTS **for the year ended July 31, 2013**

8. LEASE COMMITMENTS (continued)

(b) Operating lease:

Sask Pork has operating lease agreements for photocopier and office equipment requiring a monthly minimum charge plus charges for additional services. The annual minimum charges are as follows:

Year ending July 31:	
2014	\$ 1,769

(c) Contractual commitments:

Sask Pork is committed under an annual agreement with Wonderworks Canada Inc. to sponsor a series of pork oriented agricultural news coverage. The current agreement expires on September 30, 2015. The minimum annual charges are as follows:

Year ending July 31:	
2014	\$ 40,000
2015	40,000
2016	6,667

9. GOVERNMENT GRANTS AND PROJECT FUNDING

	2013	2012
PRRS program (CSHB)	251,959	88,815
ADOPT project	8,909	850
National Biosecurity training (CSHB)	82,208	188,534
Saskatchewan Swine On-Farm Biosecurity program	136,150	-
On Farm Food Safety program	-	32,820
	479,226	311,019

Notes to Financial Statements

for the year ended July 31, 2013

10. FINANCIAL INSTRUMENTS

The Organization as part of its operations carried a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Risk management policy

The Organization, as part of operations, has established a minimization of credit risk policy as its risk management objective. In seeking to meet this objective, the Organization follows a risk management policy approved by its Board of Directors. The collection of accounts receivable is monitored by the Financial Administrator in conjunction with contacting slaughter plants to ensure collection of the hog check-off is made on a timely basis.

Credit concentration

As at July 31, 2013, four customers accounted for 67.67% (82.76% - 2012) of accounts receivable, representing the Organization's maximum credit risk exposure. The Organization believes that there is no unusual exposure associated with the collection of these receivables. The Organization manages its credit risk by performing regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable. Most of the accounts receivable were collected shortly after year-end

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Organization is not exposed to significant interest rate risk on its investments.

Liquidity risk

Liquidity risk is that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization enters into transactions to purchase goods and services on credit and lease office equipment and office space from creditors, for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Organization's future net cash flows for the possibility of a negative net cash flow. The Organization manages liquidity risk resulting from accounts payable and accrued liabilities by investing in liquid assets such as cash and short-term investments which can be readily available to repay accounts payable and accrued liabilities.

Notes to Financial Statements

for the year ended July 31, 2013

11. CAPITAL MANAGEMENT

The Organization has no formal capital management policy however the Board of Directors conducts an annual budgeting and strategic planning meeting. The Organization has no externally imposed capital requirements.

12. BUDGET

The budget for 2012/2013 was approved by the Board of Directors on June 25, 2012.

Schedule of Travel Expenses

for the year ended July 31, 2013

SCHEDULE I – Schedule of Travel Expenses for the year ended July 31, 2013

	Budget (Note 12)		
	<u>2013</u>	<u>2013</u>	<u>2012</u>
National services	3,600	1,646	1,698
Industry association	15,000	12,759	11,956
Organizational development	5,000	4,811	3,026
Policy and industry development	6,000	5,808	12,733
Communications	2,000	-	-
Promotions	<u>2,000</u>	<u>845</u>	<u>610</u>
	<u>33,600</u>	<u>25,869</u>	<u>30,023</u>

Disclosure of Payments

for the year ended July 31, 2013

Payee List

The Agri-Food Council requires Sask Pork to disclose in their annual report significant payments made over the course of the year. Payments in excess of \$35,000 made to a single organization are as follows:

502 on 45th Trade Centre	\$	50,775
Genetiporc	\$	69,308
Canadian Pork Council	\$	283,734
Manitoba Pork Council	\$	51,794
CIBC Visa	\$	60,961
Prairie Swine Centre	\$	314,105

Research Projects Funded from Hog Check-Off

Project Name	Researchers	2012-2013 Funding
Prairie Swine Centre Inc.	Various	\$ 302,500
SaskMilk - CAAP Project #S54-C - Commercialization of Canadian Feed Research Centre Research Capacity	Various	3,000
Swine Innovation Porc		<u>14,729</u> *
Total		\$ <u>320,229</u>

* Payments made to Canadian Pork Council at the rate of 2.5 cents/market hog and ½ cent/weanling

Directors' Remuneration

as at July 31, 2013

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 for the period of August 1, 2012 – July 31, 2013:

Directors	Per Diem	Expenses	Total
Dickson Gould	\$ 2,000	\$ 5,665	\$ 7,665
Jay McGrath	5,500 *	721	6,221
Shannon Meyers	- **	-	-
Florian Possberg	7,013 *	3,941	10,954
David Tschetter	1,800	3,669	5,469
Paul Ulrich	2,600	3,513	6,113
	18,913	17,509	36,422
Other payments	-	308 ***	308
Directors Total	\$ 18,913	\$ 17,817	\$ 36,730

* Included in the per diem was a monthly honorarium of \$600 paid to the Chairman.
(On Feb 21/13, Florian Possberg was elected Chairman, Shannon Meyers – Vice Chair, Paul Ulrich – Audit Chair)

** Included in the per diem was a monthly honorarium of \$150 paid to the Vice-Chair.

*** Payments made to facilitate meetings.

Auditors' Report

AUDITORS' REPORT

To Saskatchewan Pork Producers:

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 agency resources, spending, revenue raising, borrowing and investing activities during the year ended July 31, 2013.

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

Our examination was made in accordance with the 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, 2013.

**Saskatoon, Saskatchewan
October 30, 2013**



Chartered Accountants

Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To Saskatchewan Pork Producers:

We have audited Sask Pork's control as of July 31, 2013 to express an opinion as to the effectiveness of its control related to the following objectives:

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

Management's Responsibility

The Organization's management is responsible for maintaining effective control over the objectives stated above.

Auditors' Responsibility

Our responsibility is to express an opinion based on our audit as to the effectiveness of its control related to the following objectives:

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

(continued on next page)

Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To Saskatchewan Pork Producers:

(continued from previous page)

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

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

We conducted our audit in accordance with the standard for audits of internal control over financial reporting set out in the CICA Handbook - Assurance. This standard requires that we plan and perform the audit to obtain reasonable assurance as to effectiveness of Sask Pork's control related to the objectives stated above. An audit includes obtaining an understanding of the significant risks related to these objectives, the key control elements and control activities to manage these risks and examining, on a test basis, evidence relating to control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Control can provide only reasonable and not absolute assurance of achieving objectives reliably for the following reasons. There are inherent limitations in control including judgement in decision-making, human error, collusion to circumvent control activities and management overriding control. Cost/benefit decisions are made when designing control in organizations. Because control can be expected to provide only reasonable assurance, and not absolute assurance, the objectives referred to above may become ineffective because of changes in internal and external conditions, or that the degree of compliance with control activities may deteriorate.

Opinion

In our opinion, based on the limitations noted above, Sask Pork's control was effective, in all material respects, to meet the objectives stated above as of July 31, 2013 based on the CICA criteria of control framework.

Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To Saskatchewan Pork Producers:

(continued from previous page)

We have also audited, in accordance with Canadian generally accepted auditing standards, the financial statements of Sask Pork, which comprise the statement of financial position as at July 31, 2013, and the statements of operations, change in net assets, cash flows, and schedule of travel expenses for the year then ended, and a summary of significant accounting policies and other explanatory information. We have issued our report dated October 30, 2013, which is the same date as the date of the report on the effectiveness of internal controls.

**Saskatoon, Saskatchewan
October 30, 2013**

Smugg & Company
Chartered Accountants

Auditors' Report

AUDITORS' REPORT

To Saskatchewan Pork Producers:

We have examined the financial statements of Sask Pork for the year ended July 31, 2013 and have issued our report thereon dated October 30, 2013. We have examined the system of internal control as at July 31, 2013 and have issued our report to you dated October 30, 2013. We have also made an examination to determine whether Sask Pork complied with specified legislative and related authorities pertaining to its financial reporting, safeguarding agency resources, spending, revenue-raising, borrowing and investing activities during the year ended July 31, 2013 and have issued our report to you dated October 30, 2013.

Our examinations were 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 those instances, if any, that our study and evaluation of internal control disclosed conditions indicating that internal controls were inadequate or not complied with, substantive tests were performed to detect any case in which:

- 1) any officer or employee of Sask Pork has willfully or negligently omitted to collect or receive public money belonging to the Crown;
- 2) there has been a deficiency or loss to the Crown through the fraud, default or mistake of any person; and
- 3) an expenditure was made which was not properly vouchered or certified.

During the course of these examinations, nothing came to our attention that would indicate to us that:

- 1) any officer or employee of Sask Pork has willfully or negligently omitted to collect or receive public money belonging to the Crown;
- 2) there has been a deficiency or loss to the Crown through the fraud, default or mistake of any person; and
- 3) an expenditure was made which was not properly vouchered or certified.

Saskatoon, Saskatchewan
October 30, 2013



Chartered Accountants



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