

# Annual Report 2014 - 2015



### **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, 2013* 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.

Cover photo:  
*2014 Saskatchewan Pork Industry Symposium*  
*Pictured left to right: Rick Bergmann, Karl Kynoch,*  
*Florian Possberg and Ben Woolley.*

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# Chairman's Message

Sask Pork continues to represent our industry as many changes affect the hog sector.

Consumers need to know our pork is safe, nutritious, great value and produced in a sustainable manner. Our efforts in promotion, quality assurance and traceability provide industry information necessary for government, support services and consumers.

Animal welfare, traceability, disease control and risk management are active files receiving attention from staff and directors both provincially and nationally.

Financially, 2015 was a decent year for most of our members. This follows 2014 when profits were for the most part historic. These are welcome times after suffering through years where losses were the norm.

Western Canada is unique in north America in that it is one of the only places that does have excess slaughter capacity. Eastern Canada and most of the USA are concerned about slaughter capacity going into 2016. Most of our plants are operating under capacity, some seriously. Our challenge and opportunity is to grow hog slaughter numbers to fill these plants. The Saskatchewan Pork Development Board is working with producers and industry partners to help make this happen.

I want to thank our producers and staff for your dedication and support.

May 2016 be a year of growth and prosperity!



A handwritten signature in black ink, which appears to read "Florian Possberg". The signature is fluid and cursive, written in a professional style.

Florian Possberg  
Chairman

# General Manager's Message

Another decent year for the hog industry has certainly started to change attitudes and brought increased interest in renewal. Following the most profitable year in history, 2014 /15 was another steady, profitable year. Last year Saskatchewan's production increased 5%, all the former idled transition barns have been bought , with a few already brought into production and all the major packers are looking at options to increase production to fill the vacant capacity at the processing plants. Full capacity means much better efficiencies.

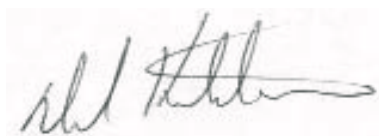
The Board of Director's have set a very realistic goal of establishing 100,000 new finishing spaces in Saskatchewan within the next three years. This goal is only 10% of what will be needed for all processing plants in western Canada to achieve full capacity. Given the trend towards further integration, there is a greater recognition that producers and processors must work together to achieve the efficiencies required to compete globally.

During the year the swine health file remained a top priority. Saskatchewan, through the very diligent efforts of producers and truckers, maintained its PEDv free status. Sask Pork, with the support of the Government of Saskatchewan, continues to work on biosecurity, truck wash inventory and protocols and working with VIDO on a promising vaccine to prevent PEDv losses in piglets. We are also working on a long term solution to automatically clean and disinfect transportation units. Through our encouragement and research funds from Swine Innovation Porc, scientists from the University of Saskatchewan and PAMI have been given the challenge of developing an automatic system of cleaning transport units in less than an hour, for under \$250. So far Phase I, a hydro vac base prototype, has passed the proof of concept stage and now Phase II of the research will further develop this technology.

Sask Pork has also been working on a number of interesting initiatives such as; a revamping of the CQA® and Animal Care Assessment™ creating our social media program, further work on the hedging initiative, developing costs and business models for new construction, creating a TV ad and hosting a very successful Symposium.

On a personal basis, I was elected Chair of CPI's Board in February. CPI is the Canadian pork industry's international marketing organization and is very active in generic pork promotion both, with the new Canada Pork Domestic Promotion initiative, and internationally hosting seminars and attending trade shows around the world. CPI is also instrumental in assisting members with trade access issues and providing advice for our Canadian trade negotiators as they work on trade deals such as TPP.

In closing, I would like to thank our Chairman, the Board of Directors and staff for their support, guidance, and dedication to our industry during the past year.



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.

## 2013 - 2015 Board of Directors



**Florian Possberg**  
Chairman



**Shannon Meyers**  
Vice-Chairman



**Paul Ulrich**  
Audit Chair



**Dickson Gould**  
CPC Board of  
Directors



**Cliff Ehr**



**David Tschetter**

# Directors & Staff Committee Representation

## Staff

### Neil Ketilson

General Manager  
(306) 343-3504  
nketilson@saskpork.com

### Kim Browne

Executive Administration  
Promotions & Communications  
Symposium Coordinator  
(306) 343-3506  
kbrowne@saskpork.com

### Mark Ferguson

Manager Industry & Policy  
Analysis  
(306) 343-3503  
mferguson@saskpork.com

### Patty Riley

Financial Administrator  
(306) 343-3507  
priley@saskpork.com

### Harvey Wagner

Manager Producer Services &  
On-Farm Food Safety  
(306) 343-3502  
hwagner@saskpork.com

## Canadian Pork Council & Canada Pork International

CPI Board of Directors - Neil Ketilson  
CPC Board of Directors - Dickson Gould  
Business Risk Management Committee - Dickson Gould  
Identification and Traceability System Working Committee - Neil Ketilson  
Political Action Committee - Dickson Gould  
Canadian Swine Health Board Research Committee - Harvey Wagner  
CQA® Provincial Delivery Agent Group - Harvey Wagner  
International Swine Cost of Production Network (InterPig) - Mark Ferguson  
National Group Sow Housing Working Group - Harvey Wagner  
On-Farm Programs Management Group - Dickson Gould /Harvey Wagner  
On-Farm Programs Animal Care Technical Group - Dickson Gould  
PigTrace Implementation Team - Mark Ferguson/Harvey Wagner  
Safety Net Committee - Neil Ketilson  
Swine Innovation Porc - Neil Ketilson  
Trade Advocacy Working Group - Dickson Gould/Neil Ketilson

## Industry Representation

Agriculture in the City 2015 Planning Committee - Kim Browne  
Agricultural Producers Association of Saskatchewan - Livestock Committee - Mark Ferguson  
Canadian Western Transport Wash Certification Program - Harvey Wagner  
Farm and Food Care Saskatchewan - Shannon Meyers  
Feeds Innovation Institute, U of S - Neil Ketilson  
Prairie Swine Centre Board of Directors - Neil Ketilson  
Provincial Emergency Planning Consultations - Harvey Wagner  
Statistics Canada Advisory Committee - Mark Ferguson

# Director & Staff External Activities

- Careers West Job Fair - Regina - September 10, 2014 - *Harvey Wagner*
- Vietnamese Delegation Visit - Saskatoon - October 23, 2014 - *Mark Ferguson*
- Careers West Job Fair - Saskatoon - October 29, 2014 - *Harvey Wagner*
- Saskatchewan Ministry of Agriculture Roundtable with Hon. Gerry Ritz - Regina - November 24, 2014 - *Florian Possberg / Neil Ketilson*
- CQA On-Farm Program Management Meeting - Ottawa - December 1-2, 2014 - *Harvey Wagner*
- Meeting with CFIA and Chief Veterinary Officer re Traceability Program - Regina - December 1, 2014 - *Mark Ferguson*
- Feed Innovation Institute Meeting - North Battleford - December 2, 2014 - *Mark Ferguson*
- Saskatchewan Ministry of Agriculture Livestock Strategy Consultation - Regina - December 3, 2014 - *Florian Possberg / Mark Ferguson*
- Canadian Western Truckwash Registration Program - Steinbach - December 4-5, 2014 - *Harvey Wagner*
- Biosecurity Truck Wash Meeting - Blumenort - December 5-6, 2014 - *Harvey Wagner*
- Agri-Food Council Conference - Regina - December 4-5, 2014 - *Neil Ketilson*
- Meeting with Saskatchewan Ministry of Agriculture re Hedging Program - Regina - December 12, 2014 - *Neil Ketilson / Mark Ferguson*
- Farm and Food Care Saskatchewan Conference - Saskatoon - December 10-11, 2014 - *Shannon Meyers / Kim Browne / Dave Tschetter*
- AgriInnovation Announcement re Funding for Research - Saskatoon - December 18, 2014 - *Florian Possberg / Neil Ketilson / Harvey Wagner*
- Swine Health Alliance Meeting - Winnipeg - December 16-17, 2014 - *Florian Possberg / Neil Ketilson*
- Western Canadian Swine Health Alliance meeting - Edmonton - January 7, 2015 - *Neil Ketilson*
- PSCI Innovators Club Meeting - Banff - January 20, 2015 - *Harvey Wagner*
- National Group Sow Housing Working Group - Banff - January 20, 2015 - *Harvey Wagner*
- Banff Pork Seminar - Banff - January 20-22, 2015 - *Mark Ferguson / Harvey Wagner / Dave Tschetter / Paul Ulrich*
- Agriculture in the City Planning Meeting - Saskatoon - January 7, 2015 - *Kim Browne*
- U of S College of Pharmacy & Nutrition Professional Enhancement Day - Saskatoon - January 8, 2015 - *Kim Browne*
- Canadian Agricultural Economics Society 5th Annual Ag Policy Conference - Ottawa - January 28-30, 2015 - *Neil Ketilson*
- MTDR Farming Co. Sow Barn Open House - Kyle - February 4, 2015 - *Mark Ferguson / Harvey Wagner*
- Agri-Value Growth Summit - February 4-5, 2015 - *Neil Ketilson*
- Pork Value Chain Roundtable - Toronto - February 10-11, 2015 - *Neil Ketilson*
- Cramer Livestock Expo - Swift Current - February 18, 2015 - *Mark Ferguson / Harvey Wagner*
- U of S Swine Marketing Lecture - Saskatoon - March 6, 2015 - *Mark Ferguson*
- Conference Board of Canada Agricultural Labour Forecast Workshop - Regina - March 13, 2015 - *Harvey Wagner*



# Director & Staff External Activities

- CPC Food Safety Technical Working Group - Ottawa, March 16, 2015 - *Harvey Wagner*
- Saskatchewan Legislative Assembly Budget Address with Hon. Ken Krawetz - Regina - March 18, 2015 - *Mark Ferguson*
- CAHRC NOAF Competency Framework Workshop Regina - March 19, 2015 - *Harvey Wagner*
- Barley Council of Canada Grow Barley Platform Development, Conference Call, April 2, 2015 - *Mark Ferguson*
- Canadian Western Truckwash Registration Program - Winnipeg - April 8, 2015 - *Harvey Wagner*
- Statistics Canada Advisory Meeting - Ottawa - April 14-15, 2015 - *Mark Ferguson*
- Manitoba Pork Annual General Meeting - Winnipeg - April 15, 2015 - *Florian Possberg / Neil Ketilson*
- Feeding the Global Middle Class Conference - Saskatoon - April 22-23, 2015 - *Neil Ketilson*
- Saskatchewan Cross-Commodity Roundtable on Antimicrobial Stewardship - Saskatoon - April 23, 2015 - *Harvey Wagner*
- Canadian Chamber of Commerce Annual Meeting - Ottawa - April 27-29, 2015 - *Neil Ketilson*
- CPC Annual Spring Meeting - Ottawa - April 29, 2015 - *Florian Possberg / Shannon Meyers / Neil Ketilson*
- Annual Premier's Dinner - Saskatoon - April 30, 2015 - *Florian Possberg / Cliff Ehr / Neil Ketilson / David Tschetter / Paul Ulrich*
- CPC Spring Meeting - Ottawa - April 28-29, 2015 - *Florian Possberg / Dickson Gould / Neil Ketilson*
- Canadian Meat Council Annual Meeting - Ottawa - May 7-8, 2015 - *Neil Ketilson*
- Ministry of Agriculture Ag Awareness Strategy Stakeholder Roundtable, Saskatoon - May 12, 2015 - *Kim Browne*
- Pork Value Chain Roundtable - Ottawa - June 2-4, 2015 - *Neil Ketilson*
- Canada Pork International Trade Mission - China - June 9-18, 2015 - *Neil Ketilson*
- Saskatchewan Agricultural Industry Labour Roundtable - Regina - June 16, 2015 - *Harvey Wagner*
- Agriculture Council of Saskatchewan (ACS) Annual General Meeting - Saskatoon - June 16, 2015 - *Mark Ferguson*
- Farm Credit Canada meeting - Regina - June 22, 2015 - *Neil Ketilson*
- PigTrace demo for CFIA - Saskatoon - June 29, 2015 - *Mark Ferguson*
- Thunder Creek Pork Open House - Moose Jaw, July 30, 2015 - *Harvey Wagner*
- Agriculture Producers of Saskatchewan (APAS) Semi-Annual Meeting, Saskatoon - July 20-21, 2015 - *Mark Ferguson*

# Policy and Industry Development

## Risk Management

On July 10, 2015, Agriculture and Agri-Food Canada (AAFC) approved funding for a Canadian Pork Council (CPC) project under the AgriRisk Initiatives program. This project will gather statistics regarding current forward pricing program opportunities in various markets in Canada. The CPC in partnership with its provincial members, hope to gain a greater insight into why Canadian farmers utilize hedging and other risk management strategies to a lesser extent than their US counterparts. The project's objective is to develop a structure for a program to mitigate the risk of margin calls that would complement existing risk management tools. Under the project, consultations will occur with producers, financial institutions, packing plants, and organizations providing risk management services to producers for their assessment of this risk.

Sask Pork worked closely with the CPC and Ontario Pork in applying for this funding, and will play a key role in managing the project. Sask Pork has advocated for increased government support for private sector risk management over the past several years. 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. This project is the most recent phase of this research, which has included the discussion paper Sask Pork authored in 2012, and two actuarial studies previously funded by AAFC.

## Traceability

On July 1, 2014, amendments to the Health of Animals act came into force that made swine traceability mandatory in Canada. The regulations require anyone moving swine to report the locations of origin and destination, the date/time of the movement, license plate of the vehicle, and the quantity of animals and identification numbers applied to the animals. The regulations also require tags or tattoos to be applied to

animals for certain types of movements. On July 1, 2015 the regulations took effect for farmed wild boar.

Under the Canadian Health of Animals regulations, either a tag or tattoo bearing an assigned slap tattoo number is an acceptable identification for animals going to slaughter. However, as of January 1, 2015, many U.S. sow slaughter plants began requiring official ear tags on sows that they slaughter. This requirement applies to both US. and Canadian animals, and some plants apply monetary penalties for noncompliance. Though most Canadian producers do not sell directly to these plants, tagging culled breeding stock has basically become a de facto requirement for sow buyers who supply these plants.

Sask Pork continues to assist in the administration of the program on behalf of the Canadian Pork Council for producers in Saskatchewan. Sask Pork's efforts centre around registering producers and slaughter plants, creating PigTrace accounts, and assisting these stakeholders with ordering tags, issuing identifiers (herd marks), and assisting with movement reporting. In 2014/2015, Sask Pork registered and/or created new PigTrace accounts for 58 stakeholders and 62 premises.

To date, 31,980 movement events in Saskatchewan have been reported, accounting for 7.8 million animal movements. We would like to commend Saskatchewan producers for their active commitment to this program during its first year of operation.

## InterPIG

In 2014/2015, Mark Ferguson continued to represent Canada on the InterPIG international cost of production benchmarking group. InterPIG data is the most reliable data available that compares prices and cost of production in various countries around the world. The participants include the U.S., Brazil, and a number of E.U. countries. The participating countries are responsible for 90% of the world's pork exports, so the data represents our most significant competitors.

# Policy and Industry Development

Canadian producers continue to be very competitive in terms of total cost of production and feed cost. In 2014, Canada had the third lowest cost of production of the 15 participating countries at \$180/kg (all figures expressed in Canadian hot dressed carcass basis and Canadian dollars). Only Brazil's Mato Grosso region and the U.S. were lower at \$150/kg and \$174/kg respectively. Italy had the highest cost of production at \$281/kg, while Spain reported the lowest E.U. cost at \$215/kg. Denmark reported their costs at \$222/kg.

In terms of price received for hogs, Canada's record prices were ahead of many European countries in 2014 at \$231/kg. The Mato Grosso region of Brazil reported the lowest price at \$208/kg, while the highest reported price in the data was Great Britain at \$273/kg. The U.S. reported price was \$258/kg.

Canada was the third most profitable region in the data, behind only the U.S. and Brazil (Mato Grosso).

## Sask Pork Cost of Production Survey

This year, Sask Pork conducted a cost of production survey. Eight producers participated, and the data helped with a number of projects, including updating Sask Pork's ongoing cost of production model, preparing the InterPIG dataset, and a cost of production comparison that Sask Pork prepared for the Pork Value Chain Roundtable (PVCRT). Thanks to all who submitted data.

## Feed Mill Licensing

In February, 2015 the Canadian Grain Commission (CGC) published a discussion paper examining expanding their grain producer protection mandate to include deliveries to feed mills in western Canada by licensing these operations and applying the security requirement provisions to these mills as a condition of their licence.

In April, Sask Pork responded with several recommendations including options for voluntary licensing, exemptions for farm-based mills and exemptions based on mill throughput. We also recommended that the CGC exempt farm feed mills from onerous weekly grain handling statistics that are typically required of process elevators.

Finally, Sask Pork recommended that the CGC look at options other than bonds and letters of credit for feed mills to guarantee payment. A fund-based mechanism, where small contributions/deductions by licensees and grain producers could be collected over time and pooled might be the lowest cost solution.

# Swine Health Focus

## Swine Innovation Porc (SIP)

Source: *Swine Innovation Pork Annual Report 2014-2015*

SIP is a national organization committed to facilitating research for the Canadian swine industry. They work with private, government and research partners to develop innovative strategies that will make the industry stronger. The Cluster 2 program is comprised of 15 projects with a \$17.3 million budget of which \$13 million was provided by Agriculture and Agri-Food Canada and \$4.3 from private sources.

Swine Cluster 2 projects focus on the reducing production and feed input costs, increasing product attributes and prices and enhancing the adaptability and sustainability of the swine sector. This program includes 15 major research projects, which are also comprised of multiple sub-projects. It involves 27 researchers from 13 universities and research centres across Canada, in addition to a large number of collaborators.

SIP leverages the industry contributions from the seven provincial pork organizations (Alberta Pork, Les Eleveurs de porcs du Quebec, Manitoba Pork, NB Pork, Ontario Pork, PEI Pork and Sask Pork) who invested a total of \$557,801 this year.

Cluster 2 projects in which Saskatchewan researchers are involved:

- Towards the Development of a Method for Determining Antimicrobial Susceptibility of *Brachyspira*
- New Tools to Enable Effective Genomic Selection for Disease Resilience
- Determining the Optimum Space Allowance for Nursery Pigs

- National Sow Housing Conversion Project
- Monitoring the Effects of Transport on the Behaviour, Physiology, Carcass and Meat Quality of Pigs Through the Study of Truck Micro-climate, Vibrations and Cooling Systems.
- Innovative Piglet Management Strategies for Optimum Performance up to Slaughter Weight and Pork Production
- Increasing Sow Milk Yield and Piglet Growth via Low-cost Feeding and Management Strategies During Gestation and/or Lactation.
- Feeding Programs for Growing-Finishing to Enhance Global Competitiveness Opportunities across Canada.
- Preliminary Investigation of Reliable and Effective Swine Transportation Sanitization System.
- Technology and methodology for improving Biosecurity in Livestock Transport Vehicles

Information on all Cluster 2 projects is available online at: <http://www.swineinnovationporc.ca/>

# Swine Health Focus

## Transport Biosecurity Wash Project

During the past year, Sask Pork was involved in a number of initiatives in an attempt to prevent swine disease, especially PEDv from infecting herds in Saskatchewan. Two notable initiatives included research into prevention through a long term solution to truck and trailer sanitization and assisting VIDO on a promising vaccine for PEDv.

Transportation is known to be a high risk vector for the spread of disease. Presently trucks and trailers are cleaned manually using high volumes of water, which is expensive, time consuming and consistency is difficult to maintain. Given the long term need for biosecurity, and the inherent problems with the current methods, we began looking for an automated system which would reduce water usage, time and cost. With the support of Swine Innovation Porc, a team of researchers from PAMI, the University of Saskatchewan, PCS and VIDO, were contracted for two projects.

The first "A Preliminary Investigation of a Reliable and Effective Swine Transportation System (2014) was conducted to determine if technology was available or feasible to meet the objectives of an automated system. None was found.

The second, "Technology and Methodology Development for Improved Biosecurity in Livestock Transport Vehicles" was conducted to determine a proof of concept for a hydro vac type system for removing manure and bedding from trailers and to identify how to inactivate or eliminate pathogens of concern. This study provided a very interesting prototype for cleaning trailers and identified high heat as a means to inactivate trailers.

The next step in developing the prototype for the cleaning system and testing the inactivation process has been approved and will be conducted in 2016. This project is co-funded by Sask Pork and part of Swine Innovation Porc's Cluster 2 research projects.

## PED Virus Vaccine Development

In December 2014, Sask Pork was approached by Dr Volker Gerdts, research scientist with VIDO, University of Saskatchewan, to cooperate with the development of a potential vaccine to prevent piglet losses by PEDv.

Dr Gerdts is working with CFIA and Saskatchewan producers to conduct on farm testing of the vaccine for licencing purposes. The trials will take place during the winter of 2016.

# Export Focus

## Canada Pork International

Canada Pork International serves a membership base of producers and processors. CPI's mandate is to work with the Canadian government and trading partners to resolve foreign access issues relating to pork exports; to develop, coordinate and implement generic international and national marketing efforts on behalf of the pork industry; to provide foreign customers with information related to the attributes of Canadian pork; and to keep the Canadian industry informed of changes occurring in export markets.

Canada ranks as the world's third largest exporter, exporting over 60% of our production. In 2014, Canada exported 1,153,430 tonnes valued at over \$3.7 billion. This trade represents 17% of the world's trade in pork. While our domestic market is critical to our industry, being more than twice the size as the next largest, four importers are also very important (United States, Japan, China and Mexico) and make up 75% of our export trade. The remaining trade consists of over 100 other countries, many of them emerging markets.

Each year CPI, on behalf of its membership, hosts booths at international Trade Shows, deliver pork quality and value added seminars for foreign buyers and create a variety of promotional activities in major export markets. This past year, CPI became responsible for Canada Pork, a new national domestic promotional initiative. Canada Pork, which has the same producer and processor membership, is focusing on generic promotion at the wholesale and major retail level.

Telling the Canadian Pork story to people within Canada and to the rest of the world has and will reap great rewards for Canadian producers.

In 2014, Canada exported pork products to more than 130 countries. Exports account for more than 60% of Canadian pork production. In 2014, Canada exported a total of approximately 1.2 million tonnes of pork with a value of \$3.7 billion.

## Top Export Markets

<i>Country</i>	<i>Value (Thousands)</i>	<i>Quantity (Tonnes)</i>
United States	\$1,450,523	395,313
Japan	951,397	199,830
China	207,006	128,375
Mexico	189,234	104,615
South Korea	97,430	40,323

2014/2015 was another extraordinary year for Canada in terms of negotiating new free trade deals with major markets, and the Government of Canada along with the Canadian Pork Council and Canada Pork International should be commended for their efforts in opening up new markets for pork. Among the highlights this year:

## Trans-Pacific Partnership (TPP)

- On October 5, 2015 TPP Ministers announced that they had concluded negotiations on the Trans-Pacific Partnership (TPP). On November 5, the Trans-Pacific Partnership (TPP) text was released to the public.
- The TPP includes twelve countries and represents a market of nearly 800 million people with a combined GDP of \$28.5 trillion.
- The TPP provides Canada with preferential access to a group of countries accounting for roughly 40% of the world economy.

# Export Focus

- It secures Canada's ability to export pork to Japan, one of our most important markets to which we sell roughly a billion dollars of pork annually, on fully competitive terms with the United States and other TPP pork-exporting countries.
- The deal will provide Canadian pork exporters with important competitive advantages relative to non-TPP countries for selling into Japan.
- The TPP achieves significantly improved terms of access into other countries such as Vietnam whose population is approaching 90 million inhabitants and whose preferred meat, by far, is pork.

Malaysia is another TPP partner offering significant potential for increased Canadian pork sales.

- As a founding member of the TPP, Canada will be in a position to negotiate terms of entry of other countries seeking to join the deal, such as South Korea, The Philippines and Thailand.

## Canada-Ukraine Free Trade Agreement (CUFTA)

- Under the CUFTA, Ukraine will eliminate the vast majority of its agricultural tariffs. Key agricultural products benefiting from this duty-free access include beef, fresh and chilled pork, pulses, grains, canola oil, processed foods, and animal feed.
- Canadian pork exporters will benefit from duty-free access on fresh and chilled pork, and from a large duty-free tariff rate quota for frozen pork and certain pork offals and fats, which will increase from 10,000 tonnes to 20,000 tonnes over seven years.

## Country of Origin Labelling

- The Country of Origin Labelling dispute with the U.S. which began in 2008 appears to be close to a resolution.
- The WTO has clearly ruled on four separate occasions (May 18, 2015; October 20, 2014; June 29, 2012; and November 18, 2011) that COOL discriminates against Canadian cattle and hogs and violates the trade obligations of the United States.
- Canada requested authorization from the WTO to impose just over \$3 billion in retaliatory duties on a wide variety of U.S. exports to Canada if the U.S. does not bring COOL into conformity with its WTO trading obligations by eliminating the discrimination against Canadian livestock.

# Producer Services

## Canadian Quality Assurance (CQA®)

There are 157 current registered units participating in the CQA® and ACA™ programs, which include all hogs sold to federal slaughter plants from Saskatchewan. The CQA® and the ACA™ program revision is progressing with the food safety model being updated, simplification of the assessment form and incorporation of critical elements in the 2014 Code of Practice for Pigs.

The Canadian Ractopamine-Free Pork Certification Program (CRFPCP) revision took effect in July, incorporating all international ractopamine standards. Currently all federal plants in western Canada have enrolled in the CRFPCP, which means all producers shipping to those plants must as well.

## Pig Code of Practice Development

The National Farm Animal Care Council (NFACC) released the final version of the new Code in June 2014. A printed version of the Code was distributed to all producers and is also available online.

## Saskatchewan Swine Biosecurity Program

As a part of Growing Forward 2, The Saskatchewan Swine Transport Biosecurity Program (SSTBP), funded by the Saskatchewan Ministry of Agriculture and the Government of Canada was announced.

The SSTBP has a total of \$150,000 available for a second follow-up veterinary visit of up to \$300 and for transport vehicle inspections and inspection training of up to \$1,000. All Saskatchewan CQA® registered swine farms were eligible to apply. At fiscal yearend, 80 farms made application to the program and a total of \$70,100 was paid. Sask Pork provided a payment of \$300 for a second biosecurity focused veterinary visit on all Saskatchewan hog farms in 2014/2015. At yearend 83 farms had submitted claims for a visit for a total payment of \$24,900.

## PEDv Preparedness

Porcine Epidemic Diarrhea (PEDv) continued to be a major focus of producers, the industry and Sask Pork over the past year. Through tremendous effort and expense, Saskatchewan farms remained PEDv free in 2014/2015. The constant attention to detail throughout the production chain prevented this costly disease from infecting any Saskatchewan farms.

The Government of Saskatchewan continued to do surveillance at high traffic sites within the province. Sask Pork and the Government of Saskatchewan committed significant funds to deal with PEDv prevention and mitigation. A contingency plan is in place, but was not triggered. There has been excellent cooperation between all groups involved in swine health, from the provincial CVO's Offices, the CFIA, provincial pork organizations and the veterinary community.

Considerable effort was given to refining the Canadian Western Transport Wash Certification Program (CWTWCP) for implementation and roll out to truck washes. A research project was initiated by Sask Pork, with a goal to reduce the time, effort and cost of truck transport washing while increasing the reliability pathogen control. The first passes were promising and work is continuing.

## Animal Health Initiatives

Sask Pork partnered with the University of Saskatchewan to administer a joint project called Supporting New Control Strategies for Pig and Cattle Disease, aimed at reducing the impact of swine *Brachyspira* and bovine campylobacteriosis infections. Funding for the project is from the Canadian Agri-Innovation Program. Sask Pork also worked with VIDO to start the process to bring a new PEDv vaccine to registration, for use on farms.



# Producer Services

## **Transportation Quality Assurance (TQA®)**

This year Sask Pork held 15 TQA® certification training sessions with 89 attendees and an additional 6 through online training.

## **Labour Issues**

Labour attraction and retention on farms is an ongoing issue for Saskatchewan farms and packing plants, though it did improve this year, compared to past years. Sask Pork and producers participated in Government of Saskatchewan workshops and Canadian Agricultural Human Resource Council initiatives to improve the labour situation. Sask Pork also attended two jobs fairs to represent those farms looking for employees.

## **Livestock Emergency Response**

Sask Pork participated in a successful training event for first responders in Qu'Appelle, to deal with livestock accident emergencies in the Regina area.

The Livestock Emergency Response Units stationed in Moose Jaw and Humboldt were used to help in at least two transport accidents involving livestock.

# Communications & Promotion

## Saskatchewan Pork Industry Symposium

2014 marked the 38th year for Symposium which was held November 19-20 in Saskatoon. Registration exceeded 200 over the two days.

The second day of Symposium wrapped up with an industry roundtable with panel members Rick Bergmann (President Elect of the Canadian Pork Council), Florian Possberg (Sask Pork Chairman), Karl Kynoch (Manitoba Pork Chairman) and Ben Woolley (President of Sunterra Farms). The session, facilitated by Bruce Cochrane (Farmscape Radio Network) focussed on growth opportunities for the western Canadian pork sector.

Items identified as priorities for the pork industry were labour, aging facilities and new construction as well as opportunities for growth and increasing slaughter capacity.

## Symposium Advisory Committee 2014

- Kim Browne, Sask Pork, Symposium Coordinator
- Sonia Englot, Fast Genetics
- Mark Ferguson, Sask Pork
- Zenon Forster, Olysky L.P.
- Don Kolla, Cudworth Pork Investors Group
- Neil Ketilson, Sask Pork
- Steffen Klenk, PIC Canada Ltd.
- Brad Marceniuk, Ministry of Agriculture
- Bobbi Jo Porter, Olysky L.P.
- Yolande Seddon, Prairie Swine Centre
- Harvey Wagner, Sask Pork
- Lee Whittington, Prairie Swine Centre

## 2014 Awards of Distinction

The Lifetime Achievement Award was presented to Dr. Phil Thacker, Professor Emeritus, College of Agriculture and Bioresources, University of Saskatchewan (U of S), for his long time service to the pork industry and advances in swine nutrition.



Pictured: Dr. Phil Thacker (right)  
Neil Ketilson (left)

As a professor of swine nutrition and management at the U of S for 30 years, Dr. Thacker made significant contributions to the scientific field in swine feed and nutrition, reproduction, and general management. He worked extensively to transfer information and technology for swine production.

He also contributed to the Canadian Society of Animal Science as an executive committee member (e.g. Western Director, Vice President, and President) and by participating on organizing committees for numerous annual meetings, and has been an associate editor and reviewer for a number of journals in the field of Animal Science.

We congratulate Dr. Thacker!

# Communications & Promotion

## Agri-Education Program

We continued our commitment to Agri-Education through participation at five provincial AgEd events with manned and static displays at Lloydminster, Prince Albert, Yorkton, Swift Current and Saskatoon AgExperience days. Our displays featured updated display signage and banners and a slide presentation on why we raise pigs.

The pork industry was also represented at two Ministry of Agriculture Burger and Fries Farms in Moose Jaw and Prince Albert.

About 4700 Grade 1-4 students attended these events.

## Agriculture in the City 2015

Sask Pork participated on the planning committee for the event which was held Saturday, April 25th at the Mall at Lawson Heights in Saskatoon. We had representation in three zones at the event with an industry booth, pork demo station and live piglets exhibit (courtesy of local producer Ben Loewen). Ag in the City's goal is to educate urban consumers about general agriculture practices and where their food comes from.

The one-day event features a trade show, main stage cooking demonstrations, food sampling and hands-on demonstrations, activities and games at six activity zones for kids.

- Animal Agriculture Zone
- Career Zone
- Crops Zone
- Food Zone
- Kids Zone
- Science Zone



Main stage activities were co-hosted by Mark Loshack, local radio personality with Rock 102 FM, and the 2015 Saskatchewaner Ashlyn George.

Special guests included The Honourable Kelly Block, Member of Parliament for Saskatoon and Rosetown, and Member of the Legislative Assembly for Saskatoon Sutherland Paul Merriman.

The official crowd count for the mall was more than 9900 many of whom toured the exhibits, met local producers and took in stage shows and demonstrations. Participants, sponsors and exhibitors provided positive feedback on the value of these types of events.

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

## AgMore Than Ever

Sask Pork became a proud member of Farm Credit Canada's *Ag More Than Ever* program, an industry-driven cause to improve perceptions and create positive dialogue about Canadian agriculture. FCC believes that "Together we can shine a spotlight on the facts, stories and people that make this industry special."

Our official partnership provides us with access to agriculture related resources, signage (sample following page) and general information on the Canadian agriculture sector.

# Communications & Promotion

**Agriculture:  
Canada's Success Story**

The story of Canadian agriculture is one of a vital and forward-thinking industry that cares about the environment, animal welfare and producing safe, healthy food for a growing world. The facts tell the story:

Canadian families own  
Canada's farms

**98%**  
of farms  
are family farms

Source: The Real Dirt on Farming II, Farm & Food Care Ontario, 2010

**Agriculture is a growing industry**

Canada is one of only a handful of countries capable of producing enough food to feed itself - and help feed a global population currently growing by 75 million people a year.

The world will need  
**60%** more food by 2050  
and Canadian agriculture will help fill that demand

Source: CropLife Canada

2014 2050

A positive voice for Canadian agriculture  
AgMoreThanEver.ca



**Agriculture**  
more than ever

## E-Forum Newsletter

Time sensitive information of relevance to producers and stakeholders is forwarded directly via Email, mail and fax when received particularly info relating to swine health. Newsletters were published in March and July.

## Hurry Hog Curling Rink Decals

This is the 10th year of the decal program and 30 clubs displayed our curling decals in the 2014-2015 season.

## Farmscape Radio Program

Farmscape, hosted by Bruce Cochrane, has been broadcasting for 17 years. Sask Pork and Manitoba Pork continue to co-sponsor the radio network airing in Manitoba, Saskatchewan and Alberta.

Sask Pork directors and staff provided 43 interviews on Farmscape over the year.

### From the desk of Farmscape...

"No New Cases" has been the ongoing headline and the biggest and best story over the past year. On the ground, animal health remains the primary focus of Canada's pork producers. PED and the success of the Canadian pork industry in maintaining control of this disease has been a testament to the industry's foresight. A stepped up focus on improving biosecurity by educating producers and their industry partners and sharing information and knowledge have proved their value.

This latest disease challenge has also reinforced the importance of research as scientists working in partnership with government and industry to develop new vaccines, new biosecurity procedures and protocols and new technologies all designed to protect animal health. As more is learned about this virus and how it works pork producers become better equipped to deal with it and better prepared for the next new infection.

Another good news story over the past year has been the successful conclusion of negotiations aimed at creating a provisional Trans-Pacific Partnership free trade agreement. Canadian participation as a founding member will ensure Canadian beef and pork producers will keep pace with the U.S. in the key Japanese market while offering to open new opportunities in other markets. The deal must still be ratified by the governments of the partnering nations so all eyes will be on Ottawa and Washington as the politicians debate whether this deal will move forward.

# Communications & Promotion

Also on the trade front, a story that has been in the news since 2002, U.S. Mandatory Country of Origin Labelling, may finally be winding to a close. The threat of retaliatory tariffs has gotten the attention of U.S. lawmakers. The WTO's latest ruling authorizing Canada and Mexico to move forward with the next step toward imposing annual tariffs on a products imported from the U.S. has brought that threat closer to reality.

On the economic front its been another pretty good year for the Canadian pork industry. While profits have dipped from the recent record levels, producers are still in a profitable position which is fuelling a renewed sense of optimism. Pork producers are eager to respond to anticipated new opportunities to be had as a result of the Trans-Pacific Partnership, the Canada and the European Union Comprehensive Economic and Trade Agreement.

There is once again a desire to renew and expand swine production facilities, to take greater advantage of Western Canada's underutilized processing capacity. The challenges will include assembling the infrastructure needed to build and renovate the barns that will be required to fill that capacity and capitalise on the new trade opportunities and attracting the workers needed to staff those barns and processing facilities.

As a journalist, I look forward to reporting on how the Canadian pork industry will meet those challenges, turn them into opportunities and continue to feed the world.

Once again, I would like to extend my thanks to the many who have shared their insight and expertise and to Farmscape's audience.

Bruce Cochrane,  
Farmscape Radio Network

## TV Advertising / Sponsorship

Sask Pork continued its advertiser/sponsor relationship with the “*Cooked with Shack*” program hosted by Mark “Shack” Loshack. The 1/2 hour cooking program airs monthly and can be seen across western Canada on Shaw Cable Video on Demand and in Saskatchewan on Shaw TV Channel 10.

We also produced a 30 second television commercial Backyard Family Barbecue *Power Up with Pork* that aired during the early Sunday NFL Games Sundays on CTV through the pre-season, regular season including the Superbowl pre-game and Superbowl game. The ad aired 28 times over the period.



# Communications & Promotion

## Domestic Promotion

Canada Pork International's Domestic Marketing Director, Derrick Ash, undertook activities aimed at developing a national branding strategy for Canadian pork. Part of the strategic focus is to differentiate Canadian pork from commodity imported pork products; increase consumers' awareness of on-farm food safety programs (CQA/ACA / PigTrace) and increase consumer confidence in Canadian pork products.

A new logo was developed for Canada Pork along with the *Verified Canadian Pork* program. The VCP™ brand is a unique partnership opportunity between Canadian farmers, processors and retail operators seeking to differentiate themselves in the Canadian marketplace with a truly exceptional program.

CPI will support stakeholder premium brands through VCP co-brand and partner co-brand programs. The program is being rolled out to Canadian processors and a number of Tier 1 retailers this year.



## Retail Support

We assisted Federated Co-Op in the development of a pork consumer cooking guide for the western Canadian stores as part of their Raised at Home campaign which will likely be made available in the stores this winter.

## Radio Advertising

Sponsor/advertiser of the CJWW & COOL 98 radio "What to do in Saskatchewan" summer feature from May to September. Consumer and industry focussed ads aired twice per day throughout the summer. As part of the advertising package we gave away 68 Summer BBQ Pork Packs during the promotion.

BBQ packs were sourced from Prairie Meats in Saskatoon and included pork tenderloin, chops, greek ribs, souvlaki and cherry smoked bacon.

## Print & Web Advertising

Consumer ads appeared online at Planet S and in print in Prairie Dog Magazine featuring weekly recipes during the months of August (Get Grilling Feature) and in March (Healthy Living and Eating feature).

## Social Media / Social License

Sask Pork has begun development on a social media program that will include Facebook, Instagram, Pinterest and Twitter to enhance our promotions and communications reach. Social media allows us to reach a different demographic and offer recipes and cooking and handling info along with production-related topics of interest to consumers (antibiotics use, animal welfare, food safety). A consultant will be retained to assist in the development.

## Website

The website was upgraded to a responsive site that allows information to be viewed on a smart phone.

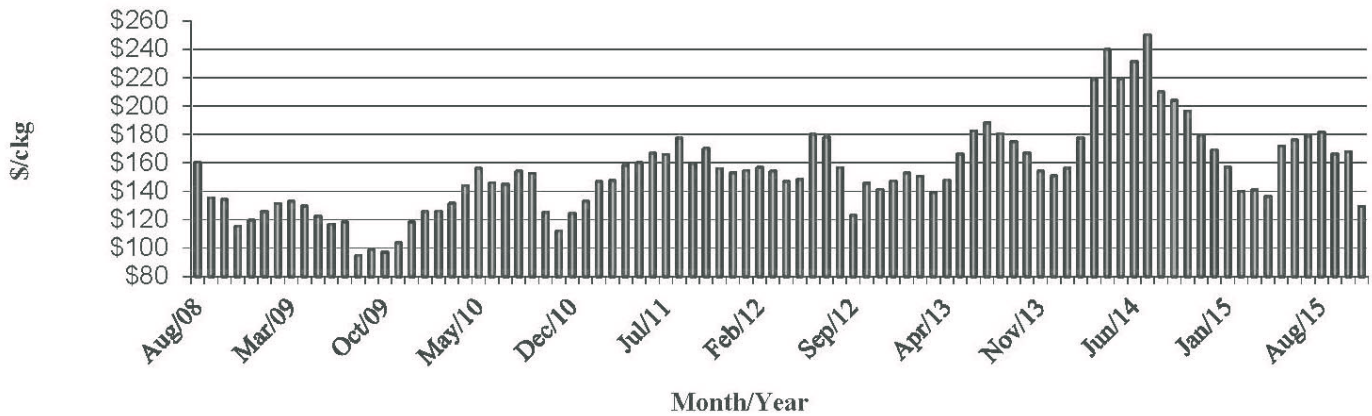
# Sponsorships & Donations

- Saskatoon Food Council Local Food Celebration - Osler - August 15, 2014, sponsor.
- Bruno Cherry Sunday - Bruno, August 17, 2014, sponsor of sausages for breakfast.
- Stars Air Ambulance Annual Golf Tournament - Saskatoon - August 21, 2014, sponsor and door prize donation.
- Cudworth Pork Investors Group Summer Family Barbeque - August 2014 - donation of resources and promotional items.
- Ituna Fall Country Fair - September 20, 2014 - Breakfast sponsor and consumer resources.
- Saskatchewan Home Economics Teachers Conference - Yorkton - October 2-3-4, 2014 sponsor and conference bag inserts.
- Yorkton Exhibition Association - Yorkton - November 5-8, 2014, sponsor exhibitor of Harvest Showdown and Ag Ed Display.
- Canadian Western Agribition 2014, Regina - November 26, 2014, International Reception sponsor.
- University of Saskatchewan Pharmacy and Nutrition School Nutrition Fairs, Saskatoon - November 18 & 25, 2014, donation of resources and promo items.
- Saskatchewan Association of Rural Water Pipelines Annual Seminar, Saskatoon - December 2-3, 2014, donation of promo items and resources.
- Students of the Canadian Veterinary Medicine Association Symposium, Saskatoon - January 8-10, 2015, bronze sponsor of agriculture tours for the event.
- Beer Bacon Bands Event - Regina - January 30, 2015, sponsor and pork resources.
- Edenwold Soup and Skate - Hypor fundraising event - March 1, 2015 - cash donation, children's resources and promotional items.
- Telemiracle 39 - Saskatoon - March 7-8, 2015 sponsor of Pork for volunteers meals.
- Saskatchewan Agriculture Hall of Fame - March 2015 - Saskatoon - Induction of Harold Fast of Fast Genetics to the Agriculture Hall of Fame.
- Saskatchewan Pharmacy and Nutrition Students' Society - sponsor support of Nutrition Professional Enhancement Activities for 2014-2015 Academic Year.
- Pile of Bones Saskatchewan BBQ Championships Regina - June 12-14, 2015, sponsor of Meat Category (Pork) Award.
- Ronald McDonald House Ladies Golf Classic - Saskatoon - June 16, 2015, silver sponsor of pork loins for luncheon.
- Saskatchewan Outstanding Young Farmers Program - Regina - June 19, 2015 - gold sponsor.
- Great Saskatchewan Bacon Festival - Kipling - June 27, 2015, trophy sponsor (Chef Savoury category) and Roughrider Tailgate Party.
- Saskatchewan Big Rig Show and Shine (Favel Trucking) Moose Jaw - July 3-4, 2015 - bronze sponsor and sausages for breakfast.

# Statistics & Trends

Between August 2014 and July 2015, index 100 hog prices in Saskatchewan averaged \$171.53/c/kg, which falls short of the record price set last year of \$193.34 in this period. However, from a historical perspective, the price was excellent, exceeding both the 5-year and 10 year average price of \$162.97/c/kg and \$144.21/c/kg respectively. The ongoing PED outbreak in the U.S. combined with strong consumer demand for pork and a declining dollar contributed to the excellent prices.

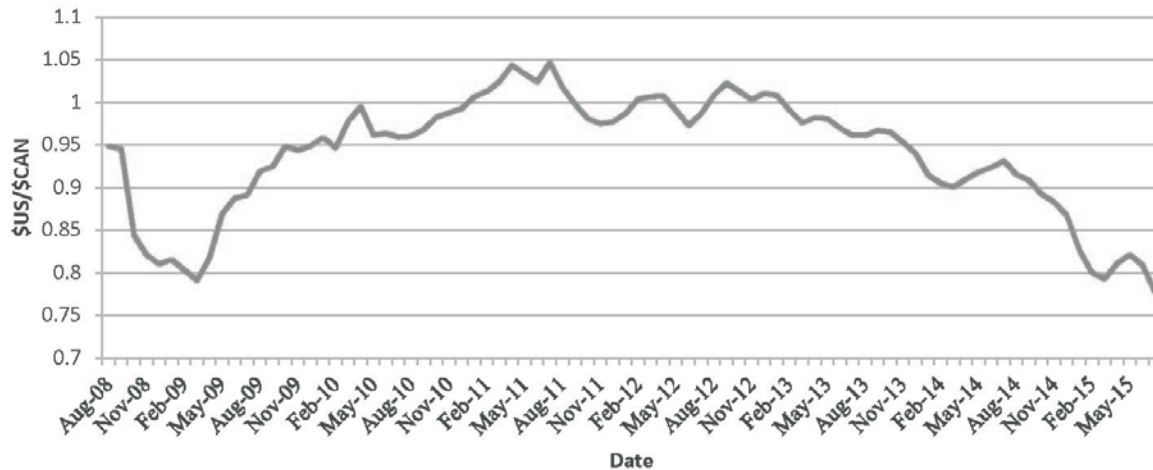
## Saskatchewan Monthly Hog Prices



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

Another factor which favoured producers this year was the Canada-U.S. exchange rate. The noon rate dropped from 0.932 last year to an average of 0.842 in 2013/2014. This is the lowest that the exchange rate has been since 2004/2005, and a significant benefit to producers across the country. Canadian hog prices are derived via formula from U.S. markets and the 9 cent drop in the exchange rate boosted Canadian prices by over \$18/c/kg, and helped increase Canada's international competitiveness.

## Canadian Exchange Rate

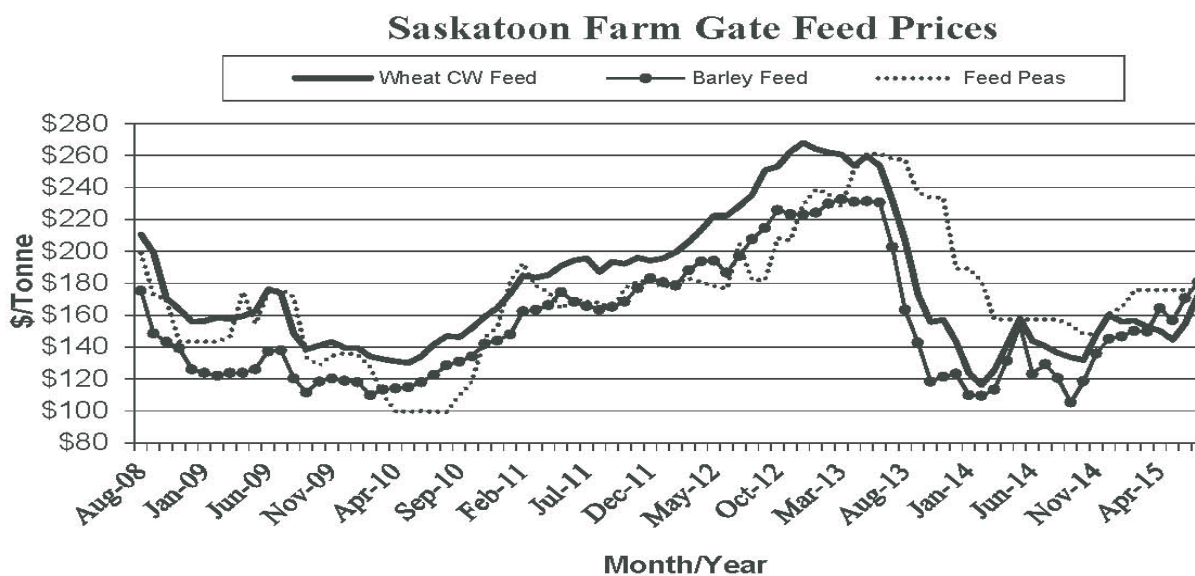


Source: Bank of Canada



# Statistics & Trends

In 2014/2015, feed prices remained relatively stable for most of the year, although uncertainty with respect to the new crop did push prices higher starting in the spring of 2015. Adequate moisture conditions and a very strong carry-out following the 2014 harvest capped prices initially. However, insufficient rain between April and June throughout the western prairies resulted in the province of Alberta declaring a drought disaster, and limited yields in western Saskatchewan. Timely rains in July saved crops in much of Saskatchewan, but production will be down significantly in 2015. Saskatchewan feed wheat prices were steady, up less than a dollar per tonne and averaged \$149.61/tonne in 2014/2015. Feed barley was up by 13% and averaged \$145.28/tonne while feed peas declined 14% and averaged \$165.53/tonne.



Source: Saskatchewan Ministry of Agriculture

\* Note: Spot grain prices FOB Saskatoon.

In 2014, a total of 80 producers marketed hogs produced at 159 active premises across the province according to levy data. This is a decline of 4 producers over the previous year. However, as part of Sask Pork's administration efforts for the PigTrace program which began in July, 2014, Sask Pork registered 69 new hog and wild boar producers this year. The majority of these producers do not typically sell hogs to packers or pay levy (farmgate or own use), but are subject to traceability regulations.

# Statistics & Trends

## Saskatchewan Producer Profile\*

Number of Hogs Produced	Number of Producers				Number of Slaughter Weight Hogs Produced			
	2014	2013	2012	2011	2014	2013	2012	2011
<100	8	4	7	8	185	143	144	205
100-500	0	5	6	6	0	1,108	1,909	1,787
500-1000	0	3	1	3	0	2,002	968	1,796
1000-5000	12	9	12	12	35,045	28,587	37,207	36,431
5000-25000	53	54	55	55	629,057	580,547	602,682	591,143
25000-50000	4	5	5	5	116,178	150,601	140,900	146,232
>50000	3	4	4	4	956,255	957,255	977,269	989,257
<b>Totals</b>	<b>80</b>	<b>84</b>	<b>90</b>	<b>93</b>	<b>1,736,720</b>	<b>1,720,243</b>	<b>1,761,079</b>	<b>1,766,851</b>

Source: Saskatchewan Pork Development Board

\*Note: These numbers are based upon levy data, and represent the number of producers/companies that produced hogs, not the number of production units or premises. In 2014 there were 159 active premises in Saskatchewan.

In 2014, Saskatchewan producers marketed a total of 1,949,005 pigs, which was a decrease of 141,049 animals from 2013. A decline in feeder pig exports was mainly responsible, with marketings declining 46% over the previous year to 179,235 pigs in 2014. This data is somewhat misleading, as the Saskatchewan industry's weanling production was probably steady to slightly higher in 2014, but an increase in interprovincial feeder pig movements, which are not reported or subject to levy means that the pigs were not accounted for in this data. Market hog production increased by 16,477 animals, while marketings of sows and breeding stock declined by 5,189 animals.

## Number of Pigs Sold in Saskatchewan by Category

	Market Hogs	Sows and Breeding Stock	Feeder Pig/ Weanling Exports	Total Pigs Produced
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
2013	1,720,243	38,239	331,572	2,090,054
2014	1,736,720	33,050	179,235	1,949,005

Source: Saskatchewan Pork Development Board

# Statistics & Trends

Levy data indicates that Saskatchewan produced 1,769,770 market hogs, cull sows, and breeding stock in 2014. In all, 302,401 animals produced in Saskatchewan were slaughtered locally in the province. Of the remainder, 802,363 were transported to Alberta for slaughter, while 594,862 animals were transported to Manitoba for slaughter, and 70,144 were exported to the U.S.

According to Statistics Canada, as of January 1, 2015 Saskatchewan's breeding herd numbered 98,500 sows and bred gilts. This is an increase of 5,500 (6%) over the previous year. Repopulation of existing sow units continues to be the main source of the increase. The entire Canadian herd increased by 2,600 sows in 2015, and now totals 1,195,400 animals.

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

	BC	AB	SK	MB	West	ON	QC	ATL	East	Canada
<b>2009</b>	16.2	157.1	102.8	331.3	<b>607.4</b>	327.4	355.7	25.2	<b>708.3</b>	<b>1,315.7</b>
<b>2010</b>	11.6	143.7	84.9	319.0	<b>559.2</b>	306.8	341.9	18.8	<b>667.5</b>	<b>1,226.7</b>
<b>2011</b>	8.2	137.0	85.9	314.0	<b>545.1</b>	299.5	328.2	19.9	<b>647.6</b>	<b>1,192.7</b>
<b>2012</b>	9	137.1	90.4	314.1	<b>550.6</b>	302.5	319.4	21.0	<b>642.9</b>	<b>1,193.5</b>
<b>2013</b>	8.6	135.8	89.1	314.3	<b>547.8</b>	304.1	315.4	20.7	<b>640.2</b>	<b>1,188.0</b>
<b>2014</b>	8.6	135.9	93.0	315.4	<b>552.9</b>	302.6	317.3	20.0	<b>639.9</b>	<b>1,192.8</b>
<b>2015</b>	8.6	136.0	98.5	314.2	<b>557.3</b>	302.5	316.6	19.0	<b>638.1</b>	<b>1,195.4</b>

Source: Statistics Canada, Cansim Table 003-0004

The total number of pigs produced in Canada declined slightly in 2014. Eastern Canadian production decreased by 117,700 animals and stands at 13.2 million pigs, while western Canada's production declined by 102,300 pigs and sits at just under 12.3 million. 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	AB	SK	MB	West	ON	QC	ATL	East	Canada
<b>2009</b>	288.2	3,052.8	1,978.4	8,270.1	<b>13,589.5</b>	6,768.2	7,389.4	431.9	<b>14,589.5</b>	<b>28,179.0</b>
<b>2010</b>	231.7	2,996.3	1,985.3	7,746.1	<b>12,959.4</b>	6,401.7	7,291.0	401.7	<b>14,094.4</b>	<b>27,053.8</b>
<b>2011</b>	182.9	3,010.3	2,113.9	7,891.3	<b>13,198.4</b>	6,515.3	6,926.0	440.4	<b>13,881.7</b>	<b>27,080.1</b>
<b>2012</b>	185.8	3,007.5	2,173.3	7,998.0	<b>13,364.6</b>	6,582.8	6,588.9	420.7	<b>13,592.4</b>	<b>26,957.0</b>
<b>2013</b>	187.1	2,862.8	2,097.2	7,208.5	<b>12,355.6</b>	6,571.9	6,329.0	417.6	<b>13,318.5</b>	<b>25,674.1</b>
<b>2014</b>	185.3	2,755.2	1,993.0	7,319.7	<b>12,253.2</b>	6,639.4	6,168.5	392.9	<b>13,200.8</b>	<b>25,454.0</b>

Source: Input Data from Statistics Canada Cansim Table 003-0102, calculated by Sask Pork

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

Includes: Market hogs and Culled Sows, Weanlings, and Feeders

# Statistics & Trends

Canadian slaughter declined for the third consecutive year to 20.3 million hogs in 2014. This decline was primarily due to decreased slaughter in Ontario and Manitoba. Thunder Creek Pork in Saskatchewan continues to expand their slaughter, which is excellent given that a shortage of hogs in western Canada is limiting slaughter at other western Canadian Processors. In Ontario, the closure of Quality Meat Packers resulted in reduced eastern slaughter numbers.

## Hogs Slaughtered in Canada (1000 Head)

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

	BC	AB	SK	MB	ON	QC	ATL	Canada
<b>2009</b>	500.0	2,599.2	39.7	5,242.2	4,949.4	8,168.2	140.4	<b>21,639.1</b>
<b>2010</b>	499.3	2,662.1	33.8	5,322.3	4,432.3	8,120.8	52.4	<b>21,123.1</b>
<b>2011</b>	490.5	2,507.0	201.8	5,368.0	4,451.6	8,052.4	26.3	<b>21,097.5</b>
<b>2012</b>	484.6	2,406.0	213.0	5,571.8	4,431.0	7,985.4	28.7	<b>21,120.5</b>
<b>2013</b>	473.0	2,358.0	247.7	5,427.6	4,232.8	8,006.6	13.1	<b>20,758.9</b>
<b>2014</b>	493.8	2,509.5	294.0	5,051.2	4,021.9	7,955.2	10.1	<b>20,335.7</b>

Source: Agriculture and Agri-food Canada, Red Meat Market Information, Various Years

According to Agriculture and Agri-food Canada, approximately 4.1 million feeder pigs were exported from Canada to the United States in 2014, which was an increase of 3% from 2013. Canadian Market hog exports to the U.S. were 853,483, up 5.4% from the previous year.

## Canadian Live Hog Exports to U.S. (< 50 kg, '000 Head)

	BC	AB	SK	MB	West	East	Canada
<b>2009</b>	9.8	365.5	477.4	3,478.5	4,331.1	890.6	5,221.7
<b>2010</b>	7.2	405.5	253.8	3,042.4	3,709.0	991.0	4,699.9
<b>2011</b>	0.2	480.8	279.9	3,161.4	3,922.4	878.3	4,800.7
<b>2012</b>	0.0	447.3	336.5	3,212.2	3,995.9	798.4	4,794.3
<b>2013</b>	0.0	432.1	277.9	2,513.3	3,223.3	751.3	3,974.6
<b>2014</b>	0.0	482.3	208.0	2,546.2	3,236.4	857.2	4,093.6

Source: Agriculture & Agri-Food Canada

## Canadian Live Hog Exports to U.S. (> 50 kg, '000 Head)

	BC	AB	SK	MB	West	East	Canada
<b>2009</b>	1.6	171.0	6.5	477.8	656.8	485.8	1,142.7
<b>2010</b>	2.7	140.6	6.4	451.8	601.4	451.9	1,048.6
<b>2011</b>	0.0	155.6	17.0	428.1	600.7	419.6	1,020.3
<b>2012</b>	0.0	152.6	12.9	397.6	563.2	318.8	882.0
<b>2013</b>	0.2	139.3	19.0	347.9	506.4	302.7	809.0
<b>2014</b>	0.0	132.5	10.3	361.7	504.6	348.9	853.5

Source: Agriculture & Agri-Food Canada

# Audited Financial Statements

## Year Ending July 31, 2015

### Management's Responsibility

To Saskatchewan Pork Producers:

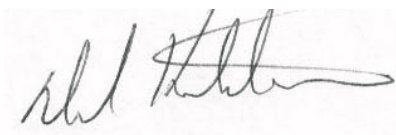
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting 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 27, 2015



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Management



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Management

# Independent Auditor's Report

## Twigg & Company

CHARTERED ACCOUNTANTS

J.S. TWIGG *B.Comm., C.A.*  
L.D. SAFINUK *B. Comm., C.A.*  
M. LINGARD *B. Comm., MPAcc., C.A.*

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SASKATOON, SK. S7K 0L4

—  
TELEPHONE (306) 244-0808  
FACSIMILE (306) 244-0004  
[www.twiggandcompany.com](http://www.twiggandcompany.com)

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, 2015 and the statements of operations, changes 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.

### **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.

continued next page

# Independent Auditor's Report

## Twigg & Company

CHARTERED ACCOUNTANTS

J.S. TWIGG *B.Comm., C.A.*  
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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, 2015 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

October 27, 2015  
Saskatoon, Saskatchewan



Chartered Accountants

# Statement of Financial Position

## as of July 31, 2015

### ASSETS

	<u>2015</u>	<u>2014</u>
<b>CURRENT:</b>		
Cash	\$ 277,762	\$ 264,793
Short-term investments	657,649	632,623
Accounts receivable (Note 3)	317,267	127,898
Prepaid expense	<u>6,553</u>	<u>10,226</u>
	1,259,231	1,035,540
<b>CAPITAL ASSETS (Note 4)</b>	3,149	6,298
<b>RESTRICTED INVESTMENTS</b>	<u>1,000,000</u>	<u>1,000,000</u>
	<u>\$ 2,262,380</u>	<u>\$ 2,041,838</u>

### LIABILITIES

<b>CURRENT:</b>		
Accounts payable and accrued expenses (Note 5)	\$ 173,741	\$ 110,195
Deferred contributions and revenue (Note 6)	<u>96,227</u>	<u>33,762</u>
	<u>269,968</u>	<u>143,957</u>

### NET ASSETS

<b>INTERNALLY RESTRICTED (Note 7)</b>	1,000,000	1,000,000
<b>UNRESTRICTED</b>	<u>992,412</u>	<u>897,881</u>
	<u>1,992,412</u>	<u>1,897,881</u>
	<u>\$ 2,262,380</u>	<u>\$ 2,041,838</u>
<b>COMMITMENTS (Note 8, 9)</b>		

APPROVED BY THE BOARD:



Director



Director



# Statement of Operations

## for the year ended July 31, 2015

	<b>2015</b> <b><u>Budget</u></b> <i>(Unaudited)</i> <i>(Note 13)</i>	<b>2015</b> <b><u>Actual</u></b>	<b>2014</b> <b><u>Actual</u></b>
<b>REVENUE</b>			
Levy and export service charge	\$ 1,553,833	\$ 1,528,082	\$ 1,354,549
Government grants and project funding <i>(Note 10)</i>	245,822	159,472	170,018
Symposium fees	60,675	61,729	54,505
Reimbursed travel	17,000	29,495	14,384
Interest	25,440	26,737	25,609
Other	<u>-</u>	<u>561</u>	<u>20,505</u>
	<u>1,902,770</u>	<u>1,806,076</u>	<u>1,639,570</u>
<b>EXPENSES</b>			
Research, including Prairie Swine Centre <i>(Note 8)</i>	425,072	400,023	351,159
Salaries and benefits	477,447	470,625	458,894
Industry association	323,971	300,903	258,495
Symposium	73,050	73,069	70,055
Communications	84,917	73,181	79,552
Operations and office	115,691	111,560	102,971
Promotions	65,000	29,510	37,173
Directors and committees	43,672	34,160	36,590
Policy and industry development	25,000	2,400	-
Travel <i>(Schedule 1)</i>	25,000	23,883	34,508
Organizational development	38,350	26,004	11,178
Amortization	3,150	3,149	5,937
National services	277,450	133,800	201,231
Reimbursed expenses	<u>15,000</u>	<u>29,278</u>	<u>13,522</u>
	<u>1,992,770</u>	<u>1,711,545</u>	<u>1,661,265</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<b><u>\$ ( 90,000)</u></b>	<b><u>\$ 94,531</u></b>	<b><u>\$ ( 21,695)</u></b>

# Statement of Changes in Net Assets

## for the year ended July 31, 2015

	<u>Internally Restricted</u>	<u>Unrestricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
NET ASSETS, BEGINNING OF YEAR	1,000,000	897,881	1,897,881	1,919,576
Excess (deficiency) of revenue over expenses	<u>          -</u>	<u>  94,531</u>	<u>  94,531</u>	<u>( 21,695)</u>
NET ASSETS, END OF YEAR	<u>\$ 1,000,000</u>	<u>\$ 992,412</u>	<u>\$ 1,992,412</u>	<u>\$ 1,897,881</u>

# Statement of Cash Flows

## for the year ended July 31, 2015

	<u>2015</u>	<u>2014</u>
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ 94,531	\$( 21,695)
Amortization	<u>3,149</u>	<u>5,937</u>
	<u>97,680</u>	<u>( 15,758)</u>
Changes in non-cash working capital		
Balances related to operation:		
Accounts receivable	( 189,369)	59,952
Prepaid expenses	3,673	( 839)
Accounts payable and accrued liabilities	63,546	4,237
Deferred contributions and revenue	<u>62,465</u>	<u>33,762</u>
	<u>( 59,685)</u>	<u>97,112</u>
Total from operating activities	<u>37,995</u>	<u>81,354</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	( 9,447)
Net disposals (purchases) of investments	<u>( 25,026)</u>	<u>( 23,623)</u>
Total from investing activities	<u>( 25,026)</u>	<u>( 33,070)</u>
<b>INCREASE IN CASH DURING THE YEAR</b>	12,969	48,284
<b>CASH AND EQUIVALENTS, BEGINNING OF YEAR</b>	<u>264,793</u>	<u>216,509</u>
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	\$ <u>277,762</u>	\$ <u>264,793</u>
<b>CASH AND EQUIVALENTS CONSISTS OF:</b>		
Cash	\$ <u>277,762</u>	\$ <u>264,793</u>
<b>SUPPLEMENTAL CASH FLOW DISCLOSURE</b>		
Interest paid	1,023	934
Income taxes paid	<u>Nil</u>	<u>Nil</u>

# Notes to Financial Statements

## for the year ended July 31, 2015

### 1. DESCRIPTION OF BUSINESS

Sask Pork is a producer managed organization operating programs and research for the development of the Saskatchewan pork industry and the promotion of hogs and pork produced in Saskatchewan. Sask Pork was established by the Pork Industry Development Plan Regulations pursuant to *The Agri-Food Act, 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 levies from any person engaged in the marketing of hogs in Saskatchewan. As of January 1, 2015 the hog levy is \$0.85 per hog, \$0.23 per hog for all hogs less than 100 lbs. and \$0.85 per hog on all breeding stock exported from Canada.

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. Short-term investments qualify as cash equivalents when 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, 2015

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Capital assets:

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 levy 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, 2015

### 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.

Significant estimates include, but are not limited to, the valuation of deferred contributions and revenue, and accruals for certain revenues and expenses.

### 3. ACCOUNTS RECEIVABLE

The accounts receivable balance consists of the following:

	2015	2014
Levy receivables	225,485	127,898
Grant receivables	91,782	-
	<b>317,267</b>	<b>127,898</b>

### 4. CAPITAL ASSETS

The capital assets balance consists of the following:

	2015		2014	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 17,812	\$ 14,663	\$ 3,149	\$ 6,298
	<b>\$ 17,812</b>	<b>\$ 14,663</b>	<b>\$ 3,149</b>	<b>\$ 6,298</b>

# Notes to Financial Statements

## for the year ended July 31, 2015

### 5. ACCOUNTS PAYABLE

The accounts payable balance consists of the following:

	2015	2014
Trade payables	122,645	70,854
VISA payable	9,137	5,764
Vacation payable	13,896	18,026
Payroll liabilities	18,222	5,114
GST payable (receivable)	341	(1,291)
Other	9,500	11,728
	<b>173,741</b>	<b>110,195</b>

### 6. DEFERRED CONTRIBUTIONS AND REVENUE

Sask Pork receives funding to administer the Porcine Epidemic Diarrhea (PED) prevention and preparedness program. The PED prevention and preparedness program provides funding for the monitoring of transport trucks for contamination with PED virus, contingency planning for the Saskatchewan swine industry in the event of PED incursion into the provincial herd and to assist with response activities to prevent any spread of the disease from the first farm(s) confirmed to have PED in Saskatchewan.

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 in order to mitigate the risks associated with Porcine Epidemic Diarrhea (PED) to herds in Saskatchewan. The cost of equipment purchase and assessments by veterinarians (one visit) are to be paid from this funding.

Sask Pork receives funding from the Saskatchewan Ministry of Agriculture to be held, administered and distributed in accordance with the related Saskatchewan Swine Transport Biosecurity program funding agreement. The Saskatchewan Swine Transport Biosecurity program provides funding to producers who have undertaken approved activities.

	2015	2014
<b>Deferred contributions and revenue, beginning of year</b>	<b>\$ 33,762</b>	<b>\$ -</b>
<i>Contributions and revenue received during the year:</i>		
Saskatchewan Swine Transport Biosecurity Program	150,000	-
PED prevention and preparedness (Ministry of Agriculture)	-	40,000
Saskatchewan Swine On-Farm Biosecurity program	-	150,000
<i>Less:</i>		
Amounts recognized as Saskatchewan Swine Transport Biosecurity program expenses	( 87,292)	-
Amounts recognized as PED prevention and preparedness expenses	( 154)	( 6,327)
Amounts recognized as Saskatchewan Swine On-Farm Biosecurity program expenses	( 89)	( 149,911)
<b>Deferred contributions and revenue, end of year</b>	<b>\$ 96,227</b>	<b>\$ 33,762</b>

# Notes to Financial Statements

## for the year ended July 31, 2015

### 6. DEFERRED CONTRIBUTIONS AND REVENUE (continued)

The deferred contributions and revenue relates to the following:

	2015	2014
PED prevention and preparedness (Ministry of Agriculture)	33,519	33,673
Saskatchewan Swine On-Farm Biosecurity program	-	89
Saskatchewan Swine Transport Biosecurity program	62,708	-
<b>Deferred contributions and revenue, end of year</b>	<b>\$ 96,227</b>	<b>\$ 33,762</b>

### 7. 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.

### 8. 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 addition to the annual contribution in the current year \$13,750 has been paid to the Prairie Swine Centre Inc. which represents the third year of a five year funding commitment for the salary of the Chair in Animal Welfare.

#### University of Saskatchewan

Sask Pork is committed under a service agreement with the University of Saskatchewan to provide funding for AIP project #189 "Surveillance, diagnostic and control of emerging diseases of pigs and cattle". The funding for this research comes the Agricultural Innovation Program (See Note 10) and as such is not funded by the hog levy. The maximum required payments for this project are as follows:

Year ending July 31:	
2016	\$ 106,791
2017	77,657

The research expense consists of the following:

	2015	2014
Prairie Swine Centre Inc.	288,750	288,750
ADOPT Project	-	13,780
Canadian Swine Research & Development Cluster - Swine Innovation fund	46,048	44,129
AIP project	60,725	-
Other	4,500	4,500
	<b>400,023</b>	<b>351,159</b>



# Notes to Financial Statements

## for the year ended July 31, 2015

### 9. LEASE COMMITMENTS

#### (a) Building lease:

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

Year ending July 31:	
2016	\$ 41,054
2017	10,482

#### (b) Contractual commitments:

Sask Pork is committed under an annual agreement with Wonderworks Canada Inc. and Manitoba Pork 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:	
2016	\$ 6,667

### 10. GOVERNMENT GRANTS AND PROJECT FUNDING

	2015	2014
ADOPT project	-	13,780
Saskatchewan Swine On-Farm Biosecurity program	89	149,911
PED prevention and preparedness (Ministry of Agriculture)	154	6,327
Saskatchewan Swine Transport Biosecurity program	87,292	-
AIP Project	71,937	-
	<b>159,472</b>	<b>170,018</b>

### 11. 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.

# Notes to Financial Statements

## for the year ended July 31, 2015

### 11. FINANCIAL INSTRUMENTS (continued)

#### Credit concentration

As at July 31, 2015, four customers accounted for 79.52% (74.64% - 2014) 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.

### 12. 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.

### 13. BUDGET

The budget presented is unaudited. The budget for 2014/2015 was approved by the Board of Directors on August 7, 2014.

# Schedule of Travel Expenses

## for the year ended July 31, 2015

### SCHEDULE 1 – Schedule of Travel Expenses for the year ended July 31, 2015

	Budget (Note 13)		
	<u>2015</u>	<u>2015</u>	<u>2014</u>
National services	3,900	2,334	3,041
Industry association	15,000	9,532	13,346
Organizational development	6,000	4,159	6,255
Policy and industry development	25,000	6,893	11,049
Communications	2,000	-	-
Promotions	<u>1,500</u>	<u>965</u>	<u>817</u>
	<u>53,400</u>	<u>23,883</u>	<u>34,508</u>

# Payee List & Research Projects

## as at July 31, 2015

### 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 45 <sup>th</sup> Trade Centre	\$ 59,616
OlySky L.P.	\$ 53,300
Canadian Pork Council	\$ 336,697
Manitoba Pork Council	\$ 44,156
CIBC Visa	\$ 44,413
Prairie Swine Centre	\$ 276,300
Saskatoon Inn	\$ 52,688
University of Saskatchewan	\$ 51,248

### Research Projects Funded from Hog Levy

Project Name	Researchers	2014-2015 Funding
Prairie Swine Centre Inc. (Includes \$13,750 for Animal Welfare Chair position)	Various	\$ 288,750
U of S – Project #20120016- Effects of Repeated Applications of - Liquid Swine Manure on Gray Luvisolic Soils	Jeff Schoenau	4,500
Swine Innovation Porc	Various	<u>46,048</u> *
Total		<u>\$ 339,298</u>

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

# Director's Remuneration

## as at July 31, 2015

### 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, 2014 – July 31, 2015:

Directors	Per Diem	Expenses	Total
Dickson Gould	\$ 1,300	\$ 2,498	\$ 3,798
Cliff Ehr	-	-	-
Shannon Meyers	400 **	1,107	1,507
Florian Possberg	11,325 *	4,346	15,671
David Tschetter	2,450	2,361	4,811
Paul Ulrich	2,913	3,451	6,364
	<u>18,388</u>	<u>13,763</u>	<u>32,151</u>
<b>Other payments</b>	<u>-</u>	<u>2,009 ***</u>	<u>2,009</u>
<b>Directors Total</b>	<u>\$ 18,388</u>	<u>\$ 15,772</u>	<u>\$ 34,160</u>

\* Included in the per diem was a monthly honorarium of \$600 paid to the Chairman.

\*\* Included in the per diem was a monthly honorarium of \$150 paid to the Vice-Chair. (Not claimed)

\*\*\* Payments made to facilitate meetings.

# Auditors' Report

## TWIGG & COMPANY CHARTERED ACCOUNTANTS

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### 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, 2015.

- The Agri-Food Act, 2004
- The Agri-Food Regulations, 2004
- The Pork Industry Development Plan Regulations, 2013

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, 2015.

October 27, 2015  
Saskatoon, Saskatchewan

  
Chartered Accountants

# Independent Auditor's Report

## TWIGG & COMPANY CHARTERED ACCOUNTANTS

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### INDEPENDENT AUDITORS' REPORT

#### To Saskatchewan Pork Producers:

We have audited Sask Pork's control as of July 31, 2015 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 Auditor's Report

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### 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, 2015 based on the CICA criteria of control framework.



# Independent Auditor's Report

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### 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, 2015, 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 27, 2015 which is the same date as the date of the report on the effectiveness of internal controls.

October 27, 2015  
Saskatoon, Saskatchewan

  
Chartered Accountants

# Independent Auditor's Report

## TWIGG & COMPANY

CHARTERED ACCOUNTANTS

J.S. TWIGG B.Comm., C.A.

L.D. SAFINUK B. Comm., C.A

M. LINGARD B. Comm., MPAcc., C.A.

650 REGENCY CENTER  
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### INDEPENDENT AUDITORS' REPORT

#### To Saskatchewan Pork Producers:

We have examined the financial statements of Sask Pork for the year ended July 31, 2015 and have issued our report thereon dated October 27, 2015. We have examined the system of internal control as at July 31, 2015 and have issued our report to you dated October 27, 2015. 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, 2015 and have issued our report to you dated October 27, 2015.

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.

October 27, 2015  
Saskatoon, Saskatchewan

  
Chartered Accountants





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