

Annual Report

2015 - 2016



Saskatchewan
PORK DEVELOPMENT BOARD

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:
Saskatchewan Pork Industry Symposium 2015

Table of Contents

Chairman’s Message 2

General Manager’s Message 3

Board of Directors 5

Directors & Staff Committee Representation 6

Directors & Staff External Activities 7

Policy & Industry Development 9

Swine Health Focus 12

Export Focus 13

Producer Services 14

Communications & Promotion 16

Sponsorships & Donations 20

Statistics and Trends 21

Auditors Report - Year Ending July 31, 2016 27

Chairman's Message



Lower prices over the last 12 months proves again that a price cycle continues.

High 2014 profits followed by modest profits in 2015 saw modest Canadian and significant American production increases.

Western Canada has unused slaughter capacity however Ontario and USA capacity has been taxed.

The good news is the value of pork cuts continues at profitable levels. However the spread between meat price and hog price is historically high meaning our downstream partners, processors and retailers, are making high returns. Producers have not.

The U.S. has a number of new plants needing hogs in 2017 and 2018. We expect producers will get much closer to the meat value as processors compete for hogs.

The big question will be where the meat goes. Lower feed prices mean we expect more pork, beef, chicken and turkey. North American exports will need to increase or meat prices will decline.

Sask Pork through the Canadian Pork Council and Canada Pork International continue to position Canadian pork as the best on the global market. We're combining on-farm food safety, animal care and traceability to take our pork to a new level – Canadian Pork Excellence!

This requires our national and provincial organizations to work closely with producers to deliver on the promise we make with our pork.

I want to thank our Sask Pork staff and Saskatchewan producers for being leaders in defining our pork as among the best in the world.

All the best in 2017!

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

Florian Possberg
Chairman

Photo courtesy of the Canadian Pork Council

General Manager's Message



Market hog production grew by slightly over 6% in fiscal year 2015/16. While prices were off slightly, hog producers have now been profitable for five consecutive years. As producers know, hog production is a low margin business thus while the profit for each hog is not large, producers continually focus on growing their herd size and maximizing efficiencies in all aspects of their business.

The number of producers who earn the significant portion of their income from hog production has also remained relatively stable at 160 registered CQA® farms over the last five years. As a result of the mandatory PigTrace program, we have had an additional 64 non-CQA® producers register with Sask Pork in the past year. This is good news and indicates the traceability program is working. Given the long term profitability trend and the management focus on increasing efficiency and cost control, Saskatchewan producers are positive about their industry.

Fortunately Saskatchewan has yet to confirm a case of PEDv. During the past year, the entire value chain system continued its emphasis on biosecurity and disease control. Many producers as well as trucking companies have spent thousands of dollars improving truck washing and drying facilities. These facilities will continue to be of benefit not only for PEDv control but many other diseases as well.

The VIDO Intervac team with the assistance of Sask Pork, the Government of Saskatchewan, and three producers in Saskatchewan conducted the clinical research required for a new vaccine to become available for the entire global pork industry to combat this disease.

The research on new wash and drying technology by the University of Saskatchewan, VIDO Intervac and PAMI continues with Phase II. There was much done on the disease file last year, and the dedication by producers on biosecurity will be an asset to the industry for years to come.

Sask Pork has been instrumental in being a catalyst on many files that are both national and provincial in scope. The new Pork Excellence program is undergoing significant revisions, led in part by Dickson Gould and Harvey Wagner, that will update the program taking in the new Pig Code provisions as well as position it as a very important attribute to producers, packers, and the international marketplace.

While it's been a long road, we are hopeful the Hedging program will find a financial partner that will bring this initiative to a positive reality.

Social License is being given lots of consideration and attention by our Board and we are employing new social media and promotion programs to tell our story.

At the national level, the senior managers of the Canadian Pork Council and Canada Pork International retired in this past year. We wish Martin Rice and Jacques Pomerleau a happy retirement and thank them for their many years of dedicated service.

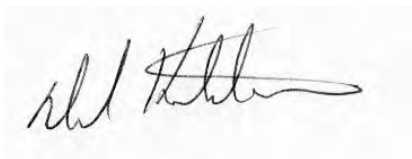
General Manager's Message

As Chair of CPI, I have had a very busy year. A particular high point was opening a permanent CPI office in Shanghai, hiring a new employee and having Saskatchewan Premier Brad Wall officially open the Shanghai office.

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.

This year, we also congratulate Chairman Florian Possberg on his induction into the Saskatchewan Agricultural Hall of Fame in 2016. Florian has been an untiring champion for our industry, and through his and the Board's guidance, we continue to seek solutions for the industries issues.

I would also like to thank Harvey, Mark, Kim and Patty for another great year and their continued passion serving our industry.

A handwritten signature in black ink, appearing to read 'Neil Ketilson', is centered on a light gray rectangular background.

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.

Board of Directors



Florian Possberg
Chairman



Shannon Meyers
Vice-Chairman



Paul Ulrich
Audit Chair



Dickson Gould
CPC Board of
Directors



Cliff Ehr



Amos Wipf

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

Board of Directors - Dickson Gould
Business Risk Management Committee - Dickson Gould
CQA® Provincial Delivery Agent Group - Harvey Wagner
CPE Validator Committee - Harvey Wagner
Identification and Traceability System Working Committee - Neil Ketilson
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 Program Provincial Delivery Agent Group - Harvey Wagner
On-Farm Programs Animal Care Technical Group - Dickson Gould / Florian Possberg
Political Action Committee - Dickson Gould
PigTrace Implementation Team - Mark Ferguson/Harvey Wagner
Swine Innovation Porc - Neil Ketilson

Canada Pork International

Board of Directors - Neil Ketilson / Dickson Gould
Domestic Marketing Committee - Dickson Gould
Pork Value Chain Roundtable - Neil Ketilson

Industry Representation

Agriculture in the City 2016 Planning Committee - Kim Browne
Agricultural Producers Association of Saskatchewan - Livestock Committee - Paul Ulrich, Mark Ferguson
Canadian Western Swine Health Intelligence Network - Harvey Wagner
Canadian Western Transport Wash Certification Program - Harvey Wagner
Farm and Food Care Saskatchewan - Shannon Meyers
Feeds Innovation Institute, U of S - Neil Ketilson / Mark Ferguson
Prairie Swine Centre Board of Directors - Neil Ketilson
Statistics Canada Agricultural Statistics Advisory Committee - Mark Ferguson

Director & Staff External Activities

- Meeting with Agriculture Minister Lyle Stewart and ministry officials, Regina, August 6, 2015 - *Florian Possberg, Neil Ketilson, Mark Ferguson*
- SARM Agricultural Committee Meeting, Regina, August 20, 2015 - *Mark Ferguson*
- Ethology Chair Review, U of S, Saskatoon, September 25, 2015 - *Harvey Wagner*
- South Dakota barn tour and meeting with Pork Producers Association and state officials, Sioux Falls South Dakota, October 19-21, 2015 - *Florian Possberg, Mark Ferguson, Harvey Wagner*
- Animal Welfare Stakeholder Consultation Saskatoon, October 29, 2015 - *Harvey Wagner*
- Ministry of Agriculture Wild Boar Producer Meeting (fencing/wildlife regulations and traceability), Saskatoon, November 6, 2015 - *Mark Ferguson*
- CPE Training Module, Quebec City, November 15, 2015 - *Harvey Wagner*
- APAS AGM, Regina, December 2-3, 2015 - *Paul Ulrich, Mark Ferguson*
- WCASV Annual Meeting, Saskatoon, December 4, 2015 - *Harvey Wagner*
- SIP Nutrition Research Meeting, Montreal, December 6, 2015 - *Harvey Wagner*
- Le Porc Show, Quebec City, December 7, 2015 - *Harvey Wagner*
- Farm and Food Care Farms at the Table Conference, Saskatoon, December 9-10, 2015 - *Shannon Meyers, Kim Browne, Mark Ferguson*
- Feed Innovations Institute, Saskatoon, December 17, 2015 - *Mark Ferguson*
- Livestock Strategy Stakeholder Meeting, Regina, December 18, 2015 - *Florian Possberg*
- ANUGA FoodTec 2015, Cologne, Germany, December 20-14, 2015 - *Neil Ketilson*
- PSCI Innovators Club, Banff, January 12, 2016 - *Harvey Wagner*
- National Group Sow Housing, Banff, January 12, 2016 - *Harvey Wagner*
- SaskCanola License to Farm VIP Premier Screening Saskatoon, January 13, 2016 - *Kim Browne*
- Banff Pork Seminar, Banff, January 12-13, 2016 *Paul Ulrich, Amos Wipf, Harvey Wagner*
- National Farm Products Hearing, re Canadian Pork Promotion and Research Agency; Calgary, January 19, 2016 - *Florian Possberg*
- In the Midst of Change - Challenges Ahead for the Canadian Agri-Food Sector - Canadian Agricultural Economics Society, Ottawa, January 20-21, 2016 - *Neil Ketilson*
- Agricultural Trade Agreement Briefings, Regina, February 9, 2016 - *Mark Ferguson*
- The Changing Politics of Organic Food in North America - Innovation Place, Saskatoon, February 11, 2016 - *Kim Browne, Harvey Wagner*
- National Farm Products Hearing, re Canadian Pork Promotion and Research Agency; Montreal, February 16, 2016 - *Neil Ketilson*
- Cramer Livestock Show, Swift Current, February 19, 2016 - *Harvey Wagner*
- Hedging Focus Group Meeting, Winnipeg, February 17, 2016 - *Mark Ferguson*
- Hedging Focus Group Meeting, Edmonton, February 19, 2016 (Conference Call) - *Mark Ferguson*

Director & Staff External Activities

- Hedging Focus Group Meeting, Saskatoon, February 25, 2016 - *Florian Possberg, Neil Ketilson, Shannon Meyers, Paul Ulrich, Dickson Gould, Mark Ferguson*
- PigSAFE Technical, Ottawa, March 14-2016 - *Harvey Wagner*
- APAS - Why Ag Matters: Provincial Election Dialogue, Saskatoon, March 22, 2016 - *Neil Ketilson*
- CFIA Feed Regulatory Modernization Town Hall, Saskatoon, March 30, 2016 - *Harvey Wagner*
- CFIA Review of Canadian Feed Regulatory Framework, Saskatoon, March 30, 2016 - *Harvey Wagner*
- U of S Swine Marketing Lecture, Saskatoon, March 30, 2016 - *Mark Ferguson*
- Hedging Focus Group Meeting, Quebec City, March 30, 2016 - *Neil Ketilson*
- Agriculture in the City Event, Saskatoon, April 9, 2016 - *Kim Browne*
- FFC Animal Welfare Advisory, Saskatoon, April 20, 2016 - *Harvey Wagner*
- Farm and Food Care Sask Animal Care Advisory, Saskatoon, April 26, 2016 - *Harvey Wagner*
- Maple Leaf Foods/CFIA FAD Disease Exercise, Steinbach, April 26-27, 2016 - *Mark Ferguson*
- Vietnamese Delegation Visit to Saskatoon, May 18, 2016 - *Florian Possberg, Neil Ketilson, Mark Ferguson*
- Ministry of Agriculture Stakeholder Luncheon, Regina, May 25, 2016 - *Florian Possberg*
- Feral Hog Roundtable, U of S, Saskatoon, June 1, 2016 - *Harvey Wagner*
- NFIS Worker Safety Advisory, U of S, Saskatoon, June 3, 2016 - *Harvey Wagner*
- Agrivita Canada - National Summit on Agricultural Injury and Death in Canada, Saskatoon, June 7, 2016 - *Harvey Wagner*
- GF2 Consultations, Regina, June 14, 2016 - *Mark Ferguson*
- CPE Validator Committee, Ottawa, June 21, 2016 - *Harvey Wagner*
- CPC Management Committee, Ottawa, July 11, 2016 - *Harvey Wagner*
- Feed Innovations Institute Meeting, Saskatoon, July 16, 2016 - *Mark Ferguson*
- APAS Mid-Term Meeting, Saskatoon, July 18, 2016 - *Mark Ferguson*
- Western Canadian Wheat Growers Reception - Saskatoon, July 20, 2016 - *Mark Ferguson*
- Maple Leaf Summer Meeting, Saskatoon, July 20, 2016 - *Mark Ferguson*
- Ag in Motion , Saskatoon, July 21, 2016 - *Mark Ferguson*
- 2016 Agriculture Hall of Fame Banquet and Induction Ceremony, Saskatoon, July 30, 2016 - *Florian Possberg, Neil Ketilson, Kim Browne*

Policy and Industry Development

Risk Management

On July 10th, 2015, Agriculture and Agri-Food Canada (AAFC) approved funding for the Canadian Pork Council (CPC) Industry Hedging Program Analysis project under the AgriRisk Initiatives program. Sask Pork worked closely with the CPC and Ontario Pork in applying for this funding, and is assisting with the management of this project. Gibson Capital Inc. was selected as the consultant.

Sask Pork has advocated for increased government support for private sector risk management, specifically hedging over the past several years. We contend that producers, and companies working on behalf of producers (hog marketing organizations) do not have the financial resources necessary to deliver effective long-term programs.

Under the project, a series of focus groups were held between February and April in each of the major pork producing provinces. The purpose of these meetings was to gather statistics regarding current forward pricing programs in various markets in Canada, and to obtain insight into what types of risk management programs Canadian producers employ, and why Canadian producers utilize hedging and other risk management strategies to a lesser extent than their US counterparts.

The remainder of the project will focus on developing different options to increase the availability of financing for margin calls. The Canadian Pork Council applied for and received an amendment to the project in June, 2016, which provided additional funding for research and analysis. The main focus of this work will be on financial institutions and calculating the potential size and risk involved in establishing a program, and the administrative requirements for the various participating stakeholders.

Traceability

Sask Pork continues to assist in the administration of the PigTrace 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 stakeholders with ordering tags, issuing identifiers (herd marks), and obtaining PIDs on behalf of producers. Sask Pork also assists producers where needed with movement reporting. In 2015/2016, Sask Pork registered and/or created new PigTrace accounts for 64 premises.

Between August 1, 2015 and July 30, 2016, 28,948 movement events involving Saskatchewan animals were reported, accounting for 6.2 million individual animal movements. We commend producers for their active commitment to this program.

InterPIG

In 2015/2016, Mark Ferguson continued to represent Canada on the InterPIG international cost of production benchmarking group. InterPIG data is the most reliable information available to compare prices and cost of production in various countries throughout the world. Participants include the U.S., Brazil, and a number of E.U. countries. The participating countries are responsible for over 90% of the world's pork exports, so the data represents our most significant competitors.

Canadian producers continue to be very competitive globally in terms of total cost of production and feed costs. In 2015, Canada had the third lowest cost of production of the 16 participating countries at \$177/c/kg (all figures expressed in Canadian hot dressed carcass basis and Canadian dollars).

Brazil's Mato Grosso and Santa Catarina regions were lower at \$133/c/kg and \$166/c/kg respectively as well as the U.S. at \$154/c/kg.

Italy had the highest cost of production at \$256/c/kg, while Hungary reported the lowest E.U. cost at \$198/c/kg. Denmark reported their costs at \$205/c/kg.

Policy and Industry Development

In terms of price received for hogs, Canada received the second lowest price of all countries in the dataset at \$175/ckg. The Mato Grosso region of Brazil reported the lowest price at \$170/ckg, while the highest reported price in the data was Great Britain at \$247/ckg. The U.S. reported price was \$200/ckg. Canada was the fourth most profitable region in the data, behind only the U.S., Brazil, and Sweden with a small loss of \$1/ckg.

Feed Mill Licensing

In April, 2016 the Canadian Grain Commission (CGC) published a proposal to license all feed mills that purchase over 5,000 tonnes of feed grain annually. This proposal, if implemented, would impose similar requirements on feed mills (both commercial and producer owned) that are currently placed on grain terminals.

Sask Pork submitted comments to the CGC opposing the proposal in its current format, as it will add significant costs to primary pork producers and we urged the CGC to reconsider several aspects. Our comments mainly relate to the additional costs and the administrative burden that this proposal would impose on livestock producers, and are similar to our previous response to the consultation in 2015 that first examined this idea. The four main areas we objected to include:

- The 5,000 tonne licensing threshold;
- Security/Bond Requirements;
- Weekly reporting of grain handling statistics;
- Excessive proposed annual licensing fees.

RM Taxation/Road Maintenance

In 2015, the ministry of Government Relations conducted a review of industry financial contributions to Rural Municipalities with the intention of developing a long-term provincial policy for municipal tax tools, and road maintenance agreements. The provincial government was looking for suggestions from industry regarding how

municipal taxation and infrastructure (road) maintenance should be funded in future years.

RM's currently have the power to require haulers to enter into road maintenance agreements which are subject to maximum rates published in The *Municipalities Act* Regulations. These powers are often used to compel livestock operations to enter into long term funding agreements with municipalities.

Sask Pork submitted a response in October, 2015 stating that hog operations across the province were developed in an effort to provide local markets and add value to feed grain, and in many cases reduce trucking distances and dependence on local road transportation. Many operators and shareholders of pork production units are also significant landowners and grain farmers. For this type of mixed farm that utilizes its own grain, the presence of a hog barn results in reduced road use.

We suggested that ideally, provincial funding programs for RMs should be expanded to support road maintenance, since economic activity that is made possible by rural infrastructure provides significant benefits to the larger provincial economy.

However, for situations where municipalities determine that additional road maintenance funding is necessary due to traffic from a particular user, we supported the current approach where rates and agreements are negotiated on a case-by-case basis between the R.M. and haulers.

Policy & Industry Development

Industry Growth

The majority of operational barns in Saskatchewan were built in the 1990s and early 2000's. The average barn age in 2016 was 20 years and within 5-10 years, significant construction will be required just to maintain current production. Due to under-utilized slaughter plants in western Canada there is a particular need to develop finishing capacity. As such, Sask Pork has set a goal of adding 100,000 new finishing spaces in the province by 2018.

In October, 2015, a delegation organized by Sask Pork visited South Dakota. The purpose was to investigate business models, building types, costs, and the permitting process that have allowed the South Dakota pork industry to thrive and expand in recent years. The current model for hog finishing in the U.S. involves cookie-cutter 2,400 head wean-to-finish barns, with in-barn deep pits that are distributed throughout productive farming areas to take full advantage of the manure as a fertilizer. A contract finishing model is typically utilized. The total cost of the barns and equipment is around around \$620,000 US.

This size of finishing barn does not require a state permit in South Dakota. However, similar to Saskatchewan, local counties control building/development permits. In many counties, building permits for a 2,400 head barn can be obtained in less than a day, and the entire process to obtain permits and build a barn takes about two months.

We need to ensure a business climate that's attractive for establishing facilities in new locations, or new facilities will simply be built elsewhere. We've asked the provincial government to review our current provincial ILO regulatory framework to compare Saskatchewan with other Canadian and U.S. jurisdictions.

Several new options used in other jurisdictions that we believe could stimulate growth include:

- Increasing the animal unit threshold to 400 so that an economically sized hog finishing barn (2400 head) with concrete storage and low environmental impact can be constructed with minimal red tape or delay; and
- That Saskatchewan adopt a livestock development process similar to Alberta, where the final decision and issuance of the development permit rests with a provincial government board, which would consider previously established requirements, municipal zoning bylaws, and separation distances. We believe this change would result in more predictable and consistent decisions.

Farm Buildings Definition

In 2015, a Saskatchewan RM ordered the owner of a proposed hog barn to modify the building plans so that they complied with the high hazard industrial occupancy classification in the National Building Code (NBC). An increasing number of municipalities consider the farm buildings exemption to only apply to small farm buildings owned and operated by families and that large farm buildings owned by corporations are in fact commercial operations.

The farm appealed to the Saskatchewan Building and Accessibility Standards Appeal Board. The Appeal Board agreed with the municipality. This decision was then appealed to the courts, which quashed the decision and sent it back to the Appeal Board for a new hearing by a different panel of members.

The subsequent decision of the Appeal Board found that the definition of "farm building" did not differentiate farm buildings by size, ownership model, or scale of production. Sask Pork supported the legal proceedings.

The Uniform Building and Accessibility Standards Regulations were amended in June 2016 with the addition of a section to clarify the definition of farm buildings. As a result of this process, we hope that this will not be an issue in the future.

Swine Health Focus

PED Virus Vaccine Development

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

Since then, Dr. Gerdts and the VIDO Inter-Vac scientists (Viral Vaccine Development research group) have worked to develop a vaccine. In the winter of 2016, less than one year in, they were testing a prototype vaccine and running trials. This vaccine could protect the swine industry from PED that killed more than 8 million pigs in N.A. resulting in a loss of income of more than \$400 million since 2013.

Transport Biosecurity Wash Project

This project is co-funded by Sask Pork and the Swine Innovation Porc Cluster 2.

Work continues on this research project with Phase II now underway. This study focusses on improving the speed, cost and effectiveness of sanitizing hog transportation units to prevent the spread of disease through transportation. The research scientists represent the University of Saskatchewan, College of Engineering and Bioresources, VIDO Intervac, the Prairie Swine Centre and PAMI.

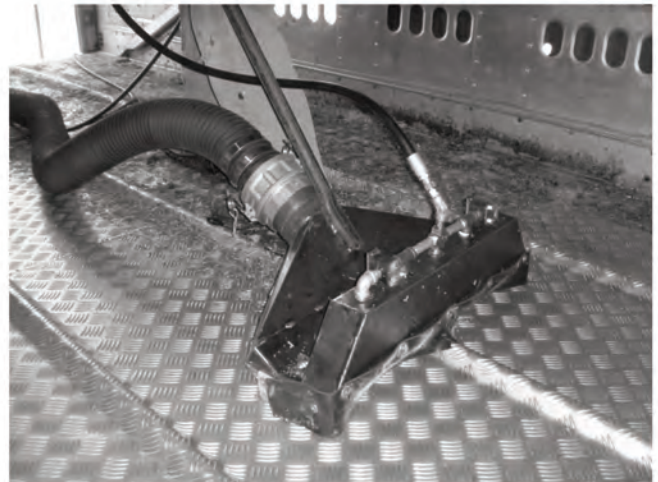
The Prairie Swine Center's role under Dr. Jennifer Brown, was to take an inventory of the types of swine transport trailers currently used in Canada and identify trailer configurations, trailer materials, trailer floor profiles, difficult locations in each for washing, and to make recommendations for possible alterations to ease cleaning and or improve animal welfare.

VIDO's role under Dr. Volker Gerdts is to determine and verify the temperature and duration of heat required to inactivate pathogens of concern to the swine industry.

PAMI's role, led by Dr. Huber Landry, is to further the development of a hydro vac cleaning system that was tested and proven feasible in Phase I of the original research. The system being developed uses a fraction of the water presently required for washing, can isolate manure and other debris into a confined bag or space and has the potential to be automated.

Dr. Terry Fonstand, an engineering professor at the University of Saskatchewan is measuring the impact, risks and identifying recommendations to reduce deterioration resulting from the constant heating and washing of the livestock trailers.

Phase II of the research program will be completed by March of 2017.



Export Focus

In 2015, Canada exported pork products to over 130 countries. Export sales account for more than 60% of the pork produced in the country. In 2015, Canada exported a total of approximately 1.2 million tonnes of pork with a value of \$3.4 billion.

Top Export Markets

<i>Country</i>	<i>Value (Thousands)</i>	<i>Quantity (Tonnes)</i>
United States	\$1,495,336	444,511
Japan	\$ 943,818	217,731
China	\$ 230,955	128,048
Mexico	\$ 188,889	124,163
South Korea	\$ 99,700	42,024

In 2015/2016, the Government of Canada continued to negotiate beneficial free trade deals with major pork importers.

Trans-Pacific Partnership (TPP)

On February 4, 2016, TPP Ministers signed the TPP Agreement in Auckland, New Zealand.

The TPP includes twelve countries and represents a market of nearly 800 million people with a combined GDP of \$28.5 trillion. 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 U.S. 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.

Canada-Ukraine Free Trade Agreement

On July 11, 2016, the Government of Canada and Ukraine signed the Canada-Ukraine Free Trade Agreement (CUFTA).

When fully implemented, CUFTA will provide duty-free access for an unlimited quantity of fresh chilled pork, and an initial tariff-free quota of 10,000 tonnes increasing to 20,000 tonnes after eight years for frozen pork. The agreement could translate into 40 million dollars in sales.

Country of Origin Labelling (COOL)

The COOL dispute with the U.S. ended in December, 2015 when the U.S. Congress repealed country-of-origin labelling legislation as part of a larger omnibus bill, averting a potential trade war.

The WTO had 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 U.S. trade obligations.

In 2015, Canada requested authorization from the WTO to impose ~\$3 billion in retaliatory duties on a wide variety of U.S. exports to Canada if the U.S. did not bring COOL into conformity with its WTO trading obligations.

Producer Services

Canadian Quality Assurance (CQA®)

There are 160 current registered units participating in the CQA® and ACA™ programs, which include all hogs sold to federal slaughter plants from Saskatchewan. We have lost a few smaller units, but gained a few larger barns which were put back into use after being empty for a number of years.

The CQA® and the ACA™ program revision is progressing. The new program is being branded as Canadian Pork Excellence (CPE), with PigSAFE (food safety), PigCARE (animal care) and PigTRACE (traceability) components.

Additional modules will be added as markets require in the future. A great deal of effort has been devoted to the renewal of the CPE program.

The Canadian Ractopamine-Free Pork Certification Program (CRFPCP) continues. It is required for producers marketing to all western Canadian federally inspected plants.

Pig Code of Practice Developments

Additional requirements in the Code took effect this July regarding pain control for elective husbandry procedures. One new group sow housed barn began operation with a number of farms looking at construction or renovation to sow housing to fit future Code requirements.

Saskatchewan Swine Biosecurity and Welfare Programs (Growing Forward 2)

The *Saskatchewan Swine Transport Biosecurity Program* (SSOFBP), funded by the Saskatchewan Ministry of Agriculture and the Government of Canada (GF2) wrapped up. The SSTBP had 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. 109 farms applied to the program and were paid a total of \$99,277.

The *Saskatchewan Swine Welfare Program* began July 1, 2016. The program helps producers adapt to the Code of Practice- Pigs in the areas of euthanasia and pain control equipment. It is a cost shared program with GF2 funding 60%, Sask Pork funding 20% and producers 20% to a maximum of \$4,000 per CQA® registered farm. The \$360,000 program will run until February, 2018.

Transportation Quality Assurance

This year Sask Pork held 8 TQA® certification training sessions with 44 attendees, plus an additional 5 attendees through online training.

(TQA®) PEDv Preparedness

Saskatchewan farms remained free of Porcine Epidemic Diarrhea (PEDv) in 2015/2016. The on-farm and transport biosecurity efforts by all stakeholders prevented the introduction of this costly disease. Dr. Volker Gerdts and the VIDO Intervac Team at VIDO (U of S) led the development of a new vaccine for PEDv. Sask Pork along with the Western Swine Health Alliance and Saskatchewan ADF funded a field trial for the vaccine, which was licensed to an international vaccine company.

The Province of Saskatchewan continued to conduct surveillance at high traffic sites within the province for PEDv and the Swine Delta Corona virus. Contingency planning and funding were in place, but not required. There has been excellent cooperation between all groups involved in swine health, from the provincial CVO's Offices, the CFIA, the provincial pork organizations and the veterinary community.

The Canadian Western Transport Wash Certification Program (CWTWCP) began with a roll-out to truck washes. Five Saskatchewan truck washes had audits and were able to rate their strengths and areas for improvement. Phase 2 of the innovative truck washing research project was funded through Swine Innovation Porc. This phase is looking at methods to destroy pathogens and how to improve the innovative wash process.

Producer Services

Livestock Emergency Response

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

A third unit is being assembled to expand coverage within the province.



Communications & Promotion

Saskatchewan Pork Industry Symposium

Pork Symposium was held November 17-18, 2015 in Saskatoon. The conference featured a strong stockperson's component on Day 1 with topics on sow management and exercise and enrichment; raising pigs without antibiotics; mycotoxins in the grow-finish barn; euthanasia; what makes a good stockperson and proper cleaning and disinfection of barn and facilities to enhance biosecurity.

The breakout sessions (Batch Farrowing and Nutrition and Nursery Pigs) were very popular.

The Day 2 program focused on biosecurity and transportation; building a great farm team; profitability and economics; considerations when renovating or rebuilding facilities and a practical approach to hog barn construction.

Symposium Advisory Committee 2015

- Kim Browne, Sask Pork (Symposium Coordinator)
- Murray Duggan, Fast Genetics
- Laura Eastwood, Prairie Swine Centre
- Carl Esau - Hypor, A Hendrix Genetics Company
- Mark Ferguson, Sask Pork
- Bridget Grey - Olymel S.E.C./L.P.
- Neil Ketilson, Sask Pork
- Steffen Klenk, PIC Canada Ltd.
- Don Kolla, Cudworth Pork Investors Group
- Brad Marceniuk, Ministry of Agriculture
- Florian Possberg - Sask Pork / Polar Pork
- Harvey Wagner, Sask Pork
- Joe Wollman - Leask Colony

2015 Awards of Distinction

Two individuals were recognized on November 17, 2015 at the annual Saskatchewan Pork Industry Symposium banquet.

David Tschetter Star City Colony, Star City, Saskatchewan Production Innovation Award

Dave worked in the hog production unit at Star City Colony for 27 years. Upon retiring from the hog barn, he began making sausage which led to the development of an on-farm meat processing and retail facility Star City Meats. For 4 years they have assembled high quality gift baskets with meat products and also produce from their market garden and greenhouses on the farm.

In a short period of time, the business has grown into a full-scale, multi-species processing facility with capacity of 30 hogs per week. They also offer wild game, 15 varieties of sausage, beef, turkey, duck, geese, chickens and eggs. Star City Meats also provides school tours and local residents bring visitors from around the world creating an excellent opportunity for consumers to see where their food comes from!



Pictured: David Tschetter, Star City (left)
Sask Pork Chairman Florian Possberg (right)

Communications & Promotion

Joe Kleinsasser Rosetown Colony, Rosetown, Saskatchewan Leadership and Service Award

Joe Kleinsasser began his public career in the pork industry when he became a director of SPI Marketing Group in 1999. He also served as Vice-Chair of SPI and remained a director until December 2013 when he became part of the team to oversee the amalgamation of SPI and H@ms Marketing.

In 2002 he was appointed to Sask Pork's board of directors and was later elected serving serving 3 consecutive terms until 2009, the last two years as Chairman. Joe earned the respect of industry stakeholders, producers and all levels of government during his tenure as director and Chairman.

He became Chair of the Farm Animal Council of Saskatchewan and in 2014 guided the organization as it transitioned into Farm and Food Care Saskatchewan (FFCSK). This was an excellent role for Joe who remains a passionate advocate for agriculture.



Pictured: Joe Kleinsasser, Rosetown (left)
Neil Ketilson, Sask Pork General Manager (right)

Joe currently serves on the Agriculture Development Fund Board of Directors, the provincial research funding entity for the Saskatchewan Ministry of Agriculture and is the pork industry's appointee on

the Saskatchewan Trade and Apprenticeship Board from (appointed in 2013). He is the Minister at Rosetown Colony and also a master mechanic. He and his wife Kate have four children and two grandchildren.

Agri-Education Program

Sask Pork continues to support provincial Agri-Education programs and in 2015 participated in school tours in Lloydminster, Prince Albert, Yorkton, Swift Current and Saskatoon AgExperience days. More than 5,000 Grade 4 students attended these events.

October is Ag Month in Saskatchewan

In June, the Saskatchewan Ministry of Agriculture held a joint meeting with provincial commodity groups to develop a Social Media action plan around "Our Food Has a Story" and engage agriculture groups in sharing stories about safe, nutritious and sustainable food production throughout the month of October.

**OUR FOOD
HAS a STORY**

Saskatchewan Cooks E-Recipe Booklet

In order to further the Our Food Has a Story theme, Sask Pork and Blue Sky Ideas are coordinating the production of a multi-commodity E-recipe booklet *Saskatchewan Cooks!* Fourteen participating commodity and agricultural groups are contributing recipes and facts and information about where our food comes from and how it's produced.

The release is planned for October 2016 with printed copies available for distribution at Agribition.

Communications & Promotion

Agriculture in the City 2016

Sask Pork participated on the planning committee for the fourth annual event held Saturday, April 9 at the Mall at Lawson Heights in Saskatoon.

The pork industry display included a scale model of a barn which is an excellent teaching tool for demonstrating how pigs are raised in a typical farrow-to-finish facility. A live piglet display was provided by local producer Ben Loewen of Hague, SK. Pork chili was also sampled in the food zone.

Main stage activities were co-hosted by Adele Buettner (Farm and Food Care Saskatchewan) and Mark Loshack, local radio personality with Rock 102 FM, and host of the local cooking show “Cooked with Shack” on Shaw Television.

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

Social Media / Social License

This year Sask Pork began developing a social media presence on Facebook and Twitter. Dorothy Long of Blue Sky Ideas has been retained assisting us with populating Facebook and pushing out information on events via Facebook and Twitter as well as general information of interest to producers and consumers including recipes, hot topics and stories about modern farming and production practices.

We currently have 285 followers on Sask Pork Twitter, 260 followers on PickSaskPork consumer Twitter and 294 followers on Facebook. Instagram and Pinterest pages are both under development.

Hurry Hog Curling Rink Decals

This is the 11th year of the decal program with 30 clubs displaying decals throughout the 2015-2016 curling season.

TV Advertising

Sask Pork continues its advertiser/sponsor relationship with the “Cooked with Shack” program hosted by Mark “Shack” Loshack. The 1/2 hour cooking program airs monthly in Saskatchewan on Shaw TV and episodes are also available on YouTube.

We also produced our second television commercial “Power Up with Pork” that aired on CTV during the NFL Sunday early games throughout the pre-season, regular season and included the Superbowl pre-game show and Superbowl. The ad aired a minimum of 28 times over the advertising period.

Print/Web/Radio Advertising

Canadian Fallen Heroes Foundation - bronze sponsor of Saskatchewan Memoriam.

August 2015 - Western Producer - Everything’s Better with Bacon feature - written by Dorothy Long - Blue Sky Ideas.

Saskatchewan Veterinary Directory Annual Publication 2016.

October 2015 - Golden West Radio Meals in the Field Grain Rush radio promotion and giveaway.

March 2016 Healthy Living and Eating Feature - Prairie Dog Magazine / Planet S - web and print ads and editorial.

July 2016 - CJWW Radio Weekender summer promotion - consumer and industry ads ran throughout the long weekend.

Communications & Promotion

Retail Support

This summer, Canada Pork International, Sask Pork, Manitoba Pork and Alberta Pork supported the Federated Co-Op Grilling Solutions in-store program promoting Verified Canadian Pork program.

The program featured unique pork recipes developed by local Chef Dale Mackay, a pork satay video posted on Co-Op's consumer webpage and supporting instore signage.

Farmscape Radio Program

Farmscape, hosted by Bruce Cochrane, has been broadcasting for 18 years. Sask Pork and Manitoba Pork continue to co-sponsor the radio network airing in Manitoba, Saskatchewan and Alberta. Sask Pork directors and staff participated in 32 interviews with Farmscape over the year.

From the Farmscape Desk!

By far, once again, over the past year "Saskatchewan Pork Producers Successful in Keeping Out Porcine Epidemic Diarrhea" has been a testament to the professionalism and dedication to animal health, animal care and animal welfare of everyone within the Saskatchewan pork value chain.

PED is one of if not the most transmissible disease that has ever confronted swine producers. Heightened biosecurity, open communication and cooperation among those involved in pork production from producers, to transporters, to providers of goods and services and processors, has kept this devastating disease at bay.

On the trade front, the biggest development was the end of U.S. Mandatory Country of Origin Labelling pertaining to pork and beef. Thanks to the concerted effort of stakeholders throughout the Canadian and Mexican pork and beef industries and the vocal support of a majority of the U.S. pork and beef producers and industry, the U.S. government finally

relented and complied with the order of the WTO by repealing the discriminatory provisions of the law.

We also saw the completion of two major trade deals involving Canada The Comprehensive Economic and Trade Agreement between Canada and the European Union, although final technical details still need to be worked out, promises to create substantial new export opportunities for Canada in the EU.

The completion of negotiations aimed at creating a 12 nation Trans-Pacific Partnership free trade agreement was another highlight. If approved, that deal will expand access for Canadian pork to a region that represents 40 percent of the global economy. All eyes remain on the U.S. as we wait to see final acceptance of the deal.

We continue to hear the term "Social Licence." In response to an increasing public scrutiny and an expanding dialogue through social media of how the food consumers eat is produced, pork producers and the organizations that represent them are taking a more active role in communicating and sharing the story of how pork producers ensure the safety of the food they produce and the care of the animals that provide that food.

Changes to Canada's Code of Practice for the Care and Handling of Pigs have further demonstrated the commitment of the Canadian pork industry to animal welfare. Provisions of the updated Pig Code have been incorporated into the Canadian pork industry's revamped on farm food safety and animal care program, "Canadian Pork Excellence" and that program will be ready for pilot testing on farms across Canada this winter.

The story of pork production in Saskatchewan is a story of which to be proud and it has been an honour to be part of the sharing of that story.

Bruce Cochrane
Farmscape.Ca
204 724-6787

Communications & Promotion

Sponsorship and Donations

August 2015 - Read Saskatoon Golf Tournament - sponsored pork served at barbecue and included pork consumer resources in golfer's bags.

September 2015 - Ituna Fall Country Fair - donated funds for pork dinner and provided an industry display at the event.

October 2015 - 47th Annual SHETA/ASHE Home Economics Teachers Association annual conference. Provided pork resources and promo items for delegates.

November 2015 - 3rd Year U of S Pharmacy and Nutrition Fair for grade 8 students at Father Robinson School. Donated pork resources and earbuds.

December 2015 - Saskatchewan Pharmacy and Nutrition Student's Society Professional Enhancement Day. Dinner sponsor and donation of pork resources and promo items for registrants.

March 2016 - Saskatchewan TeleMiracle 40 - Donated hams for volunteers' meals for the 2 days.

April 2016 - Dieticians of Canada Saskatchewan Research Day - General sponsor and donation of pork nutrition resources.

May 2016 - Canadian Diabetes Association Healthy Eating Expo in Regina. Supporter sponsor and consumer resources.

June 2016 - Great Saskatchewan Bacon Festival - Kipling, SK - Fundraiser for town's youth centre. Hospital.

June 2016 - Ronald McDonald House 31st Annual Ladies Golf Tournament - Cash donation towards pork loins for barbecue and water bottles for golfers.

June 2016 - Gold sponsor of Saskatchewan's Outstanding Young Farmer's program.

July 2016 - Combo sponsor of Rotary Club RibFest 2016 in Saskatoon.

July 2016 - Western Canadian Wheat Growers Inaugural Saskatoon Barbecue - sponsored pork barbecue held at the New Holland Training Centre.

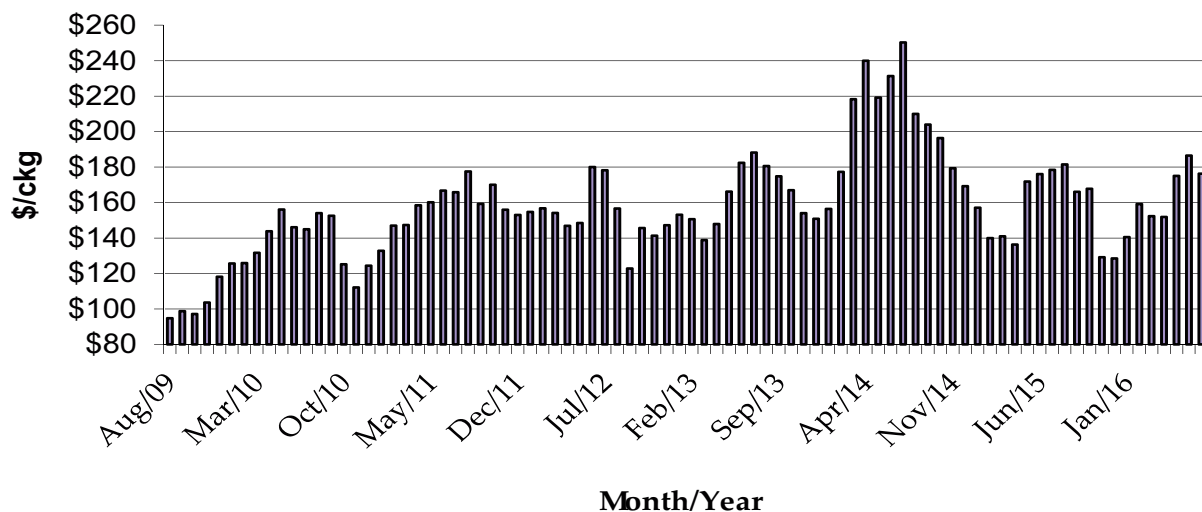
July 2016 - Saskatchewan Big Rig Show and Shine hosted by Favel Transport in Moose Jaw. Cash donation. Event is a fundraiser for the Children's Hospital.

Statistics & Trends

Between August 2015 and July 2016, index 100 hog prices in Saskatchewan averaged \$159.54/kg, which is a 7% decrease from the previous year. While prices in 2015/2016 were below the 5-year average of \$167.83/kg, they were strong from a historical perspective, exceeding the 10-year average of \$148.16/kg. The PED threat in the U.S. largely subsided over the past year as producers were successful in controlling and managing the spread of the virus. This resulted in more hogs going to market.

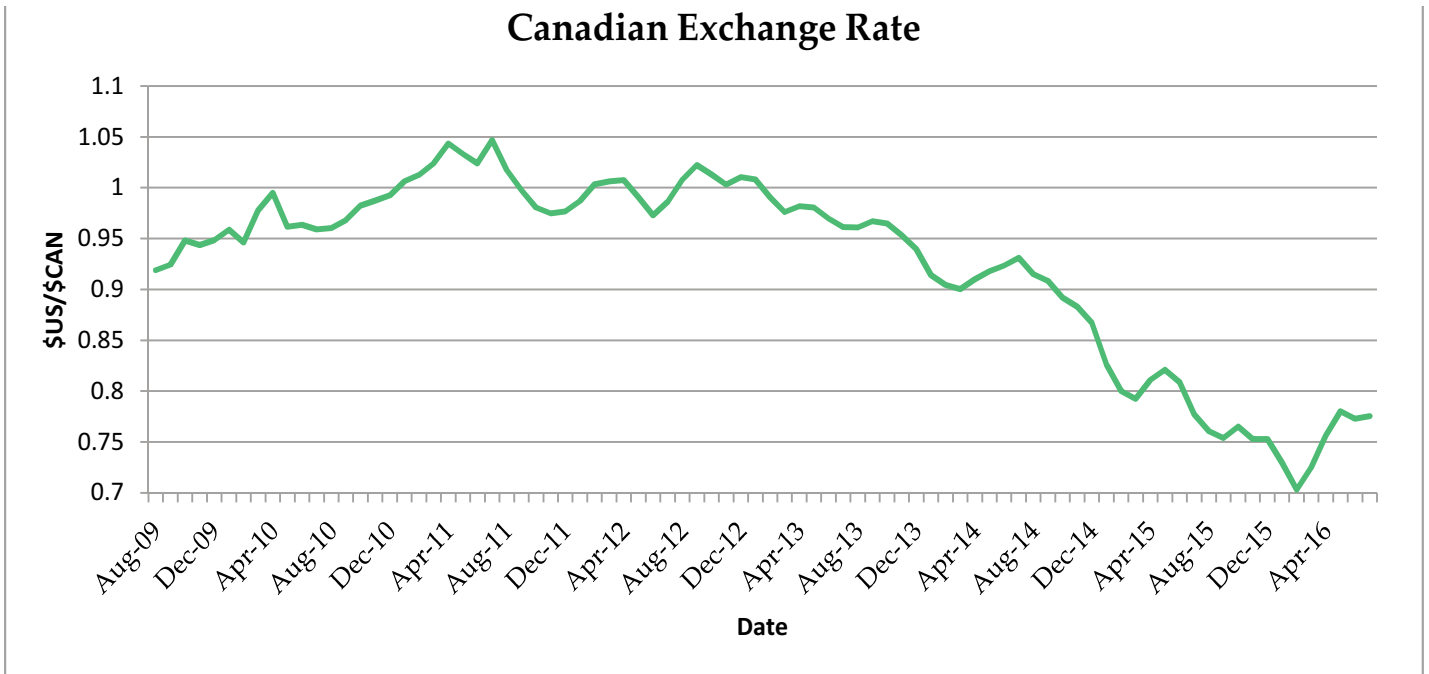
Despite an estimated 2% increase in U.S. pork production in 2016, exceptionally strong pork exports kept supplies of pork under control as China more than doubled the volume of pork imported over the past year. As of July 31st, stocks of pork in cold storage in the U.S. decreased by 5% from last year which contributed to the strength of U.S. and Canadian hog prices.

Saskatchewan Monthly Hog Prices



Over the past year, the Canadian dollar continued to slide. The noon rate dropped from an average of 0.842 last year to an average of 0.753 in 2015/2016. This is the lowest that the exchange rate has been since 2003/2004, 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/kg, and helped bolster the Canadian pork industry's international competitiveness.

Statistics & Trends



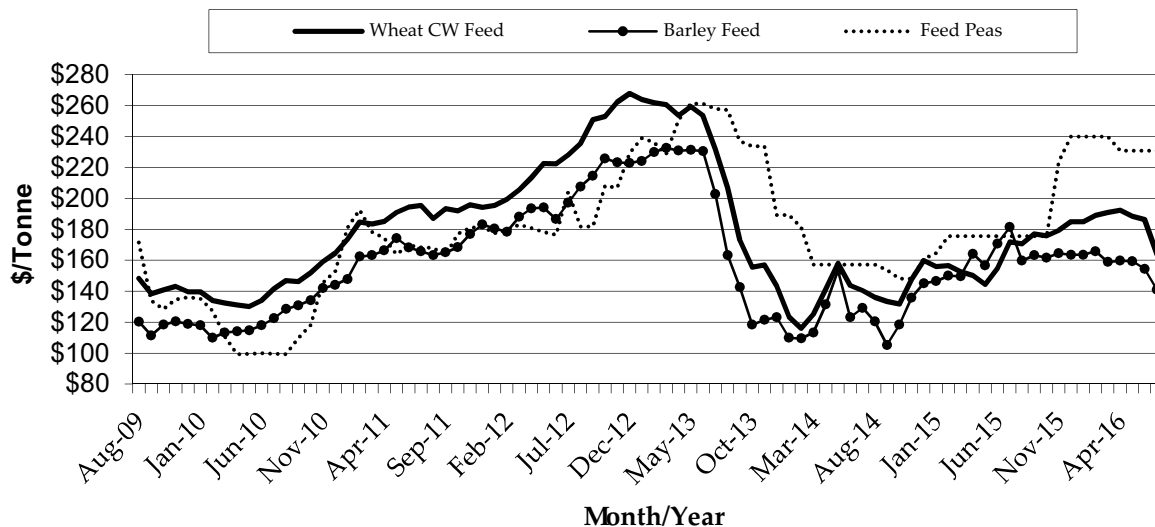
Source: Bank of Canada

In 2015/2016, feed prices increased moderately relative to the previous year. Low moisture conditions in western Saskatchewan and Alberta contributed to a decline in production of some commodities. For the 2015/2016 crop year, wheat production fell by 6%, while carry-out-out stocks declined by 27%. Barley production increased by 16% while carry-out stocks increased by 19%. Most notable was the decline in field pea production of 16% and carry-out stocks of field peas plummeting by 74% leading to a spike in feed pea prices.

Saskatchewan feed wheat prices were up by \$32.39/tonne from 2014/2015, and averaged \$181.99/tonne in 2016/2016. Despite higher production, feed barley was up by \$14.26/tonne and averaged \$159.62/tonne while feed peas increased by \$54/tonne to average \$219.46/tonne in 2015/2016.

Statistics & Trends

Saskatoon Farm Gate Feed Prices



Source: Saskatchewan Ministry of Agriculture

* Note: Spot grain prices FOB Saskatoon.

In 2015, a total of 80 producers marketed hogs produced at 160 active CQA premises across the province according to levy data, which was identical to the previous year. Sask Pork also continued to register new hog and wild boar producers as part of our administrative commitment to the PigTrace program. As of December, 2015 Sask Pork had 90 non-CQA premises registered. The majority of these producers do not typically sell hogs to packers or pay levy (farm-gate or own use), but are subject to federal traceability regulations.

Saskatchewan Producer Profile*

Number of Hogs Produced	Number of Producers				Number of Slaughter Weight Hogs Produced			
	2015	2014	2013	2012	2015	2014	2013	2012
<100	4	8	4	7	62	185	143	144
100-500	3	0	5	6	606	0	1,108	1,909
500-1000	1	0	3	1	663	0	2,002	968
1000-5000	10	12	9	12	29,195	35,045	28,587	37,207
5000-25000	53	53	54	55	626,392	629,057	580,547	602,682
25000-50000	6	4	5	5	195,940	116,178	150,601	140,900
>50000	3	3	4	4	999,050	956,255	957,255	977,269
Totals	80	80	84	90	1,851,908	1,736,720	1,720,243	1,761,079

Source: Saskatchewan Pork Development Board

*Note: These numbers are based upon levy data, and represent the number of producers/companies that marketed hogs, not the number of production units or premises. In 2015 there were 160 CQA registered premises in Saskatchewan and 90 non-CQA registered premises.

Statistics & Trends

In 2015, Saskatchewan producers marketed a total of 2,130,712 pigs, which was an increase of 181,707 animals from 2014. Both the market hog and feeder pig classes increased as additional previously depopulated barns were repopulated over the past year. Market hog production increased by 115,188 animals, while marketings of feeder pigs increased by 68,530 animals.

Number of Pigs Sold in Saskatchewan by Category

	Market Hogs	Sows and Breeding Stock	Feeder Pig/ Weanling Exports	Total Pigs Produced
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
2015	1,851,908	31,039	247,765	2,130,712

Source: Saskatchewan Pork Development Board

In 2015, 314,178 hogs produced in Saskatchewan were slaughtered locally in the province. Of the remainder, 844,584 were transported to Alberta for slaughter, while 609,785 animals were transported to Manitoba for slaughter, and 51,215 were sent to British Columbia. Saskatchewan also exported 63,185 slaughter weight animals to the U.S.

According to Statistics Canada, as of January 1, 2016 Saskatchewan's breeding herd numbered 103,500 sows and bred gilts. This is an increase of 5,000 (5%) over the previous year. Repopulation of existing sow units continues to be the main source of increases. The entire Canadian herd increased by 21,100 sows in 2016, with small increases in almost every province and totaled 1,216,500 animals at January 1, 2016.

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

	BC	AB	SK	MB	West	ON	QC	ATL	East	Canada
2010	11.6	143.7	84.9	319.0	559.2	306.8	341.9	18.8	667.5	1,226.7
2011	8.2	137.0	85.9	314.0	545.1	299.5	328.2	19.9	647.6	1,192.7
2012	9	137.1	90.4	314.1	550.6	302.5	319.4	21.0	642.9	1,193.5
2013	8.6	135.8	89.1	314.3	547.8	304.1	315.4	20.7	640.2	1,188.0
2014	8.6	135.9	93.0	315.4	552.9	302.6	317.3	20.0	639.9	1,192.8
2015	8.6	136.0	98.5	314.2	557.3	302.5	316.6	19.0	638.1	1,195.4
2016	8.7	138.4	103.5	321.9	572.5	307.6	317.8	18.6	644.0	1,216.5

Source: Statistics Canada, Cansim Table 003-0004

Statistics & Trends

The total number of pigs produced in Canada increased substantially in 2015 according to Statistics Canada. Eastern Canadian production increased by 766,300 animals and stands at 14 million pigs, while western Canada's production increased by 900,300 pigs and sits at 13.2 million. Canadian production is at its highest level since 2009. 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
2010	231.7	2,996.3	1,985.3	7,746.1	12,959.4	6,401.7	7,291.0	401.7	14,094.4	27,053.8
2011	182.9	3,010.3	2,113.9	7,891.3	13,198.4	6,515.3	6,926.0	440.4	13,881.7	27,080.1
2012	185.8	3,007.5	2,173.3	7,998.0	13,364.6	6,582.8	6,588.9	420.7	13,592.4	26,957.0
2013	187.1	2,862.8	2,097.2	7,208.5	12,355.6	6,571.9	6,329.0	417.6	13,318.5	25,674.1
2014	185.3	2,755.2	1,993.0	7,319.7	12,253.2	6,639.4	6,168.5	392.9	13,200.8	25,454.0
2015	193.6	2,905.2	2,192.4	7,862.3	13,153.5	7,059.2	6,528.7	379.2	13,967.1	27,120.6

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

Canadian slaughter increased substantially in 2015, totalling 21.2 million hogs. This was an increase of 850,000 hogs over 2014, and the highest annual slaughter since 2009. Every province with the exception of Ontario recorded year-over-year increases in slaughter numbers.

Hogs Slaughtered in Canada (1000 Head)

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

	BC	AB	SK	MB	West	ON	QC	ATL	East	Canada
2010	499.3	2,662.1	33.8	5,322.3	8,517.5	4,432.3	8,120.8	52.4	12,605.5	21,123.1
2011	490.5	2,507.0	201.8	5,368.0	8,567.3	4,451.6	8,052.4	26.3	12,530.2	21,097.5
2012	484.6	2,406.0	213.0	5,571.8	8,675.4	4,431.0	7,985.4	28.7	12,445.1	21,120.5
2013	473.0	2,358.0	247.7	5,427.6	8,506.4	4,232.8	8,006.6	13.1	12,252.5	20,758.9
2014	493.8	2,509.5	294.0	5,051.2	8,348.5	4,021.9	7,955.2	10.1	11,987.3	20,335.7
2015	504.1	2,673.3	309.7	5,319.1	8,806.2	4,017.1	8,352.2	10.8	12,380.0	21,186.2

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

Statistics & Trends

According to Agriculture and Agri-food Canada, approximately 4.6 million feeder pigs were exported from Canada to the United States in 2015, which was an increase of 13% over 2014. Canadian Market hog exports to the U.S. were approximately 1.2 million hogs, up 35% from the previous year.

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

	BC	AB	SK	MB	West	ON	QC	ATL	East	Canada
2010	7.2	405.5	253.8	3,042.4	3,709.0	903.8	19.2	68.0	991.0	4,699.9
2011	0.2	480.8	279.9	3,161.4	3,922.4	800.6	9.1	68.6	878.3	4,800.7
2012	0.0	447.3	336.5	3,212.2	3,995.9	791.8	4.3	2.3	798.4	4,794.3
2013	0.0	432.1	277.9	2,513.3	3,223.3	749.3	1.8	0.3	751.3	3,974.6
2014	0.0	482.3	208.0	2,546.2	3,236.4	853.6	1.5	2.1	857.2	4,093.6
2015	0.4	500.0	312.4	2,887.1	3,700.0	903.4	1.8	8.9	914.1	4,614.1

Source: Statistics Canada CATSNET Analytics

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

	BC	AB	SK	MB	West	ON	QC	ATL	East	Canada
2010	2.7	140.6	6.4	451.8	601.4	1,060.1	34.4	0.0	451.9	1,048.6
2011	0.0	155.6	17.0	428.1	600.7	387.3	31.8	0.5	419.6	1,020.3
2012	0.0	152.6	12.9	397.6	563.2	288.4	28.5	1.9	318.8	882.0
2013	0.2	139.3	19.0	347.9	506.4	280.3	20.6	1.7	302.7	809.0
2014	0.0	132.5	10.3	361.7	504.6	330.1	18.8	0.0	348.9	853.5
2015	0.0	143.7	13.4	401.2	558.3	572.2	18.6	5.0	595.8	1,154.1

Source: Statistics Canada CATSNET Analytics

Audited Financial Statements

for the year ended July 31, 2016

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 14, 2016



Management



Management

Independent Auditors' 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
333 - 25th STREET EAST
SASKATOON, SK. S7K 0L4

—
TELEPHONE (306) 244-0808

FACSIMILE (306) 244-0004

www.twiggandcompany.com

Independent Auditors' Report

To the Board of Directors of Sask Pork.

Report on the Financial Statements

We have audited the accompanying financial statements of Sask Pork, which comprise the statement of financial position as at July 31, 2016 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.

Independent Auditors' 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
333 - 25th STREET EAST
SASKATOON, SK. S7K 0L4

—
TELEPHONE (306) 244-0808
FACSIMILE (306) 244-0004
www.twiggandcompany.com

To the Board of Directors of Sask Pork

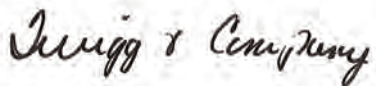
(continued from previous page)

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, 2016 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 14, 2016
Saskatoon, Saskatchewan


Chartered Accountants

Statement of Financial Position

as at July 31, 2016

ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT:		
Cash	\$ 362,409	\$ 277,762
Short-term investments	676,950	657,649
Accounts receivable (Note 3)	291,610	317,267
Prepaid expense	<u>50,344</u>	<u>6,553</u>
	1,381,313	1,259,231
CAPITAL ASSETS (Note 4)	-	3,149
RESTRICTED INVESTMENTS	<u>1,000,000</u>	<u>1,000,000</u>
	<u>\$ 2,381,313</u>	<u>\$ 2,262,380</u>

LIABILITIES

CURRENT:		
Accounts payable and accrued expenses (Note 5)	\$ 173,324	\$ 173,741
Deferred contributions and revenue (Note 6)	<u>87,519</u>	<u>96,227</u>
	<u>260,843</u>	<u>269,968</u>

NET ASSETS

INTERNALLY RESTRICTED (Note 7)	1,000,000	1,000,000
UNRESTRICTED	<u>1,120,470</u>	<u>992,412</u>
	<u>2,120,470</u>	<u>1,992,412</u>
	<u>\$ 2,381,313</u>	<u>\$ 2,262,380</u>

COMMITMENTS (Note 8, 9)

APPROVED BY THE BOARD:



Director



Director

Statement of Operations

for the year ended July 31, 2016

	2016 <u>Budget</u> <i>(Unaudited)</i> <i>(Note 13)</i>	2016 <u>Actual</u>	2015 <u>Actual</u>
REVENUE			
Levy and export service charge	\$ 1,631,650	\$ 1,672,788	\$ 1,528,082
Government grants and project funding <i>(Note 10)</i>	154,049	94,274	159,472
Symposium fees	61,550	77,123	61,729
Reimbursed travel	17,000	21,676	29,495
Interest	26,800	20,545	26,737
Other	<u>-</u>	<u>1,932</u>	<u>561</u>
	<u>1,891,049</u>	<u>1,888,338</u>	<u>1,806,076</u>
EXPENSES			
Research, including Prairie Swine Centre <i>(Note 8)</i>	386,049	437,650	400,023
Salaries and benefits	487,065	485,065	470,625
Industry association	315,700	320,887	300,903
Symposium	77,400	83,597	73,069
Communications	116,000	74,869	73,181
Operations and office	117,007	107,260	111,560
Promotions	82,500	46,947	29,510
Directors and committees	35,488	37,896	34,160
Policy and industry development	2,000	54,316	2,400
Travel <i>(Schedule 1)</i>	79,600	25,021	23,883
Organizational development	31,350	24,118	26,004
Amortization	4,816	3,149	3,149
National services	134,410	37,217	133,800
Reimbursed expenses	<u>20,000</u>	<u>22,288</u>	<u>29,278</u>
	<u>1,889,385</u>	<u>1,760,280</u>	<u>1,711,545</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 1,664</u>	<u>\$ 128,058</u>	<u>\$ 94,531</u>

Statement of Changes in Net Assets

for the year ended July 31, 2016

	<u>Internally Restricted</u>	<u>Unrestricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
NET ASSETS, BEGINNING OF YEAR	\$ 1,000,000	\$ 992,412	\$ 1,992,412	\$ 1,897,881
Excess of revenue over expenses for the year	_____ -	_____ 128,058	_____ 128,058	_____ 94,531
NET ASSETS, END OF YEAR	<u>\$ 1,000,000</u>	<u>\$ 1,120,470</u>	<u>\$ 2,120,470</u>	<u>\$ 1,992,412</u>

Statement of Cash Flows

for the year ended July 31, 2016

	<u>2016</u>	<u>2015</u>
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 128,058	\$ 94,531
Amortization	<u>3,149</u>	<u>3,149</u>
	<u>131,207</u>	<u>97,680</u>
Changes in non-cash working capital		
Balances related to operation:		
Accounts receivable	25,656	(189,369)
Prepaid expenses	(43,791)	3,673
Accounts payable and accrued liabilities	(416)	63,546
Deferred contributions and revenue	<u>(8,708)</u>	<u>62,465</u>
	<u>(27,259)</u>	<u>(59,685)</u>
Total from operating activities	<u>103,948</u>	<u>37,995</u>
INVESTING ACTIVITIES		
Net disposals (purchases) of investments	<u>(19,301)</u>	<u>(25,026)</u>
Total from investing activities	<u>(19,301)</u>	<u>(25,026)</u>
INCREASE IN CASH DURING THE YEAR	84,647	12,969
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>277,762</u>	<u>264,793</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 362,409</u>	<u>\$ 277,762</u>
CASH AND EQUIVALENTS CONSISTS OF:		
Cash	<u>\$ 362,409</u>	<u>\$ 277,762</u>

Notes to Financial Statements

for the year ended July 31, 2016

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, 2016

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.

(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.

Notes to Financial Statements

for the year ended July 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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:

	2016	2015
Levies receivable	\$ 204,644	\$ 225,485
Grants receivable	86,966	91,782
	\$ 291,610	\$ 317,267

4. CAPITAL ASSETS

The capital assets balance consists of the following:

	2016			2015	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	
Computer equipment	\$ 17,812	\$ 17,812	\$ -	\$	3,149
	\$ 17,812	\$ 17,812	\$ -	\$	3,149

5. ACCOUNTS PAYABLE

The accounts payable balance consists of the following:

	2016	2015
Trade payables	\$ 127,647	\$ 122,645
VISA payable	2,486	9,137
Vacation payable	16,524	13,896
Payroll liabilities	18,062	18,222
GST payable (receivable)	(1,145)	341
Other	9,750	9,500
	\$ 173,324	\$ 173,741

Notes to Financial Statements

for the year ended July 31, 2016

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 Transport Biosecurity program funding agreement. The Saskatchewan Swine Transport Biosecurity program provides funding to producers who have undertaken approved activities.

Sask Pork receives funding from the Saskatchewan Ministry of Agriculture to be held, administered and distributed in accordance with the related Saskatchewan Swine Welfare program funding agreement. The Saskatchewan Swine Welfare program provides funding to producers who have undertaken approved activities to improve animal welfare and be compliant with the Code of Practice for the Care and Handling of Pigs.

	2016	2015
Deferred contributions and revenue, beginning of year	\$ 96,227	\$ 33,762
<i>Contributions and revenue received during the year:</i>		
Saskatchewan Swine Transport Biosecurity Program	-	150,000
Saskatchewan Swine Welfare Program	54,000	-
<i>Less:</i>		
Amounts recognized as Saskatchewan Swine Transport Biosecurity program expenses	(11,784)	(87,292)
Funding repaid (Saskatchewan Swine Transport)	(50,924)	-
Amounts recognized as PED prevention and preparedness expenses	-	(154)
Amounts recognized as Saskatchewan Swine On-Farm Biosecurity program expenses	-	(89)
Deferred contributions and revenue, end of year	\$ 87,519	\$ 96,227

The deferred contributions and revenue relates to the following:

	2016	2015
PED prevention and preparedness (Ministry of Agriculture)	\$ 33,519	\$ 33,519
Saskatchewan Swine Transport Biosecurity program	-	62,708
Saskatchewan Swine Welfare Program	54,000	-
Deferred contributions and revenue, end of year	\$ 87,519	\$ 96,227

Notes to Financial Statements

for the year ended July 31, 2016

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 accrued to the Prairie Swine Centre Inc. which represents the fourth 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:	
2017	\$ 77,657

The research expense consists of the following:

	2016	2015
Prairie Swine Centre Inc.	\$ 240,750	\$ 288,750
ADOPT Project	2,950	-
Canadian Swine Research & Development Cluster - Swine Innovation fund	47,782	46,048
AIP project	63,168	60,725
Mitacs	48,000	-
PED Vaccine	35,000	-
Other	-	4,500
	\$ 437,650	\$ 400,023

Notes to Financial Statements

for the year ended July 31, 2016

9. LEASE COMMITMENTS

(a) Building lease:

Sask Pork is committed under a lease agreement for its premises at #2, 502 - 45th Street West. The agreement expires on October 31, 2016 but subsequent to year-end a new lease was signed that extends the agreement to October 31, 2019. The required minimum annual lease payments are as follows:

Year ending July 31:	
2017	\$ 45,859
2018	61,145
2019	61,145
2020	15,286

(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, 2018. The minimum annual charges are as follows:

Year ending July 31:	
2017	\$ 44,625
2018	45,255
2019	7,560

10. GOVERNMENT GRANTS AND PROJECT FUNDING

	2016	2015
ADOPT project	\$ 2,950	\$ -
Saskatchewan Swine On-Farm Biosecurity program	-	89
PED prevention and preparedness (Ministry of Agriculture)	-	154
Saskatchewan Swine Transport Biosecurity program	11,784	87,292
AIP project	75,540	71,937
Social media program	4,000	-
	\$ 94,274	\$ 159,472

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.

Notes to Financial Statements

for the year ended July 31, 2016

11. FINANCIAL INSTRUMENTS (continued)

Risk management policy

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

Credit concentration

As at July 31, 2016, four customers accounted for 77.99% (79.52% - 2015) 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 2015/2016 was approved by the Board of Directors on September 1, 2015.

Schedule of Travel Expenses

for the year ended July 31, 2016

	Budget (Note 13)		
	<u>2016</u>	<u>2016</u>	<u>2015</u>
National services	\$ 4,100	\$ 3,978	\$ 2,334
Industry association	12,000	4,399	9,532
Organizational development	5,000	3,619	4,159
Policy and industry development	55,000	13,025	6,893
Communications	2,000	-	-
Promotions	<u>1,500</u>	<u>-</u>	<u>965</u>
	<u>\$ 79,600</u>	<u>\$ 25,021</u>	<u>\$ 23,883</u>

Payee List

for the year ended July 31, 2016

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 th Trade Centre	\$ 63,285
Canadian Pork Council	\$ 361,903
Manitoba Pork Council	\$ 56,407
Ministry of Agriculture	\$ 50,924
Mitacs Inc.	\$ 81,900
OlySky LP	\$ 53,942
Prairie Swine Centre	\$ 291,700
Saskatoon Inn	\$ 60,526
University of Saskatchewan	\$ 98,168

RESEARCH PROJECTS FUNDED FROM HOG LEVY

Project Name	Researchers	2015-2016 Funding
Prairie Swine Centre Inc. (Includes \$13,750 for the Animal Welfare Chair position as well as \$48,000 for MITACS).	Various	\$ 288,750
Swine Innovation Porc *	Various	47,782
VIDO - PEDv Vaccine	Volker Gerdt	35,000
<i>* Payments made to Canadian Pork Council at the rate of 2.5 cents/market hog and ½ cent/weanling</i>		\$ 371,532

Directors' Remuneration & Reimbursements

for the year ended July 31, 2016

DIRECTORS' REMUNERATION AND REIMBURSEMENTS

Directors 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, 2015 – July 31, 2016:

<u>Directors</u>	<u>Per Diem</u>	<u>Expenses</u>	<u>Total</u>
Dickson Gould	675	1,468	2,143
Shannon Meyers	-- **	--	--
Florian Possberg	13,075 *	6,113	19,188
David Tschetter	450	373	823
Paul Ulrich	3,600	3,370	6,970
Amos Wipf	2,363	552	2,915
	20,163	11,876	32,039
Other payments	-	5,857 ***	5,857
Directors Total	\$ 20,163	\$ 17,733	\$ 37,896

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

** Included in the per diem is a monthly honorarium of \$150 paid to the Vice Chair (not claimed)

*** Payments made to facilitate meetings.

Auditors' 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
333 - 25th STREET EAST
SASKATOON, SK. S7K 0L4

TELEPHONE (306) 244-0808
FACSIMILE (306) 244-0004
www.twiggandcompany.com

AUDITORS' REPORT

To Saskatchewan Pork Producers:

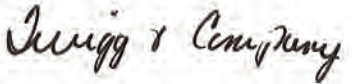
We have made an examination to determine whether Sask Pork complied with the provisions of the following legislative and related authorities pertaining to its financial reporting, safeguarding agency resources, spending, revenue raising, borrowing and investing activities during the year ended July 31, 2016.

- 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, 2016.

October 14, 2016
Saskatoon, Saskatchewan


Chartered Accountants

Independent Auditors' 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
333 - 25th STREET EAST
SASKATOON, SK. S7K 0L4

—
TELEPHONE (306) 244-0808
FACSIMILE (306) 244-0004
www.twiggandcompany.com

INDEPENDENT AUDITORS' REPORT

To Saskatchewan Pork Producers:

We have audited Sask Pork's control as of July 31, 2016 to express an opinion as to the effectiveness of its control related to the following objectives:

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

Management's Responsibility

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

Auditors' Responsibility

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

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

(continued on next page)

Independent Auditors' Report

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
333 - 25th STREET EAST
SASKATOON, SK. S7K 0L4

—
TELEPHONE (306) 244-0808
FACSIMILE (306) 244-0004
www.twiggandcompany.com

INDEPENDENT AUDITORS' REPORT

To Saskatchewan Pork Producers:

(continued from previous page)

We used the control framework developed by The Chartered Professional Accountants of Canada ("CPA Canada") 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 CPA Canada 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 CPA Canada 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.

Independent Auditors' 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
333 - 25th STREET EAST
SASKATOON, SK. S7K 0L4

—
TELEPHONE (306) 244-0808
FACSIMILE (306) 244-0004
www.twiggandcompany.com

INDEPENDENT AUDITORS' REPORT

To Saskatchewan Pork Producers:

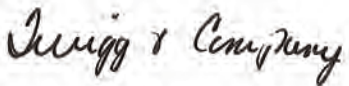
(continued from previous page)

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, 2016 based on the CPA Canada criteria of control framework.

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, 2016, 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 14, 2016 which is the same date as the date of the report on the effectiveness of internal controls.

October 14, 2016
Saskatoon, Saskatchewan


Chartered Accountants

Independent Auditors' 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
333 - 25th STREET EAST
SASKATOON, SK. S7K 0L4

TELEPHONE (306) 244-0808
FACSIMILE (306) 244-0004
www.twiggandcompany.com

INDEPENDENT AUDITORS' REPORT

To Saskatchewan Pork Producers:

We have examined the financial statements of Sask Pork for the year ended July 31, 2016 and have issued our report thereon dated October 14, 2016. We have examined the system of internal control as at July 31, 2016 and have issued our report to you dated October 14, 2016. 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, 2016 and have issued our report to you dated October 14, 2016.

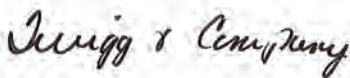
Our examinations were made in accordance with Canadian generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. In those instances, if any, that our study and evaluation of internal control disclosed conditions indicating 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 14, 2016
Saskatoon, Saskatchewan


Chartered Accountants



Sask Pork

2 - 502 45th Street West
Saskatoon, SK S7L 6H2

Tel: (306) 244-7752 Fax: (306) 244-1712

www.saskpork.com