

Annual Report

2016 - 2017



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 2016
Pictured Left to right: Ted Ratte, Tom Kennelly,
Jennifer Brown, Sam Waldner

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Chairman's Message



Our industry continues to develop by evolution rather than great change.

A number of farrow to finish units have been converted to finish only. Some sow units have or are being converted from individual stalls in gestation to group housing. Most of the modern units that shut down after our 2008 collapse have been brought back into production. Our federally inspected plant, Thunder Creek Pork, in Moose Jaw continues to provide a provincial market for part of our production.

Our health advantage continues to be a focus for Saskatchewan. Our producers have worked in conjunction with Sask Pork and our provincial government to keep the nasty diseases from our herds. PED and PRRS continue to challenge our industry to the south and east of our boundaries. Our success in health is not a given. "An ounce of prevention is worth a pound of cure" is an understatement when it comes to PED, PRRS's and other nasty diseases.

Sask Pork has worked at the national level to participate and support CPC and CPI efforts. Canadian Pork Excellence is on the road to showing our pork as special to our domestic and foreign consumers. Exports of pork continue to grow.

The next step for Saskatchewan is to see significant new growth. We are working with animal industry partners to have our provincial rules regarding the development of new intensive livestock units to be more scientific and less political and controversial.

Many challenges are ahead for you and Sask Pork. A new board of directors will work with you and our terrific staff to help make Saskatchewan a great place to be a hog producer.

I too want thank our producers, staff and all our support folks for your efforts.

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

Florian Possberg
Chairman

Photo courtesy of the Canadian Pork Council

General Manager's Message



The year ending July 31, 2017 was another positive one for the Saskatchewan hog industry. During the year we have seen another year of profitability, the fifth in a row. Production grew by 1% to 2.2 million hogs and a number of former retired or operating barns have been purchased at very good prices compared to a few years ago. In addition, we are adding some new producers to our base, which all in all is very positive news to our industry.

The health file continues to be of paramount importance to the industry. Fortunately Saskatchewan remains PEDv free, however the disease caused major devastation in Manitoba with over 80 barns being infected. To Manitoba's credit, the industry spent considerable effort and diligence to curtail the disease which now seems under

control and is not spreading.

Saskatchewan focussed efforts on welfare and biosecurity with the Swine Welfare program under which 52 production units received \$138,738 in funding to improve their euthanasia equipment. In addition, the second phase of the truck wash study helped determine optimum drying temperatures required for virus eradication and further developed the hydro vac cleaning system. Further work will continue on these programs in 2018.

Provincially, we continue to work on the Board of Director's initiative to create 100,000 new finisher spaces in the next 3 years. Progress has been made and a cross-commodity livestock group has been developed to work with the Saskatchewan Ministry of Agriculture to review provincial ILO regulations. We have however struggled to gain momentum in new finisher builds. Profitability, based on the cost of new barns, seems to be a limiting factor in Saskatchewan, unlike other jurisdictions such as Ontario, where there are a number of new barns being built. Also, in the U.S. many new barns are being built resulting in a 3.5% increase in pork production; which is approximately 20% of Canada's total pork production. Most of the new U.S. production is being done by integrated companies who own both the primary production and packing plants. Not only is Canada not growing our hog base, we will face significant competitive pressure as the U.S. increases production.

Research continues to be a major focus of Sask Pork and we are very involved with both the Prairie Swine Center and the national research group Swine Innovation Porc. As the Prairie Swine Centre celebrates its 25th Anniversary this year, we acknowledge all the practical information and research conducted that provides economic benefits to pork producers.

Nationally, the Canadian Pork Council continues work on completion and roll out of the Canadian Pork Excellence program. This continued improvement initiative for on farm food safety, traceability and animal welfare program forms the basis for the generic Canadian market branding program "Verified Canadian Pork" which has been very successful both domestically and internationally.

During the year, trade agreements and market access issues have dominated much time and effort with CETA, NAFTA, TTP as well as other bilateral initiatives through Canada Pork International activities. Canada is trade dependant as more than two-thirds of Canadian pork produced is exported to over 100 countries in the world. We should also recognise the importance of our industry with pork contributing \$3.8 billion in revenue for Canada which is double the comparative export value of beef.

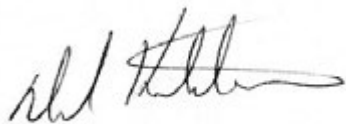
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General Manager's Message

We want to acknowledge our Board of Directors for their contribution and leadership which has positively enhanced the Saskatchewan pork industry! Four directors will have completed three consecutive terms in November 2017. Retiring directors are Chairman Florian Possberg, Vice Chair Shannon Meyers, Dickson Gould, Sask Pork's Canadian Pork Council representative and Paul Ulrich, Audit Chair.

A special thank-you to Harvey Wagner who retired in July after 13 years of service to Saskatchewan's pork producers. We welcome Bridget Gray, DVM who joined Sask Pork as Producer Services Manager in July. She will continue to expand our commitment and focus on the on-farm food safety and swine health files.

Thanks also to Kim, Patty, Mark for their continued excellent work for the industry.



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
Director



Amos Wipf
Director

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

Bridget Gray

Manager Producer Services &
On-Farm Food Safety
(306) 343-3502
bgray@saskpork.com
(Joined Sask Pork in July 2017)

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
(Retired in July 2017)

Canadian Pork Council

CPC Board of Directors - Dickson Gould
CPC Business Risk Management Committee - Dickson Gould
Canadian Western Swine Health Intelligence Network - Harvey
Wagner, Bridget Gray
CQA® Provincial Delivery Agent Group - Harvey Wagner, Bridget
Gray
CPE Validator Committee - Harvey Wagner, Bridget Gray
CPE National Database Committee - Harvey Wagner, Bridget Gray
Canadian Swine Health Advisory Committee - Dickson Gould
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,
Bridget Gray
On-Farm Programs Management Group - Dickson Gould, Harvey
Wagner, Bridget Gray
On-Farm Programs Animal Care Technical Group - Dickson Gould,
Florian Possberg
Political Action Committee - Dickson Gould
PigTrace Implementation Team - Mark Ferguson, Harvey Wagner,
Bridget Gray
Swine Innovation Porc - Neil Ketilson

Canada Pork International

Board of Directors - Neil Ketilson (Chair), Dickson Gould
Domestic Marketing Committee - Dickson Gould

Industry Representation

Agriculture in the City 2017 Planning Committee - Kim Browne
Agricultural Producers Association of Saskatchewan - Livestock
Committee - Paul Ulrich, Mark Ferguson
Canadian Western Transport Wash Certification Program - Harvey
Wagner
Farm and Food Care Saskatchewan - Shannon Meyers
Feeds Innovation Institute, U of S - Mark Ferguson
Prairie Swine Centre Board of Directors - Neil Ketilson
Statistics Canada Agricultural Statistics Advisory Committee - Mark
Ferguson

Directors & Staff External Activities

- APAS Livestock Committee Meeting, Regina, August 4, 2016 – Mark Ferguson, Paul Ulrich
- Meeting with Agriculture Minister Lyle Stewart and ministry officials, Regina, August 10, 2016 – Florian Possberg, Neil Ketilson, Mark Ferguson
- Western Nutrition Conference, Saskatoon, September 21-22, 2016 – Harvey Wagner
- Canada Pork International – Opening of CPI office in Shanghai, September 24 – October 2, 2016, Neil Ketilson
- Ag Experience, Saskatoon, October 4-6, 2016 – Kim Browne, Mark Ferguson, Harvey Wagner
- Swine Innovation Porc – PAMI presented Phase II of the Truck Wash Biosecurity Project, Winnipeg, October 13, 2016 – Neil Ketilson
- PSCI Board Meeting & AGM, October 24, 2016 – Mark Ferguson
- Canadian Pork Council Fall Meeting, Ottawa, October 25-27, 2016 – Neil Ketilson, Shannon Meyers, Florian Possberg, Paul Ulrich, Amos Wipf
- Canada West Swine Health Intelligence Network (CWSHIN) AGM, Edmonton, November 22, 2016 – Harvey Wagner
- World Meat Congress - Uruguay, November 10-12, 2016 – Neil Ketilson
- Pricing Producer Meeting, Lethbridge, December 14, 2016 – Mark Ferguson
- PSCI Budget Meeting, Elstow, December 15, 2016 – Harvey Wagner
- Western Canada Communications Meeting, Saskatoon, December 21, 2016 – Kim Browne
- Banff Pork Seminar, Banff, January 10-12, 2017 – Neil Ketilson, Harvey Wagner
- Cramer Livestock Show, Swift Current, February 16, 2017 – Mark Ferguson
- CPE Validator Training, Ottawa, January 30-February 1, 2017 – Harvey Wagner
- Swine Innovation Porc Cluster 3 LOI Review, Toronto, February 21-23, 2017 – Harvey Wagner
- CPE Pilot Project, Quill Lake, March 3, 2017 – Harvey Wagner
- Canada Pork International, India, March 4-11 – 2017, Neil Ketilson
- Farm and Food Care Saskatchewan, Taste & Talk Student Night, U of S Campus, Saskatoon, March 6, 2017 – Kim Browne
- Swine Innovation Porc Meeting, Quebec City, March 8-10, 2017 – Harvey Wagner
- Sask Ag Meat Inspection Meeting, Saskatoon, March 9, 2017 – Florian Possberg
- Enhancing Swine Surveillance in Canada Workshop, Ottawa, March 13-15, 2017 – Mark Ferguson
- Agri-Food Council Meeting, Regina, March 14, 2017 – Florian Possberg
- Saskatchewan Budget Announcement, Regina, March 22, 2017 – Neil Ketilson, Florian Possberg
- Livestock Permitting Meeting, Saskatoon, March 24, 2017 - Florian Possberg, Neil Ketilson, Mark Ferguson
- Saskatchewan Economic Summit, April 3-4, 2017, Regina – Neil Ketilson
- Cutting Edge Event with Canada Pork, April 4, 2017 – Kim Browne
- Agriculture in the City, Saskatoon, April 8, 2017 – Kim Browne

Directors & Staff External Activities

- NPF Stakeholder Consultations, Regina, April 12-13, 2017 - Mark Ferguson
- Swine Innovation Porc Truck Wash Meeting, Winnipeg, April 27, 2017 - Neil Ketilson
- Saskatchewan Premier's Dinner, April 27, 2017
Saskatoon - Florian Possberg, Neil Ketilson, Amos Wipf and Paul Ulrich
- Hedging Meeting, Toronto, May 9-10, 2017 - Neil Ketilson
- CPE Pilot Project Review, Ottawa, May 16-18, 2017 - Harvey Wagner
- Municipal Affairs Meeting, Regina, May 17, 2017 - Neil Ketilson
- Feed Innovation Institute - North Battleford, May 29, 2017 - Mark Ferguson
- Canadian Meat Council Annual Meeting, Ottawa, June 5-7, 2017 - Neil Ketilson
- Western General Manager's Meeting, Edmonton, June 12, 2017 - Florian Possberg, Neil Ketilson
- NSERC Industrial Research Chair in Swine Welfare Site Visit, Saskatoon, June 13, 2017- Bridget Gray
- CPE Animal Care Technical Group Meeting, Saskatoon, June 20, 2017 - Bridget Gray
- CPC Summer Board Meeting, Saskatoon - July 5/6, 2017 - Dickson Gould, Neil Ketilson
- Sask Pork hosted Hog Roast for CPC Board members at the Ketilson Home - July 5, 2017- directors, staff and industry guests.
- Thunder Creek Open House, Moose Jaw, July 11, 2017 - Mark Ferguson, Bridget Gray
- APAS Midterm Meeting & Carbon Summit, Saskatoon, July 13-14, 2017 - Mark Ferguson
- Farm & Food Care Sask – Farm to Fork Tours Welcome Reception and Breakfast - July 26-27, 2017, Kim Browne, Bridget Gray

Policy and Industry Development

Risk Management

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

In 2016/2017 the project focused on promoting the opportunity for financial institutions to become more involved in pork industry hedging programs, with the goal of increasing the availability of financing for margin calls. Research focused on questions financial institutions had regarding the opportunity, mainly regarding 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. Our 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 as needed with movement reporting. In 2016/2017, Sask Pork registered and/or created new PigTrace accounts for approximately 90 new producers/premises.

Between August 1, 2016 and July 30, 2017, 28,538 movement events involving Saskatchewan animals were reported, accounting for 5.7 million animal movements. Saskatchewan producers are to be commended for their active commitment and participation in this program.

InterPIG

In 2016/2017, 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. The 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.

In 2016 the United States reported the lowest cost of production at CAN \$1.51/kg hot carcass weight. Canada had the second lowest cost of production at \$1.78. The lowest EU cost of production was Spain at \$1.98/kg while Brazil came in at \$2.03/kg. On the price side, Canada, Brazil and the U.S. reported the lowest prices received at \$1.66/kg, \$1.69/kg, and \$1.76/kg respectively. Italy reported the highest price received for pigs at \$2.64/kg.

RM Taxation/Road Maintenance

In 2017, the Government of Saskatchewan introduced a proposed redesign of the road maintenance agreements (RMA) regulatory structure and rate calculation methodology and asked industry for comments. Sask Pork provided a response in March. Rural roads maintained by RMs provide a vital link for hog production units located across the province, and pork producers have a vested interest in ensuring local roads are well maintained to facilitate the transportation of our staff, inputs, and products to market.

The government has proposed to calculate RMA rates based on actual road expenses published in RM financial statements. After analyzing the proposal, the proposed maximum rate structure is similar to the previously published provincial rates, so these revisions should not have a large impact on the hog industry.

Policy and Industry Development

Industry Growth

Sask Pork continues to work towards our goal of establishing 100,000 new finishing spaces in the province by 2018. The majority of operational barns in Saskatchewan were built in the 1990s and early 2000's. According to Sask Pork's data, the average barn age in Saskatchewan as of 2017 is 21 years. Slaughter plants in western Canada are currently under-utilized, so there is a particular need to develop finishing capacity.

In 2017 Sask Pork received the results of a study we commissioned to examine the investment returns of various agricultural enterprises. Eric Olson with MNP presented the results at Pork Industry Symposium. The results showed that a hog finishing enterprise compares favourably with returns generated by grain production and supply managed industries such as dairy, and poultry. Manure value, and its contribution to the operation, forms a key part of the return.

Sask Pork continues to assist anyone interested in developing hog operations with business planning advice. We are developing a communications strategy with the goal of attracting investment in the industry.

There is also a need to ensure that our business climate is attractive for establishing facilities. To this end, we held a series of meetings with the other major livestock commodity groups in 2017 to discuss ongoing issues related to livestock production, nuisance complaints, construction, and the permitting process. These groups ultimately requested that the ministers of Agriculture and Government Relations begin the process of modernizing the provincial legislative and regulatory framework to improve the permitting process and protect producers' right to farm.

National Check-off

In January 2017, the Farm Products Council of Canada (FPCC) announced that the Canadian Pork Promotion and Research Agency Panel's report, on its inquiry into the merits of establishing a Promotion and Research Agency was available online at <http://fpcc-cpac.gc.ca/canadian-pork-pra>.

The report includes details of the public hearing processes held in April 2016 to consider the pork industry's request to establish a national Promotion and Research Agency. It is hoped that the initiative will receive approval of the federal government in early 2018.

Export Focus

2016 was the 25th anniversary of Canada Pork International (CPI) operations and promotion of generic pork around the world.

Since 1991 when CPI first began, Canadian pork exports have increased from \$592 million exported mostly to the United States, to now over \$3.8 billion to over 100 countries around the world. While CPI has played a vital role in seeking new markets and the generic promotion of pork, the very significant increase in sales volume of pork is credited to the entire value chain including producers, packers, traders, government agencies as well as the transportation and logistics companies.

Asia, especially Japan and China are very important markets for Canadian pork. Following on the success of establishing a permanent employee in Japan over the past number of years, CPI opened a permanent office and hired a Marketing Director in Shanghai China this past year. This initiative clearly indicates the significance of the Chinese market and also CPI's long term commitment to growing our pork business in this region of the world.

Two new free trade agreements, the Canada-Ukraine Free Trade Agreement and the Canada-European Union Comprehensive Trade Agreement (CETA) were both signed this past year.

Other trade agreements including the North America Free Trade Agreement (NAFTA), the Trans Pacific Partnership (TPP), as well as a free trade agreement with China are works in progress. Canada exports nearly 70% of its pork so it is critically important for Canada to have at least a level playing field for access to these international markets.



Pictured: Neil Ketilson, Sask Pork (Left), Premier Brad Wall (Right) in Shanghai China 2016

Photo courtesy of the Canadian Pork Council

Canada Pork, CPI's domestic generic pork marketing entity was established three years ago. There are now 31 licenced supply partners with more than 60 Verified Canadian Pork (VCP) co-branded products in the marketplace.



Export Focus

Canada annually exports pork products to over 100 countries. Export sales account for nearly 70% of the pork produced in the country. In 2016, Canada exported a total of approximately 1.25 million tonnes of pork with a value of \$3.8 billion which broke the previous record of 3.7 billion in 2014.

The U.S. continues to be Canada's largest market for pork, both in terms of quantity and value of exports. Japan is Canada's highest valued market for pork, and our second largest market for pork in total dollar value. Exports to China increased significantly in 2016, and it is now our second largest market for pork in terms of the total quantity exported. Both the total value and quantity of exports to China increased by an incredible 150% in 2016.

Top Export Markets

<i>Country</i>	<i>Value ('000s)</i>	<i>Quantity (Tonnes)</i>
United States	\$1,490,697	408,631
Japan	1,074,288	220,373
China	587,105	313,915
Mexico	196,130	117,640
South Korea	117,970	42,740

In 2016/2017, the government of Canada continued to negotiate beneficial free trade deals with major pork importers. Many of these deals take years to negotiate and conclude. The Government of Canada along with the Canadian Pork Council and Canada Pork International should be commended for their efforts in opening up new markets for pork. Among the highlights this year:

Comprehensive Economic and Trade Agreement (CETA)

This free-trade agreement between Canada, the European Union and its Member States is of significant importance to the Canadian pork industry. Europe is a very important pork-consuming region for which Canada has had little effective market access. The 500+ million inhabitants of the twenty-eight EU member states consume over 20 million tonnes of pork a year—almost 30 times

Canadian consumption. This deal will secure access for Canadian processed pork products and a tariff-free quota volume equivalent to 80 thousand tonnes of pork cuts, a potential estimated value of \$400 million for the Canadian pork industry. The deal was signed in October, 2016, and approved by the European Parliament in February, 2017 and will begin to be provisionally applied in September, 2017.

Canada-Ukraine Free Trade Agreement (CUFTA)

When implemented, the trade agreement will provide Canadian pork producers with an initial free-tariff quota of 10,000 tonnes increasing to 20,000 tonnes after eight years. The industry estimates that this could translate into 40 million dollars in sales. The ratification process of the agreement was concluded in June 2017, and the agreement will enter into force on 1 August 2017.

Trans-Pacific Partnership (TPP)

The TPP is a trade agreement between Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam. The agreement that was originally signed in February, 2016, is currently being renegotiated after the United States withdrew in January 2017.

Despite the withdrawal of the U.S., the TPP-11 continues to be a very important trade agreement for the Canadian pork industry. The TPP will secure our ability to export pork to Japan on fully competitive terms with other TPP pork exporting countries, and other regions which have secured free trade deals with Japan, such as the European Union. It will also provide our exporters with important competitive advantages relative to non-participating countries such as the U.S., and Brazil, and put us on equal footing in the event these countries negotiate bilateral trade agreements in the future.

Swine Health Focus

PED Virus Vaccine Development

In June 2017, 10 new cases of PEDv were confirmed in Manitoba. Ontario and Quebec had not reported any new cases and Saskatchewan farms remain free from the disease.

Sask Pork is monitoring the PEDv situation in Manitoba and the movement of vehicles and animals between the two provinces to ensure Saskatchewan farms are not exposed to the active virus due to sanitation issues with vehicles.

Producers were sent reminders on the importance of vigilance with biosecurity measures particularly when transporting to and from assembly yards and with trailers returning from the U.S. that have not been washed and dried at an approved truck wash in Canada before returning to the farm.

The Canadian Pork Council and Manitoba Pork continue to press Agriculture and Agri-Food Canada and the Canadian Food Inspection agency to reinstate the wash protocol for trucks returning from the U.S. to allow units to be washed in Canada rather than the US.

Swine Innovation Porc

The call for the next round of Cluster 3 funding has attracted research applications with a value of more than \$70 million. The first round of application reviews was completed earlier this year.

Swine Innovation Porc will be requesting \$20 million of Cluster funding from Agriculture and Agri-Food Canada. The selection of Cluster 3 projects will be conducted and should be completed early in 2018.

Producer Services

Canadian Quality Assurance (CQA®)

There are 154 current registered units participating in the CQA® and ACA™ programs, which include all hogs sold to federal slaughter plants from Saskatchewan.

The CQA® and the ACA™ program revision is ongoing. The new program is being branded as Canadian Pork Excellence (CPE), with PigSAFE (food safety), PigCARE (animal care) and PigTRACE (traceability) components. A great deal of effort has been devoted to the renewal of the CPE program, particularly to update the animal care portion to meet Code of Practice requirements.

The Canadian Ractopamine-Free Pork Certification Program (CRFPCP) continues.

Saskatchewan Growing Forward 2 Programs

The Saskatchewan Swine Welfare Program began July 1, 2016 to help producers adapt to Code of Practice requirements for euthanasia and pain control. 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. In 2016/2017, GF2 paid \$58,580.62 to help producers purchase needle-free injection systems, and \$45,481.02 for the purchase of euthanasia equipment. Sask Pork's contribution for equipment was \$34,687.21.

PEDv Preparedness

Saskatchewan farms remained free of Porcine Epidemic Diarrhea (PEDv) in 2016/2017. The on-farm, transport, and market biosecurity efforts by all stakeholders prevented the introduction of this costly disease.

One Saskatchewan traceback was initiated in July, from a positive dock sample at a Manitoba abattoir. All samples taken were negative for PEDv and no clinical signs were seen in Saskatchewan.

The Province of Saskatchewan continued to do surveillance at several high traffic sites within the province for PEDv, Swine Delta Corona Virus, and Transmissible Gastroenteritis (TGE), as they are clinically indistinguishable. 618 samples were tested during 2016/2017. Contingency planning and funding are in place; further revision of Sask Pork's Contingency Plan is underway. Funding was approved in July for additional surveillance in Saskatchewan, to be administered by Sask Pork.

Transportation Quality Assurance (TQA®)

This year Sask Pork held 14 TQA® certification training sessions with 78 attendees, plus an additional 6 attendees through online training in July (numbers for the other 11 months were unavailable). Version 6 of the program was launched in March 2017, and allows the option of online training for all trainees (even new ones).

Livestock Emergency Response

Sask Pork Livestock Emergency Response Units stationed in Moose Jaw and Humboldt attended several transport accidents involving hogs and one welfare response by Animal Protection Services of Saskatchewan. A third unit was assembled and placed at the RM of Round Valley office in Unity. A fourth unit has been proposed to further expand coverage within the province.

Communications & Promotion

Saskatchewan Pork Industry Symposium 2016

Pork Symposium attracted 271 registrants over the two days. Topics covered by the speakers ranged from advanced swine genetics to social licence to animal housing, swine health and improving the in-barn air quality.

One session that was particularly well received was the Sow Housing Panel discussion facilitated by Dr. Jennifer Brown. Panelists Ted Ratte (Sunhaven Farms); Tom Kennelly (Perkins Farms Inc.) and Sam Waldner (MTDR Farming Co. Ltd.) shared their experiences with implementing different housing systems.

Another popular speaker this year was Mike Brumm (Brumm Swine Consultancy Inc.) who spoke on troubleshooting ventilations systems in the barn.

2016 Symposium Advisory Committee

Darren Bates - Elanco Animal Health
Kim Browne - Sask Pork
Dan Columbus - Prairie Swine Centre
Mark Ferguson, Sask Pork
Zenon Forster - Olymel
Dawn Friesen - Fast Genetics
Henry Gauvreau - Warman Veterinary Services
Steffen Klenk - PIC North America
Brad Marceniuk - Saskatchewan Ministry of Agriculture
Florian Possberg - Sask Pork / Polar Pork
Luis Prieto - Hypor Canada
Harvey Wagner - Sask Pork

2016 Awards of Distinction

The 2016 Award of Distinction for *Research Innovation* was presented to the U of S VIDO-InterVac Team acknowledging outstanding achievement and success in the development of a PEDv Vaccine.

A second award for *Leadership in Research Innovation* was given to Dr. Volker Gerdts, Associate Director of Research at VIDO, recognizing his extensive role in the development of the vaccine.

The awards were presented at Saskatchewan Pork Industry Symposium on November 15th by Casey Smit, Vice President of Swine Production for Olymel Western Canada. Representing VIDO-InterVac at the ceremony were program managers Dr. Brenda Allan, Dr. Don Wilson, Dr. Stew Walker and Dr. Volker Gerdts.

In January 2015, Dr. Gerdts approached Sask Pork about a PED vaccine development project underway at VIDO's new Level 3 containment facility, which had begun just months after the initial infection in the U.S. and months before the infection surfaced in Canada. The goal was to develop a PED vaccine that would provide protection for new born piglets.

Initial results from VIDO trials at that time were very promising and in the winter of 2015 field trials were started at three Saskatchewan farms which were made possible by the support of the Government of Saskatchewan Agriculture Development Fund, Sask Pork and the Western Canadian Swine Health Alliance.

In August of this year, the U of S announced VIDO-InterVac had in fact produced a successful vaccine which has led to further development with Huvepharma who are partnering with VIDO InterVac towards the commercialization of the vaccine for the North American swine industry.

Communications & Promotion

The team at VIDO invested extensive time and resources in the development of this vaccine, and in an unprecedented move, VIDO offered to assist Saskatchewan pork producers, by sharing the vaccine they developed, should a PED infection occur on farms in our province.



Pictured left to right
Casey Smit, Dr. Volker Gerdts, Dr. Don Wilson,
Dr. Brenda Allan, Dr. Stewart Walker



Pictured left to right
Casey Smit, Dr. Volker Gerdts

Saskatchewan Agricultural Hall of Fame

Sask Pork Chairman Florian Possberg was inducted into the Saskatchewan Agriculture Hall of Fame in 2016. Florian's accomplishments in pork production as well as his contributions as a tireless supporter and advocate for the Saskatchewan and Canadian hog industry were recognized this year.

He joins another pork industry inductee, Harold Fast of Fast Genetics, who was inducted in 2015 for his achievements in pioneering advances in swine health and biosecurity protocols that have become industry standards in the Canadian hog sector.

The Saskatchewan Agricultural Hall of Fame formally and publicly recognizes persons who, in the course of their residence in Saskatchewan, made significant and outstanding contributions to the welfare and improvement of Saskatchewan agriculture, and to a better way of life for the farm family.

Communications & Promotion

Agriculture in the City 2017

Kim Browne is a member of the planning committee and responsible for coordinating the Animal Agriculture Zone. Kim along with Danilo Sotto (nutrition grad student at the U of S) hosted the pork booth again this year. The event was held April 8 at the the Mall at Lawson Heights in Saskatoon.



Agriculture in the City continues to draw large crowds and is an excellent opportunity to connect with consumers and demonstrate where our food comes from. The estimated visitor count was 12,500, an increase of 2,000 over the previous year.

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.

Agri-Education Events

Sask Pork hosted the pork display at Saskatoon Prairieland AgExperience October 4-6, 2016. We presented information on why we raise pigs to 21 grade 4/5 classrooms. The primary goals of Ag Experience are to show students how agriculture impacts their daily lives, that agriculture is all around us and that real people produce the foods they eat. Students were asked to share their connection to the product we produce or agriculture in general.

Social Media / Social License

Sask Pork continues to maintain and grow its social media presence on Facebook and Twitter. We work with Dorothy Long of Blue Sky Ideas to manage posting of industry information and curating consumer content for FaceBook, Twitter and Pinterest.

We currently have 375 followers on the PickSaskPork Facebook page; 322 followers on Twitter; 61 followers on Instagram; 114 impressions on our Pinterest Daily Profile, and 81 Pinterest daily viewers with 19 followers.

Saskatchewan Cooks 2 - E-Recipe Booklet

Continuing with the *Our Food Has a Story* theme, Sask Pork and Blue Sky Ideas produced a second multi-commodity E-recipe booklet released in the fall of 2016. Recipes were posted on-line and printed copies were distributed by participating commodity groups at events throughout the year.

Retail/Foodservice Support

Sask Pork with Michael Young and Kevin Mosser of Canada Pork hosted the *Cutting Edge*, a technical marketing seminar held at Saskatchewan Polytechnic campus on April 4, 2017.

Michael presented information on Verified Canadian Pork and national pork marketing programs and a hands-on technical cutting and merchandising demonstration. Local chefs, processors and food service students attended the event. Chef instructor Michael Beaulieu prepared a variety of pork appetizers and charcuterie platters for a networking reception that followed the event.

Federated Co-Op *Festive Solutions* Guide - Partnered with Canada Pork, Manitoba Pork and Alberta Pork on a Co-Op/Verified Canadian Pork co-branding feature in the Xmas guide in western Canadian stores in November-December.

Communications & Promotion

Hurry Hog Curling Rink Decals

Sask Pork has offered the hog line decals since 2005. In the 2016-17 curling season 30 Saskatchewan clubs ordered decals for their rinks.

TV Advertising

Sask Pork continued its advertiser/sponsor relationship with the "Cooked with Shack" program hosted by Mark "Shack" Loshack that airs monthly on Shaw TV.

New pork recipes developed by Mark and featured this year on the program were Bacon Bombs, Pork Wellington, Bacon Mushroom Cheese Pork Burgers, Bacon Cheeseburger Meat Loaf, Mushroom Bacon Pork Chops and Leftovers Jambalya with Sausage.

We also produced our third television commercial "Verified Canadian Pork" airing on CTV NFL games on CTV during pre-season and regular season including the Superbowl pre-game show and Superbowl. The ad aired on 31 occasions with 4 bonus airings including during the Superbowl

In addition to the NFL ad placements, we secured 19 primetime spots for the ad that aired during June-July in 4 regions (Saskatoon, Regina, Yorkton and Prince Albert).

CJWW Radio Summer Weekender promotion - consumer and industry PSA's aired throughout the July long weekend.

Saskatoon Media Group 2017 Online Auction - April 10-13, 2017. Sask Pork donated a Bradley Digital Smoker with Smoke Flavor Pucks (retail value of \$700) for which we received contra advertising in the form of an online leader board ads that included a link to www.saskpork.com. The auction item was also cross-promoted on 3 local radio stations (Cool 98FM; The Bull and CJWW 600).

Print/Web/Radio Advertising

October 2016 - Golden West Radio Meals in the Field Grain Rush radio promotion and giveaway. Two ads per day aired from August 18 through September 7 on seven stations across the province.

COOL 98 - 2017 Saskatchewan Rush Lacrosse Regular Season Pre-Game Program Broadcast Sponsorship. All games stream live on www.98cool.ca.

Canadian Fallen Heroes Foundation - bronze sponsor of Saskatchewan Memoriam.

¼ page ad in the Saskatchewan Veterinary Directory Annual Publication 2017.

Farmscape Radio Program

Farmscape, hosted by Bruce Cochrane, has been broadcasting for 19 years. Sask Pork and Manitoba Pork continue to co-sponsor the radio network airing in Manitoba, Saskatchewan and Alberta. Directors and staff participated in 28 interviews with Farmscape over the year.

Communications & Promotion

Sponsorship and Donations

August 5-7, 2016 - *Combo Sponsor* at Saskatoon Rotary Ribfest. Attendance at the event was 18,000 (down from 2015) due to wet, cool weather.

August 29, 2016 - Read Saskatoon Golf Tournament - sponsored pork served at barbecue and included pork consumer resources in golfer's bags.

October 26, 2017 - Star City Minor Sports Day.

September 21-22, 2016 - Western Nutrition Conference - Cocktail reception sponsor.

November 3, 2016 - Munch Catering Regina Fundraiser supporting employment opportunities in the food industry for people living with cognitive disabilities.

November 2-5, 2015 - Yorkton Grain Miller's Harvest Showdown, Ag Education Sponsor and exhibit.

November 23, 2016 - Agribition International Reception, Regina, SK. Sponsored pork appetizers.

November 29 - December 1, 2016 - Agricultural Producers of Saskatchewan (APAS) Annual General Meeting, Regina (Donor Sponsor).

February 6, 2017 - Canada Pork International (CPI) Annual General Meeting - Bronze Sponsor.

February 25, 2017 - Edenwold, SK *Chili & Skate* Pre-school fundraiser - donated prize items for door prizes (activity books, crayons, water bottles, lunch bags, oven mitts).

March 4-5, 2017 - 41st annual Saskatchewan Telemiracle - With Smokehaus Meats in Martensville, SK donated sausage and hams for volunteers meals.

May 13, 2017 - Sponsor of benefit supper and cabaret to raise funds for the Hickman Family.

June 15, 2017 - Soroptimist International Saskatoon PJ's and Pearls Annual fundraising event to assist women of all ages and cultures to develop leadership and mentoring skills. The dinner featured Flax Crusted Pork Tenderloin, Pork Belly Sliders, Bacon Jam Crostini Cups, Pulled Pork Phylo Rolls and Ham and Lentil Mini Quiche.

June 2017 - Gold sponsor of Saskatchewan's Outstanding Young Farmer's program.

June 2017 - Baby Welcome program in Yorkton - provided cookbooks, oven mitts, cooking thermometers and recipe booklets for welcome baskets to Kathy Wallace, program coordinator.

June 17, 2017 - Sask Valley Regional Hospital Foundation - sponsor of Pancake Breakfast at annual Slowpitch tournament. The event was to raise funds to rebuild the Rosthern Hospital which services more than 12 surrounding communities.

June 24, 2017 - 5th Annual Great Saskatchewan Bacon Festival, Kipling, SK - Silver Level & Trophy Sponsor.

June 26-27, 2017 - Ronald McDonald House 32nd annual Ladies Golf Classic - Sponsored the pork for the barbecue.

July 13-14, 2017 - APAS Prairie Agriculture Carbon Summit, Saskatoon, SK - Partner Sponsor

July 16, 2017 - Saskatchewan Horticultural Association *4 Corners of Saskatchewan Supper* Bus Tour - Sponsor of the pork for the dinner and provided *Saskatchewan Cooks* booklets and pork consumer resources for the participants.

July 26-27, 2017 - Farm & Food Care Saskatchewan Farm to Fork Food Influencer Tours - Kim Browne and Bridget Gray hosted pork booth at the reception and Bridget presented information on Animal Care at the July 27 breakfast.

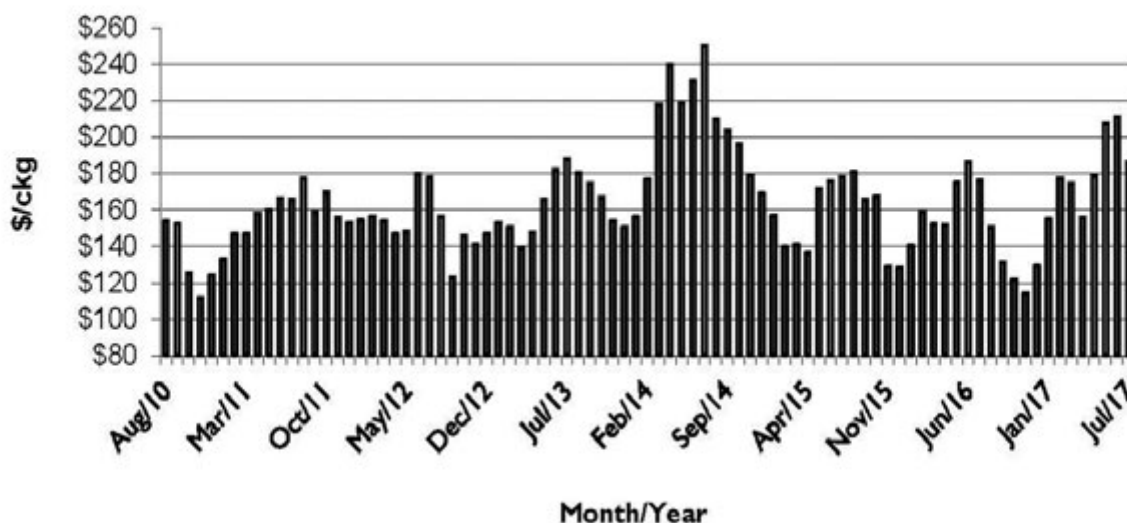
Statistics & Trends

Between August 2016 and July 2017, index 100 hog prices in Saskatchewan averaged \$159.13/kg, which is virtually unchanged from the previous year, but below the 5-year average of \$167.41. Prices for the spring and summer months of 2017 were very strong, which helped offset a disastrous fall period where hogs were selling far below the cost of production.

Overall, despite an estimated 3.5% increase in U.S. pork production in 2017, strong U.S. domestic demand and exports were able to keep pace with increasing pork supplies. As of July 31st, stocks of pork in cold storage in the U.S. decreased by 7% from last year which contributed significantly to the strength of U.S. and Canadian hog prices.

Also of note, starting in October, 2016 a new pricing formula was adopted by Maple Leaf. This has resulted in higher index 100 prices than the previous Signature 3 pricing program, which had been in place for the past decade. Under the Signature 5 program, producers receive the average of the established Signature 3 and Signature 4 formulas on a weekly basis, then are topped up to whichever formula had the higher annual average at the end of the year. Thunder Creek Pork has also adopted a similar pricing model. These pricing developments are very positive for the Saskatchewan industry.

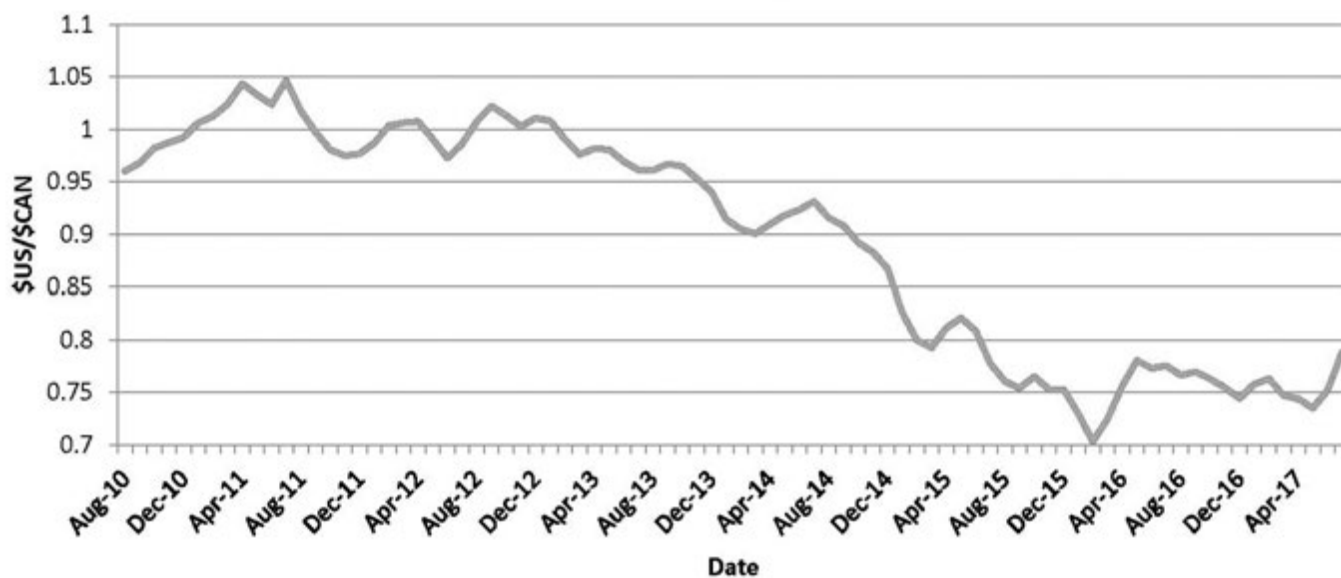
Saskatchewan Monthly Hog Prices



Over the past year, the Canada/U.S. exchange rate was very stable, averaging 0.756 compared to 0.753 in 2015/2016. Over the past two years, the exchange rate has stayed far below the 5-year average, which has helped boost Canadian hog prices.

Statistics & Trends

Canadian Exchange Rate



Source: Bank of Canada

The 2016/2017 crop year was characterized by significant increases in the quantity of grain produced. However, the crop in general in Saskatchewan had decreased quality. The 2016 harvest was a difficult one, as cool temperatures, excess moisture, and an early snowfall delayed harvest late into the fall, and even into the spring in some areas of the province. Cereal grains were plagued by low grades and fusarium/vomitoxin damage which has become an increasing problem for feed users in the province.

For the 2016/2017 crop year, abundant global supplies of grain both in Canada and abroad have pressured world prices, but this was offset in Canada by the weak Canadian dollar which provided some support to prices. Wheat production increased by 14% and carry-out-out stocks increased by 21%. Barley production increased by 7% while carry-out stock increased by 47%. Field pea production increased by 51% and carry-out stocks of field peas increased by 72%.

Saskatchewan feed wheat prices declined by \$28.48/tonne, and averaged \$153.50/tonne in 2016/2017. Feed barley declined by \$35.47/tonne and averaged \$124.14/tonne while feed peas increased by \$12/tonne to average \$232.28/tonne in 2016/2017.

Statistics & Trends



Source: Saskatchewan Ministry Of Agriculture
 * Note: Spot grain prices FOB Saskatoon.

In 2016, a total of 83 producers marketed hogs produced at 154 active CQA premises across the province according to levy data. This is an increase of 3 producers over 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 Aug. 1 2017 there were 188 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			
	2016	2015	2014	2013	2016	2015	2014	2013
<100	8	4	8	4	206	62	185	143
100-500	3	3	0	5	985	606	0	1,108
500-1000	2	1	0	3	1,586	663	0	2,002
1000-5000	8	10	12	9	24,322	29,195	35,045	28,587
5000-25000	55	53	53	54	711,468	626,392	629,057	580,547
25000-50000	4	6	4	5	126,910	195,940	116,178	150,601
>50000	3	3	3	4	949,941	999,050	956,255	957,255
Totals	83	80	80	84	1,815,418	1,851,908	1,736,720	1,720,243

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. As of Aug 1, 2017 there were 154 CQA registered premises in Saskatchewan and 188 non-CQA registered premises.

Statistics & Trends

In 2016, Saskatchewan producers marketed a total of 2,157,462 pigs, which was an increase of 26,750 animals from 2015. Market weight hogs sales declined by 36,490 animals to 1.82 million hogs, while marketings of feeder pigs to the U.S. increased by 52,253 to approximately 300,000 animals.

Number of Pigs Sold in Saskatchewan by Category

	Market Hogs	Sows and Breeding Stock	Feeder Pig/ Weanling Exports	Total Pigs Produced
2011	1,766,852	35,222	264,945	2,067,019
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
2016	1,815,418	42,026	300,018	2,157,462

Source: Saskatchewan Pork Development Board

In 2016, 348,500 hogs produced in Saskatchewan were slaughtered locally in the province, which was an increase of 11% over 2015. Of the remainder, 832,260 were transported to Alberta for slaughter, while 575,367 animals were slaughtered in Manitoba, and 27,220 were sent to British Columbia. Saskatchewan also exported 74,097 slaughter weight animals to the U.S.

According to Statistics Canada, as of January 1, 2017 Saskatchewan's breeding herd numbered 100,300 sows and bred gilts. This is a decrease of 700 sows over 2016. However, the entire Canadian herd did see some growth, with 14,500 sows being added nationally. Most of this growth occurred in Ontario and Quebec with Western Canadian production stable overall. The national breeding herd was comprised of 1.23 million sows and bred gilts as of January 1, 2017.

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

	BC	AB	SK	MB	West	ON	QC	ATL	East	Canada
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	321.2	564.3	302.5	316.6	17.3	636.4	1,200.7
2016	8.4	138.4	101.0	326.9	574.7	307.6	314.2	16.8	638.6	1,213.3
2017	8.1	139.9	100.3	326.7	575.0	317.6	319.8	15.4	652.8	1,227.8

Source: Statistics Canada, Cansim Table 003-0004

Statistics & Trends

The total number of pigs produced in Canada declined slightly in 2016. Eastern Canadian production declined by 43,000 head and stands at 13.9 million pigs, while western Canada's production increased by approximately 15,000 pigs and sits at 13.2 million. Saskatchewan remains the 5th largest pork producing province in Canada behind Manitoba, Quebec, Ontario, and Alberta.

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

	BC	AB	SK	MB	West	ON	QC	ATL	East	Canada
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	2,867.1	2,097.2	7,239.8	12,391.2	6,566.7	6,328.9	417.4	13,313.0	25,704.2
2014	185.3	2,755.2	1,993.1	7,319.7	12,253.3	6,630.3	6,169.5	399.5	13,199.3	25,452.6
2015	191.6	2,905.8	2,196.9	7,859.3	13,153.6	7,091.8	6,505.8	367.2	13,964.8	27,118.4
2016	194.3	2,947.4	2,221.3	7,805.5	13,168.5	7,007.6	6,588.8	325.4	13,921.8	27,090.3

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 slightly in 2016, totalling 21.3 million hogs. This was an increase of 75,000 hogs over 2015, and the highest annual slaughter since 2009.

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
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
2016	525.7	2,619.5	328.1	5,306.5	8,779.7	4,009.0	8,462.3	10.9	12,482.2	21,261.9

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

Statistics & Trends

According to Agriculture and Agri-food Canada, approximately 4.7 million feeder pigs were exported from Canada to the United States in 2016, which was an increase of 4.6% over 2015. Canadian Market hog exports to the U.S. were approximately 919,000 hogs, which is down 20% over the previous year.

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

	BC	AB	SK	MB	West	ON	QC	ATL	East	Canada
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
2016	0.0	147.8	16.9	328.9	493.6	408.7	14.4	2.7	425.7	919.4

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
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
2016	0.4	565.9	364.4	2,821.1	3,751.7	914.6	4.1	66.4	985.0	4,736.7

Source: Statistics Canada CATSNET Analytics

Audited Financial Statements

for the year ended July 31, 2017

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 31, 2017



Management



Management

Independent Auditors' Report

TWIGG & COMPANY CHARTERED ACCOUNTANTS

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

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

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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, 2017 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.

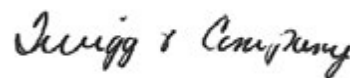
An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making 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.

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, 2017 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 31, 2017
Saskatoon, Saskatchewan


Chartered Accountants

Statement of Financial Position

as at July 31, 2017

ASSETS

	<u>2017</u>	<u>2016</u>
CURRENT:		
Cash	\$ 1,136,416	\$ 362,409
Short-term investments	-	676,950
Accounts receivable (Note 3)	246,911	291,610
Prepaid expense	<u>12,491</u>	<u>50,344</u>
	1,395,818	1,381,313
RESTRICTED INVESTMENTS	<u>1,000,000</u>	<u>1,000,000</u>
	<u>\$ 2,395,818</u>	<u>\$ 2,381,313</u>

LIABILITIES

CURRENT:		
Accounts payable and accrued liabilities (Note 4)	\$ 167,207	\$ 173,324
Deferred contributions and revenue (Note 5)	<u>37,458</u>	<u>87,519</u>
	<u>204,665</u>	<u>260,843</u>

NET ASSETS

INTERNALLY RESTRICTED (Note 6)	1,000,000	1,000,000
UNRESTRICTED	<u>1,191,153</u>	<u>1,120,470</u>
	<u>2,191,153</u>	<u>2,120,470</u>
	<u>\$ 2,395,818</u>	<u>\$ 2,381,313</u>

COMMITMENTS (Note 7, 8)

APPROVED BY THE BOARD:



Director



Director

Statement of Operations

for the year ended July 31, 2017

	2017 <u>Budget</u> (Unaudited) (Note 12)	2017 <u>Actual</u>	2016 <u>Actual</u>
REVENUE			
Levy and export service charge	\$ 1,711,200	\$ 1,645,903	\$ 1,672,788
Government grants and project funding (Note 9)	271,627	209,083	94,274
Symposium fees	67,000	63,990	77,123
Reimbursed travel	20,000	36,410	21,676
Interest	25,320	21,931	20,545
Other	<u>-</u>	<u>11,710</u>	<u>1,932</u>
	<u>2,095,147</u>	<u>1,989,027</u>	<u>1,888,338</u>
EXPENSES			
Research, including Prairie Swine Centre (Note 7)	498,377	455,827	437,650
Salaries and benefits	496,532	477,721	485,065
Industry association	328,400	313,060	320,887
Symposium	82,250	79,987	83,597
Communications	112,500	74,165	74,869
Operations and office	116,545	120,155	107,260
Promotions	65,250	48,609	46,947
Directors and committees	39,175	27,712	37,896
Policy and industry development	57,000	56,767	54,316
Travel (Schedule 1)	30,500	26,031	25,021
Organizational development	36,475	39,492	24,118
Amortization	1,667	-	3,149
National services	177,500	160,175	37,217
Reimbursed expenses	<u>20,000</u>	<u>38,643</u>	<u>22,288</u>
	<u>2,062,171</u>	<u>1,918,344</u>	<u>1,760,280</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 32,976</u>	<u>\$ 70,683</u>	<u>\$ 128,058</u>

Statement of Changes in Net Assets

for the year ended July 31, 2017

	<u>Internally Restricted</u>	<u>Unrestricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
NET ASSETS, BEGINNING OF YEAR	\$ 1,000,000	\$ 1,120,470	\$ 2,120,470	\$ 1,992,412
Excess of revenue over expenses for the year	<u> -</u>	<u> 70,683</u>	<u> 70,683</u>	<u> 128,058</u>
NET ASSETS, END OF YEAR	<u>\$ 1,000,000</u>	<u>\$ 1,191,153</u>	<u>\$ 2,191,153</u>	<u>\$ 2,120,470</u>

Statement of Cash Flows

for the year ended July 31, 2017

	<u>2017</u>	<u>2016</u>
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 70,683	\$ 128,058
Amortization	<u>-</u>	<u>3,149</u>
	<u>70,683</u>	<u>131,207</u>
Changes in non-cash working capital		
Balances related to operation:		
Accounts receivable	44,699	25,656
Prepaid expenses	37,853	(43,791)
Accounts payable and accrued liabilities	(6,117)	(416)
Deferred contributions and revenue	<u>(50,061)</u>	<u>(8,708)</u>
	<u>(26,374)</u>	<u>(27,259)</u>
Total from operating activities	<u>97,057</u>	<u>103,948</u>
INVESTING ACTIVITIES		
Net disposals (purchases) of investments	<u>676,950</u>	<u>(19,301)</u>
Total from investing activities	<u>676,950</u>	<u>(19,301)</u>
INCREASE IN CASH DURING THE YEAR	774,007	84,647
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>362,409</u>	<u>277,762</u>
CASH AND EQUIVALENTS, END OF YEAR	\$ <u>1,136,416</u>	\$ <u>362,409</u>
CASH AND EQUIVALENTS CONSISTS OF:		
Cash	\$ <u>1,136,416</u>	\$ <u>362,409</u>

Notes to Financial Statements

for the year ended July 31, 2017

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 *CPA 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 accrued liabilities and deferred contributions and revenue. The fair value of the cash, accounts receivable, and accounts payable and accrued liabilities 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, 2017

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, 2017

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:

	2017	2016
Levies receivable	\$ 206,733	\$ 204,644
Grants receivable	23,198	86,966
Interest receivable	16,980	-
	\$ 246,911	\$ 291,610

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities balance consists of the following:

	2017	2016
Trade payables	\$ 134,517	\$ 127,647
VISA payable	2,712	2,486
Vacation payable	16,231	16,524
Payroll liabilities	-	18,062
GST payable (receivable)	3,163	(1,145)
Accrued liabilities	10,584	9,750
	\$ 167,207	\$ 173,324

Notes to Financial Statements

for the year ended July 31, 2017

5. 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 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.

	2017	2016
Deferred contributions and revenue, beginning of year	\$ 87,519	\$ 96,227
<i>Contributions and revenue received during the year:</i>		
Saskatchewan Swine Welfare Program	54,000	54,000
<i>Less:</i>		
Amounts recognized as Saskatchewan Swine Transport Biosecurity program expenses	-	(11,784)
Funding repaid (Saskatchewan Swine Transport)	-	(50,924)
Amounts recognized as Saskatchewan Swine Welfare Program	(104,061)	-
Deferred contributions and revenue, end of year	\$ 37,458	\$ 87,519

The deferred contributions and revenue relates to the following:

	2017	2016
PED prevention and preparedness (Ministry of Agriculture)	\$ 33,519	\$ 33,519
Saskatchewan Swine Welfare Program	3,939	54,000
Deferred contributions and revenue, end of year	\$ 37,458	\$ 87,519

Notes to Financial Statements

for the year ended July 31, 2017

6. INTERNALLY RESTRICTED NET ASSETS

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

7. RESEARCH COMMITMENTS

Prairie Swine Centre Inc.

Sask Pork has agreed to provide an annual contribution of \$302,500 to the Prairie Swine Centre. 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 fifth year of a five year funding commitment for the salary of the Chair in Animal Welfare.

The research expense consists of the following:

	2017	2016
Prairie Swine Centre Inc.	\$ 316,250	\$ 240,750
ADOPT Project	-	2,950
Canadian Swine Research & Development Cluster - Swine Innovation fund	46,525	47,782
AIP project	93,052	63,168
Mitacs	-	48,000
PED Vaccine	-	35,000
	\$ 455,827	\$ 437,650

Notes to Financial Statements

for the year ended July 31, 2017

8. LEASE COMMITMENTS

(a) Building lease:

Sask Pork is committed under a lease agreement for its premises at #2, 502 - 45th Street West. The agreement expires on October 31, 2019. The required minimum annual lease payments are as follows:

Year ending July 31:	
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:	
2018	45,255
2019	7,560

9. GOVERNMENT GRANTS AND PROJECT FUNDING

	2017	2016
ADOPT project	\$ -	\$ 2,950
Swine welfare program	104,062	-
Youth mentorship program	1,465	-
Saskatchewan Swine Transport Biosecurity program	-	11,784
AIP project	101,556	75,540
Social media program	2,000	4,000
	\$ 209,083	\$ 94,274

10. FINANCIAL INSTRUMENTS

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

Notes to Financial Statements

for the year ended July 31, 2017

10. 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, 2017, four customers accounted for 82.05% (77.99% - 2016) 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.

11. CAPITAL MANAGEMENT

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

12. BUDGET

The budget presented is unaudited. The budget for 2016/2017 was approved by the Board of Directors on June 21, 2016.

Schedule of Travel Expenses

for the year ended July 31, 2017

	Budget (Note 12)		
	<u>2017</u>	<u>2017</u>	<u>2016</u>
National services	\$ 5,000	\$ 2,093	\$ 3,978
Industry association	12,500	11,811	4,399
Organizational development	5,000	6,511	3,619
Policy and industry development	5,000	5,498	13,025
Communications	1,500	118	-
Promotions	<u>1,500</u>	<u>-</u>	<u>-</u>
	<u>\$ 30,500</u>	<u>\$ 26,031</u>	<u>\$ 25,021</u>

Payee List

for the year ended July 31, 2017

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	\$ 61,145
Canadian Pork Council	\$ 335,585
Manitoba Pork Council	\$ 42,500
Prairie Swine Centre	\$ 302,250
Saskatoon Inn	\$ 52,937
University of Saskatchewan	\$ 93,052

RESEARCH PROJECTS FUNDED FROM HOG LEVY

Project Name	Researchers	2016-2017 Funding
Prairie Swine Centre Inc. (Includes \$13,750 for the Animal Welfare Chair position	Various	\$ 316,250
Swine Innovation Porc*	Various	46,525
<i>* Payments made to Canadian Pork Council at the rate of 2.5 cents/market hog and ½ cent/weanling</i>		\$ 362,775

Directors' Remuneration & Reimbursements

for the year ended July 31, 2017

DIRECTORS' AND COMMITTEE MEMBERS' REMUNERATION AND REIMBURSEMENTS

Directors and committee members are compensated for the time contributed to the Organization and are reimbursed for mileage and expenses incurred while on corporate business during the course of the year. The following chart breaks down payments made for service for the period of August 1, 2016 – July 31, 2017:

<u>Directors</u>	<u>Per Diem</u>	<u>Expenses</u>	<u>Total</u>
Dickson Gould	\$ 675	\$ 1,696	\$ 2,371
Florian Possberg	11,825 *	3,687	15,512
Paul Ulrich	2,025	2,491	4,516
Shannon Meyers	- **	-	-
Cliff Ehr	-	-	-
Amos Wipf	1,800	460	2,260
	<u>16,325</u>	<u>8,334</u>	<u>24,659</u>
Other payments	<u>-</u>	<u>3,053 ***</u>	<u>3,053</u>
Directors Total	<u>\$ 16,325</u>	<u>\$ 11,387</u>	<u>\$ 27,712</u>

* 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.*

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AUDITORS' REPORT

To Saskatchewan Pork Producers:

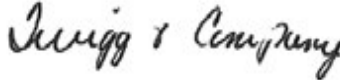
We have made an examination to determine whether Sask Pork complied with the provisions of the following legislative and related authorities pertaining to its financial reporting, safeguarding agency resources, spending, revenue raising, borrowing and investing activities during the year ended July 31, 2017.

- 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, 2017.

October 31, 2017
Saskatoon, Saskatchewan


Chartered Accountants

Independent Auditors' Report

TWIGG & COMPANY CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To Saskatchewan Pork Producers:

We have audited Sask Pork's control as of July 31, 2017 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

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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.

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, 2017 based on the CPA Canada criteria of control framework.

Independent Auditors' Report

TWIGG & COMPANY CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To Saskatchewan Pork Producers:

(continued from previous page)

We have also audited, in accordance with Canadian generally accepted auditing standards, the financial statements of Sask Pork, which comprise the statement of financial position as at July 31, 2017, 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 31, 2017 which is the same date as the date of the report on the effectiveness of internal controls.

October 31, 2017
Saskatoon, Saskatchewan


Chartered Accountants

Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To Saskatchewan Pork Producers:

We have examined the financial statements of Sask Pork for the year ended July 31, 2017 and have issued our report thereon dated October 31, 2017. We have examined the system of internal control as at July 31, 2017 and have issued our report to you dated October 31, 2017. 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, 2017 and have issued our report to you dated October 31, 2017.

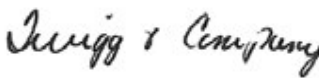
Our examinations were made in accordance with Canadian generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. In those instances, if any, that our study and evaluation of internal control disclosed conditions indicating 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 31, 2017
Saskatoon, Saskatchewan


Chartered Accountants



Sask Pork

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