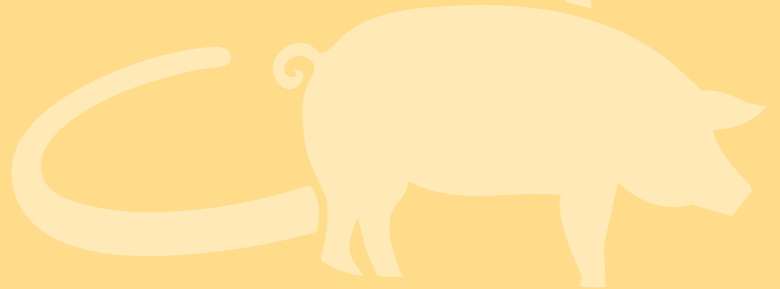




SASKATCHEWAN PORK DEVELOPMENT BOARD



ANNUAL REPORT 2006 - 2007





Corporate Governance

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

Internal Controls

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

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Governance & Administration

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 AT JULY 31, 2007



Joe Kleinsasser
Chairman



Shirley Voldeng
First Vice-Chair



Daren Laventure
Second Vice Chair



Florian Possberg
Audit Committee



Ross Johnson
Audit Committee



Judy Ulrich
Audit Committee Chair

Elections are held in odd numbered years. The Board of Directors consists of six registered producers who may hold office for three consecutive terms.

The Executive Committee is elected annually by the Board of Directors within 30 days following the Annual General Meeting.

The Board of Directors and staff support the highest standards in Corporate Governance and comply with Sask Pork's Policy and Operating Procedures as approved in September 2005.

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CANADIAN PORK COUNCIL COMMITTEE REPRESENTATION

Animal Care Working Group – Florian Possberg
Board of Directors – Florian Possberg and Ross Johnson
Canada Pork Inc. – Ross Johnson
Canada Pork International - Harold Fast
Canadian Animal Health Coalition – Ross Johnson
Canadian Animal Health Consultative Committee – Ross Johnson
Cereals Roundtable Subcommittees on Wheat and Barley – Neil Ketilson
CQA® Advisory Committee – Harvey Wagner
Emergency Planning Working Group – Harvey Wagner
Executive Committee – Florian Possberg
Identification and Traceability System Working Committee – Neil Ketilson
National Communications Working Group – Neil Ketilson, Kim Browne
National Pork Value Chain Roundtable – Florian Possberg
National/Provincial Traceability Staff Contact Group – Neil Ketilson and Mark Ferguson
Producer Committee for Climate Change – Neil Ketilson
Safety Nets Committee – Florian Possberg
Trade Advocacy Working Group – Florian Possberg

INDUSTRY COMMITTEE REPRESENTATION

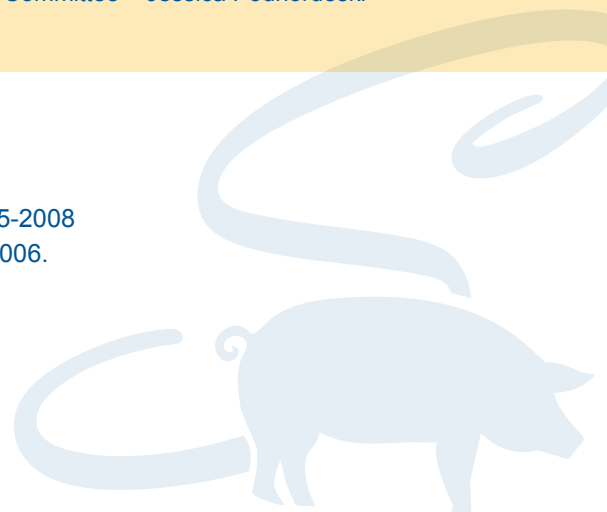
Agriculture Development Fund Board of Directors – Shirley Voldeng
Agriculture in the Classroom – Jessica Podhordeski
AgriVision Corporation Board of Directors – Neil Ketilson
Canadian Agri-Food Trade Alliance (CAFTA) – Saskatchewan and Alberta represented by Jurgen Preugschas of Alberta
Canadian Integrated Program for Antimicrobial Resistance Surveillance (CIPARS) – Harvey Wagner
Farming for Tomorrow Magazine Editorial Board – Kim Browne
Harvey Wagner
Certified Livestock Transport Advisory Group – Harvey Wagner
Farm Animal Council of Saskatchewan – Harvey Wagner
Farming for Tomorrow Magazine Editorial Committee – Kim Browne
National Promotion Group - Kim Browne
National Communications Group – Kim Browne
Prairie Feed Resource Centre, University of Saskatchewan – Harvey Wagner
Provincial Farm Leaders Advisory – Shirley Voldeng
Provincial Farm Support Review Committee – Rene Labrecque
Saskatchewan Agri-Environmental Advisory Council – Shirley Voldeng
Saskatchewan Council for Community Development Board of Directors – Neil Ketilson
Saskatchewan Farm Health and Safety Council – Judy Ulrich
Western Canadian Agribition Agri-Ed Committee – Jessica Podhordeski

Strategic Planning

Sask Pork operates within the recommendations and framework set out in the 2005-2008 Strategic Plan developed with input from producers and industry partners in April 2006.

Key strategic areas are:

1. Market Development and Access
2. Industry Sustainability
3. Strategic Alliances
4. Communications





“The Times They Are A-Changin’”. Even though Bob Dylan was referring to a changing social structure back in the 60’s, he could very well have been singing about the pork industry today.

It was the end of an era when Mitchell’s Gourmet Foods stopped slaughtering hogs at its 11th Street location in Saskatoon at the end of May after 67 years, leaving Saskatchewan without a federally inspected slaughter plant. The closure of the plant was part of a restructuring process by Maple Leaf Foods as outlined

Throughout these challenging times Sask Pork has continued to provide essential services to the industry, interceding on behalf of its producers in dealings with provincial and federal bureaucracies and doing it in a fiscally prudent manner. Its record in the past, and to this day, of fast and efficient implementation of relevant programs like Canadian Quality Assurance®, Trucker Quality Assurance®, Animal Care Assessment and Premise Registration for Traceability is unmatched across the Canadian industry, and with minimal cost to the producer.

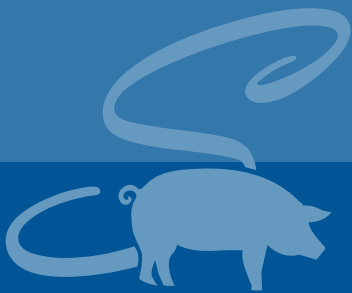
Chairman’s Letter

by Michael McCain at the Pork Industry Symposium in November.

Mr. McCain’s announcement last November, and the Canadian dollar nearly achieving parity with its American counterpart this summer were pretty much bookends for what has been an amazing year. With feed grain prices rising to near record highs, increased transportation costs as producers had to find new markets outside of provincial and national borders after the closure of Mitchell’s, and the threat of mandatory country-of-origin labeling looming even larger, it certainly hasn’t been a year of optimism in the pork industry.

On the provincial front, Sask Pork has been very active in trying to get a federally inspected plant built in Saskatchewan, working with a consortium of producers, investors and the provincial government. Even those producers who for one reason or another have chosen not to take part in the venture, benefited with access to contracts that would probably not have been offered without the threat of a slaughter plant in Saskatchewan.

Sask Pork also takes an active role in helping to shape regulatory process for the pork industry with director and staff involvement in organizations like the Provincial Farm Leaders Advisory Group, Agri-Vision and the Saskatchewan Association of Rural Municipalities.



On the national scene, Sask Pork is a strong advocate for facilitating change that will make our national organization, the Canadian Pork Council, a strong and vibrant entity that will lead the Canadian pork industry into the future. We are also part of a lobbying effort to speed up the approval process for feed grains and other feed and medication ingredients to put the Canadian industry on an equal footing with our counterparts in the U.S. and around the world.

You don't need a crystal ball to see that the next 6 months could be as rough as the industry has seen in the last little while. With high hog numbers forecast into the first quarter of '08 it will take a dramatic increase in U.S. exports to keep prices anywhere near profitability. If one believes in macro-economics however, things will turn around and the pork industry will be profitable once more. One can only hope the face of the industry will not have changed too dramatically by then.

2007 is an election year for Sask Pork and the entire board is up for re-election except for one director who has completed three two-year terms. It has been a pleasure to work with such a wonderful group of dedicated individuals who have always been focused on the long-term benefits for the industry.

To the staff of Sask Pork I would like to say 'thanks guys' - you have been super to work with. You have made me realize what the term positive energy really means.

To our producers, thank you for your positive feedback on the organization and what we're trying to do. It has been great to meet so many of you over the course of the last number of years. It is only through working together in a positive, and proactive way, that we'll be able to position our industry for long term sustainability.

Respectfully submitted,



Joe Kleinsasser
Chairman





Each year as I write my report to producers with respect to the activities of Sask Pork, I am provided with the opportunity for reflection -- to consider whether there was value created for producers by our efforts and whether our current strategic direction was aligned with the needs of the industry. Fast-forward ten years from now, and I think the initiatives began in 2007 will be seen as strategically pivotal for the Saskatchewan pork industry.

2007 major initiatives included taking a leadership role in maintaining slaughter capacity in Saskatchewan; taking an advocacy role to improve profitability and/

profitability problems are common in many global hog producing countries, Canadian producers have been particularly impacted. Unless the profitability situation changes considerably in the coming year, there will be a major downward restructuring of the Canadian pork industry.

Of paramount importance to Saskatchewan producers was the closure of the Mitchell's Gourmet Foods facility in May 2007 that left the province without a federally inspected slaughter plant. This has resulted in 900,000 additional hogs being transported to plants in Brandon, Red Deer and the U.S. for slaughter. Notwithstanding the higher transportation costs, producers are forced to endure many logistical inconveniences, and many share the opinion that the future of the Saskatchewan

hog industry is dependant on establishing a new packing plant in Saskatoon.

To address the unknowns related to the slaughter capacity issue in western Canada, Sask Pork held a series of producer meetings to determine the will, and commitment, of producers to participate in the formation of a new company to construct a new slaughter and processing plant in Saskatoon. To date, an overwhelming majority of producers have made a nominal financial and supply commitment to the packing plant venture. They have also established a legal entity to participate and form part of a consortium consisting of Big Sky Farms and Fishing Lake First Nation who wish to partner to build and operate a new packing plant. Efforts continue to move forward although

or reduce regulatory barriers for producers, provincially, nationally or internationally; and leading a strategic review of the governance structure and funding for the Canadian Pork Council. Each of these initiatives has the potential to positively position Saskatchewan's producers to meet long term needs of the global marketplace.

While every year it seems we are saying that the "industry is at a crossroads", this year it is undeniably true. The pork industry is faced with critical issues, namely: loss of slaughter capacity; lack of competitiveness due mainly to high feed grain prices; an inefficient packing industry; rising transportation costs; potential trade barriers with the United States; and a significant rise in the value of the Canadian dollar relative to the U.S. While

General Manager's Report

a construction start date has not been determined.

Of equal importance to producers is the consolidated effort by Sask Pork in lobbying for efficient and effective provincial, national and international agriculture policy. Government policy has a huge impact on all levels of the hog industry as evidenced by the new plan for the U.S. and Canada to foster a fuel source using ethanol and bio diesel production from grains and oilseeds. Subsidies provided by this policy alone have resulted in a long term, fundamental shift in prices of feed grains. The Canadian Pork Council and the provincial pork associations argued for compensation for the increased feed prices as well as changes to regulations to allow for the licensing of new higher yielding grain varieties.

Other areas of prime concern to pork producers are the impending US Country of Origin Labeling (COOL) legislation, the federal farm safety net programs, WTO, animal welfare, and hog identification and traceability. Each of these government related policies and actions have the potential to have major implications for the hog industry.

It is critical to ensure the industry's voice is heard. Who represents the industry and do they have the resources to adequately represent the interests of the producers across Canada are important questions. Earlier this year, Sask Pork's Board of Directors initiated a review of the Canadian Pork Council with member provincial associations to define roles

and responsibilities, governance and the resources required to ensure producer and industry needs are met into the future. That review process is now underway and is anticipated to conclude with a strategic planning session and presentation of alternative models for governance in January 2008.

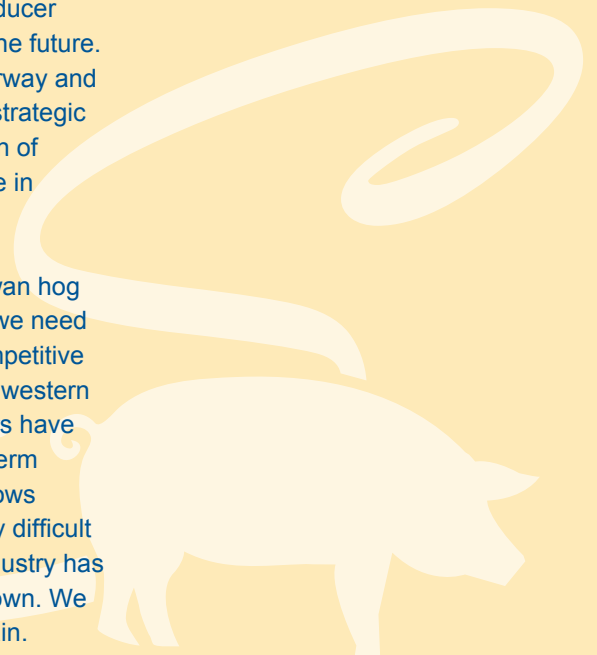
While it is certain the Saskatchewan hog industry will continue to change, we need to be reminded of the natural competitive advantages for hog production in western Canada. Saskatchewan producers have a reputation for innovation, long term vision and resiliency. History shows there have been a number of very difficult financial periods, however the industry has continually bounced back and grown. We are confident this will happen again.

In closing, I would like to thank Kim, Harvey, Mark, Patty, Jessica and Chyanne for their dedication and work on behalf of the producers and the industry.

On behalf of the staff, we would like to thank our Board of Directors for its guidance, determination and support over the past year. Through the direction provided by the Board of Directors, our organization is working to enhance the Saskatchewan and Canadian hog industry.



Neil Ketilson
General Manager





The Saskatchewan pork industry continues to operate in an ever-changing environment with many diverse issues, opportunities and threats. Throughout the year, Sask Pork continued to

Maple Leaf Foods that they would not proceed with construction of a new plant in Saskatoon and that they planned to close the Mitchell's Gourmet Foods facility in Saskatoon reinforced the importance of continuing this process.

Sustainability and Growth

devote significant resources towards a combination of new and previously established initiatives.

Slaughter Capacity

The state of western Canadian slaughter capacity, and the presence of significant capacity in Saskatchewan has been a major concern for a number of years. In 2004, Sask Pork commissioned a study and business plan for a slaughter facility in Saskatchewan. The sudden announcement on October 12, 2006 by

Without a major packing plant in the province it was apparent that all producers would be forced to haul animals into Alberta, Manitoba and the U.S. Saskatoon-area producers would face increased costs of at least \$5/pig to transport animals to the Brandon or Red Deer Plants. Further complicating the issue at the time was an apparent lack of available slaughter capacity in western Canada as a whole. Western Canadian live hog exports continue to reach record levels, and it was anticipated that it would be extremely difficult for producers to access markets for their hogs following the closure, and their negotiating position

would be reduced. Failed double-shifts in Red Deer and a questionable ability for either the Red Deer or Brandon facilities to successfully double-shift, made the announced closure extremely troubling for the industry.

Following Maple Leaf's decision, Sask Pork staff, directors, producers, and industry and government stakeholders met on numerous occasions to discuss the potential for building replacement slaughter capacity in the province. Sask Pork administered a formal survey to gauge the interest of producers in pursuing a slaughter plant. Of the producers who responded, 82 percent

consortium required seed money from each of the partners to proceed. Sask Pork determined that it was important for all Saskatchewan producers to have the opportunity to participate in the process.

Subsequently, Sask Pork held a special meeting of producers at which they could commit a fixed number of hogs (shackle space) to a new slaughter plant, and contribute \$0.30/hog. This producer group would then form a single legal entity to represent them in the venture. A sufficient number of producers and hogs were committed to process, warranting further action by Sask Pork. To date, the producer

Meyers Norris Penny to complete a marketing and financial review of a potential marketing and operational partner. Much was learned from this exercise and further discussions will be held with this potential partner. In early July, the consortium met to solidify the group's goals, objectives, core strengths and focus. The consortium is now in the process of preparing a formal business plan for use in further negotiations, for presentation to financial institutions and prospective partner shareholders.

Although the long-term objective of securing a plant is important, it is also important to note that the prospect of a plant being built has almost certainly translated into relatively high valued contracts for producers in the short-term.

The following slaughter activities throughout the year included:

- Packer strategy meeting – November 1, 2006 Saskatoon
- Media conference – November 2, 2006 Saskatoon
- Meeting with Michel McCain – November 15, 2006
- Notice of producer meeting sent to producers – November, 2006
- Producer meeting/slaughter capacity feedback– November 27, 2006 Saskatoon
- Sent slaughter capacity feedback letter to producers not in attendance at November 27 meeting
- Sent slaughter capacity feedback results to producers – December 12, 2006
- Pork Industry Slaughter Capacity Advisory Meeting December 14, 2006 Saskatoon
- Industry update on slaughter capacity

directed Sask Pork to explore all options for maintaining slaughter capacity.

As such, we initiated discussions with a consortium made up of the Fishing Lake First Nation and Big Sky Farms. This group was actively working on the establishment of a new plant and seeking a partner with marketing and operational expertise. However, the

group has been incorporated and become a partner in the consortium. The incorporated producer entity formed a producer advisory committee to guide the business involvement in the proposed venture.

This larger group has been exploring a number of options available to build and manage the new plant and engaged



Sustainability



meeting, a committee was struck to develop Terms of Reference and a budget for the initiative which would be brought forward at the CPC annual meeting in July 2007. At that time, a process was approved to conduct an in-depth review of the CPC's roles and responsibilities, governance structure, and funding options. This review, which is now much broader than the original proposal, has the potential to shape the future organizational structure for the pork organizations across Canada.

Foreign Animal Disease Preparedness

Western Canadian Slaughter Database

Since 2004, Sask Pork has worked closely with Manitoba Pork, Alberta Pork, and the Canadian Cattle Identification Agency (CCIA) to develop and build a central data repository to capture data on swine movements from finishing barns to packing plants. Federally inspected plants have been submitting slaughter data for over two years to a temporary database.

With the financial assistance of Canadian Adaptation and Rural Development (CARD) councils in Saskatchewan, Alberta, and Manitoba, work on the permanent slaughter database was completed this spring, with Sask Pork submitting the final report on the project in June. The project resulted in the development of a sophisticated database, which will fulfill the needs of western Canadian pork producers now and into the future. The project assisted the pork sector

- issues sent to all producers – December 20, 2006
- Producer update letter on packing plant initiative – February 16, 2007
- Notice of commitment meeting sent to producers – February 23, 2007
- Commitment meeting held - funding/ supply agreement distributed – March 1, 2007, Saskatoon
- Packing plant update letter sent to committed producers – July 9, 2007

The producer advisory group committee met on the following occasions:

- February 14, 2007
- March 23, 2007
- March 15, 2007
- April 6, 2007
- April 17, 2007
- May 4, 2007
- May 11, 2007
- June 20, 2007

This producer advisory has been very active in the development of the project

with the consortium, meeting nearly weekly and holding frequent meetings with consultants, business affiliates and potential marketing partners.

National Check-off

In April, 2006 the Sask Pork's Board of Directors passed the following motion:

"That Sask Pork lead a proposal to create a mandatory federal check-off that would support national programs and, that this proposal be presented at the Canadian Pork Council Annual General Meeting in July 2006."

This motion was presented to the Canadian Pork Council (CPC) Board of Directors in July 2006 and was deferred to the semi annual meeting in November on the condition that each province was to consider the motion at the provincial level. Sask Pork made presentations about the concept to the Ontario, Alberta and maritime provincial boards. At the November 2006 CPC semi-annual

and Growth

in increasing its preparedness for a foreign animal disease outbreak. The western Canadian slaughter database is expected to increase the speed and efficiency with which animal health issues can be contained and controlled. It is hoped this will eliminate the need for border closures in the wake of an outbreak, or decrease the amount of time the border would be closed.

During 2007/2008, Sask Pork along with the other western provinces will be migrating premises information and transitioning slaughter data into the new database.

National Hog Identification and Traceability Program

Sask Pork continues to contribute significant resources towards the development of a national identification and traceability system for the hog sector that will allow the industry to provide information on all Canadian swine premises and trace animal movements, boosting our preparedness in the case of an animal disease outbreak.

Sask Pork is an active member of the CPC's ID and Traceability Working Committee, which convened on several occasions during the year to further the development of the traceability program. The first stage of implementation of the National Traceability Program involved premises registration, which Saskatchewan completed in May 2006. Other provinces completed the premises registration process and national tattoo

standardization through 2006/2007. The next phase of the National Hog Identification and Traceability program will involve selecting a national service provider(s).

Safety Net Programs

Sask Pork continuously monitors the value and effectiveness of federal and provincial government support programs for the hog industry, and offers recommendations regarding the delivery of programs whenever possible. In addition, Sask Pork is an active participant in the CPC national safety net committee, represented by Florian Possberg. During 2006/2007, the Safety Net Committee and the Canadian Pork Council worked on behalf of all Canadian producers to ensure federal programs effectively meet the needs of the industry. Some of the issues addressed included:

- Continuing to press the federal government for livestock production insurance;
- Examining the newly proposed livestock cash advance program (Advance Payments Program), determined that it was unworkable for hog producers, and offered recommendations on how to make the program work;
- Examining the new producer savings account program (AgriInvest) to gauge its effectiveness for hog producers;
- Ongoing consultation and evaluation of the status of CAIS program, including the timeliness of payments, and effectiveness in addressing hog industry margin declines.

Advance Payments Program

On June 23, 2006 federal legislation (Bill C-15) was passed to amend the *Agricultural Marketing Programs Act* (AMPA) to provide cash advances to livestock producers. Since that time, the federal government has been consulting with industry, and forming their policies and procedures with respect to the Advance Payments Program for hog producers. When the program was initially created, the government expected hog producers to repay the loan as hogs were marketed. Sask Pork met with federal officials on October 5, 2006 and suggested that repaying and re-applying for loans following every hog marketing was unworkable, and a one-year loan similar to the loans provided to grain producers would be more equitable and effective.

Other provinces and the CPC voiced similar concerns, and the government has since revised the program to consist of a 6-month loan. Sask Pork also requested that loan values not be tied to CAIS margins to improve the effectiveness of the program for hog producers.

One characteristic of the Advance Payments Program is that the federal government requires the private sector to administer all loans. As of July 31, 2006, Sask Pork had identified several organizations with the capabilities to administer the program for Saskatchewan hog producers, and is in the process of engaging these organizations.



Sustainability and Growth

Private Sector Risk Management Partnership (PSRMP)

During the year, Sask Pork had the opportunity to assume control of the Private Sector Risk Management Partnership (PSRMP) program, which was originally initiated and managed by Alberta Pork. The PSRMP program forms part of the Agriculture Policy Framework's business risk management objectives. Its purpose is to enhance the capacity of the agricultural industry to manage risks traditionally not covered by public sector programs, and for which private sector coverage is not currently available, and to increase the participation of the private sector financial services industry in providing risk management solutions (products and services) to the agricultural industry.

During 2007/2008, Sask Pork will be initiating phase two of this project, which may involve consultations with producers to gauge their use and experience of risk management tools such as futures and options, and initiate analysis to explore improving the costs and efficiency of producers' use of existing tools. The project may also explore whether there are new and innovative price stabilization tools that could be utilized.

Country of Origin Labelling

Country of Origin Labelling (COOL) is a provision in the United States Farm Bill that was passed in May 2002. Implementation of the provision was delayed numerous times, most recently to September 30, 2008. A

combination of the November 2006 U.S. senate election (in which the Democrats won control of both the house and the senate), and the fact that several influential U.S. senators support implementation has renewed interest in COOL on both sides of the border. External and internal analyses completed on this issue indicate that mandatory COOL will have a large negative impact on live hog exports, and is a significant issue for the Saskatchewan pork industry, especially in light of the Canadian slaughter capacity shortage.

Sask Pork was an active participant in a national COOL coalition organized by the Canadian Pork Council to manage our national response to this serious issue beginning in February 2007. The coalition convened approximately 10 times, during which our industry's strategy was clarified. The coalition articulated concerns to the federal government, and requested that they take action on this issue. Sask Pork has also conveyed our concerns regarding this issue to representatives of the provincial government.

Industry Competitiveness

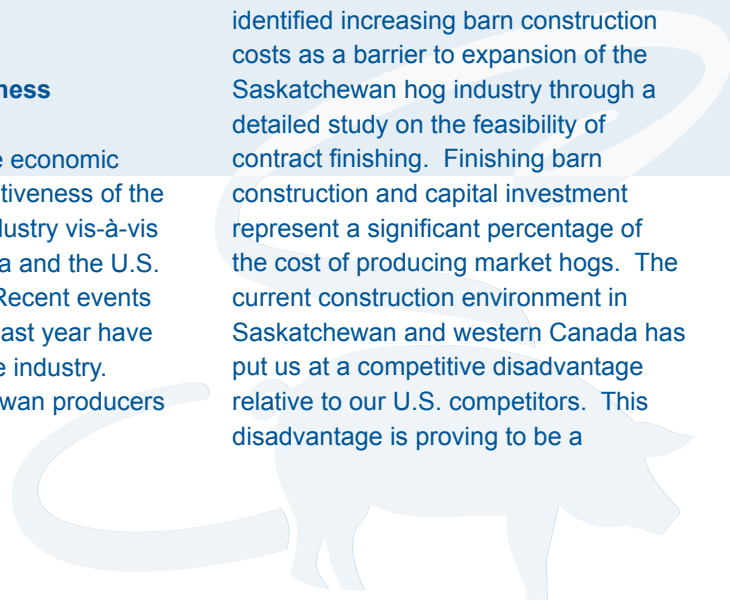
Sask Pork monitors the economic conditions and competitiveness of the Saskatchewan pork industry vis-à-vis other regions in Canada and the U.S. on an ongoing basis. Recent events and markets over the past year have changed the face of the industry. Specifically, Saskatchewan producers are now facing:

1. *Increased transportation costs* due to the Saskatoon plant closure and a shortage of space at other plants. Saskatoon-area producers have had their transportation bill increase by at least \$5/pig;
2. *Increased feed costs* due to reduced feed grain stocks because of the U.S. ethanol boom;
3. *Reduced local hog prices and an uncompetitive slaughter industry* due to the rapid appreciation of the Canadian dollar;
4. *Increased labour and construction costs* because of the hot western Canadian economy.

We will continue to seek solutions to these issues. Transportation and slaughter industry concerns are being addressed through the ongoing slaughter plant initiatives. Sask Pork is also trying to address construction costs through the modified barn research project.

Modified Barn Project

During the previous year, Sask Pork identified increasing barn construction costs as a barrier to expansion of the Saskatchewan hog industry through a detailed study on the feasibility of contract finishing. Finishing barn construction and capital investment represent a significant percentage of the cost of producing market hogs. The current construction environment in Saskatchewan and western Canada has put us at a competitive disadvantage relative to our U.S. competitors. This disadvantage is proving to be a





significant barrier to entry for all producers, particularly smaller producers with limited access to outside capital.

To even the playing field with respect to barn construction costs, Sask Pork along with the assistance of ACAAFS and the Prairie Swine Centre are exploring innovative, low-cost methods of constructing finishing barns. One company (C&C Feeders) built several modified low-cost barns (utilizing a straw-based production system, and walls insulated with bales), and Sask Pork had the opportunity to implement a research program at these facilities. These modified low-cost barns are projected to cost \$120-130/space, whereas conventional barns currently cost \$350/space.

Trade Advocacy and International Relations

In January 2007, directors Florian Possberg and Ross Johnson formed part of a delegation to the U.S. to man Canadian pork industry booths at two major U.S. annual pork industry association meetings and trade shows

in Minneapolis, Minnesota and Des Moines, Iowa. This trip, organized by Manitoba Pork and the Consulate General's office, also provided the opportunity for participants to meet with U.S. producers and processors one-on-one to discuss common research goals and industry programs. The Minneapolis show draws 2,000 to 3,000 producers and the Des Moines event attracts 3,000 to 5,000.

Sask Pork supports the Canadian Pork Council's ongoing efforts to minimize the threat of trade issues and trade barriers to exporting pork and live animals. Sask Pork monitors the U.S. trade and political situation on a quarterly basis by participating in a quarterly monitoring conference call organized by the CPC.

World Trade Organization

Recognizing the importance and our dependence on international trade, Sask Pork's Board of Directors decided to participate in a joint membership with Alberta Pork in Canadian Agri-Food Trade Alliance (CAFTA). CAFTA is an organization of export dependant agricultural producers lobbying for freer

global trade. A key focus over the past year has been greater market access for Canadian agricultural products through WTO negotiations.

Jurgen Preugschas, Chairman of Alberta Pork represents both Alberta and Saskatchewan on the CAFTA Board of Directors.

International Visitors

Russian Delegation

In early 2007, Agriculture and Agri-Food Canada (AAFC) were contacted by EXIMA, a major agricultural holdings company in Russia, who were interested in purchasing F1 Canadian breeding stock. They represented Mikoyan Meat Processing Plant, the leader in the Russian processed meat market and one of the largest processors in Europe. Their cross-Canada tour included meetings with genetics firms and producers in Manitoba and Saskatchewan.

Sask Pork was pleased to assist with coordinating and playing host for the Saskatchewan portion of their visit. Ultimately the visit resulted in an agreement being signed between Hypor B.V., and EXIMA to cooperate in the field of pig breeding in Russia.

Hypor was selected as the supplier of purebred animals from nucleus farms in Saskatchewan. It was expected that in the second half of 2007, three nucleus farms, with a capacity of more than 3,000 sows, would be supplied with purebred animals.

Sustainability and Growth

Chinese Delegation – June 11, 2007
Saskatchewan Trade and Export Partnership (STEP) coordinated the visit by 9 representatives of the Shandong Liuhe Group Co. LTD in China. Saskatchewan was one stop on a North American tour to gather information on modern pig production and processing that they could use to model their own production facilities. Sask Pork was invited to participate and hosted the representatives who expressed a great deal of interest in building stronger relationships between China and Saskatchewan.

Kazakhstan Pork Industry Delegation – November 20, 2006
Mark Ferguson and Harvey Wagner hosted the group and presented information on the Canadian pork industry. The delegation were touring Canada to observe Canadian agricultural industry and to make livestock sector contacts with a view to improving agricultural production in Kazakhstan.

Japanese Food Writers Delegation – August 30, 2006
Sask Pork and the Prairie Swine Centre hosted a delegation of food writers from significant livestock and meat publications in Japan and two representatives of the ASAHI Agency that represents the Canadian pork industry in that country. Particular interest was shown on the National Hog Identification and Traceability system and on-farm food safety.

Norwegian Agricultural Delegation – October 20, 2006
Sask Pork and the Prairie Swine Centre hosted the broad based agricultural group that represented all Norwegian commodities. They were here to gather information on Canadian pork production practices and tour the Pork Interpretive Gallery at Elstow.

Canada Pork International

Sask Pork supports the development of export markets through our support of Canada Pork International (CPI). Harold Fast represented Sask Pork on the CPI board of directors this year. The organization has added to their staff complement to include focus on Latin America and have participated in numerous trade missions to Japan and China.

Greenhouse Gases and Climate Change

Sask Pork hosted the Canadian Pork Council's Environmental Programs Coordinator, Cedric MacLeod, November 23, 2006, as he tested the CPC Greenhouse Gas (GHG) Quantification Protocol software. Four Saskatchewan producers participated in the session, where they used data from their farms to test the software. The producers were Joel Wurz, Dave & Toby Tschetter, Ramsee McGrath and Bryan Possberg. The purpose of the session was to test the user friendliness of the software.

The farm level data gathered was also helpful in determining the accuracy of the software in predicting total GHG emissions from the farm and how the emissions change when production practices are altered.

Policy and Regulatory Development

The Planning and Development Act 1983 Stakeholder Consultations

Director Ross Johnson participated in consultations throughout the year.

Building a Sustainable Future: A Summary of Stakeholder Discussions was released in November 2006 and is available at: <http://municipal.gov.sk.ca/publications/pdf/cpb/actreview/summaryfinal.pdf>

The Standing Committee on Agriculture, June 11-15, 2007, Saskatoon

Neil Ketilson and Shirley Voldeng appeared at the committee enquiry on the state of internal trade in Saskatchewan. An oral presentation was made that outlined pertinent facts and issues facing the hog industry including:

- packer consolidation and lack of competitive pricing for hogs;
- the importance of farm support programs to offset lack of competitiveness and profitability;
- importance of access to international markets through WTO or improved bilateral trade agreements.



Mark Ferguson prepared a written submission and made a presentation to the provincial Standing Committee on the Economy on the state of internal trade and the proposed Trade Investment and Labour Mobility Agreement (TILMA) on June 12, 2007.

Saskatchewan Crop Insurance Corporation 2007 Corporate Planning Board and Management Planning Session April 25-26, 2007 Regina

Neil Ketilson presented to the Board, information on the current state of the hog industry and Sask Pork's view on issues and trends expected over the next 5-10 years.

Saskatchewan Economic Development Authority – March 5, 2007- Forum on Building the Next Generation Economy in Saskatchewan March 5

Neil Ketilson and Joe Kleinsasser participated in this provincial forum that provided an opportunity to influence the next generations economy in Saskatchewan. The forum sought to gather information to build prosperity

and increase sustainability in Saskatchewan's economic regions.

Agriculture and Agri-Food Canada, Prairie Farm Rehabilitation Administration (PFRA) "Planning for Agriculture", Warman, Saskatchewan

This one-day workshop in January 2006 was a component of an agriculture production profile being developed by PRFRA. Thirty-three local area producers, including two pork producers, from the Saskatoon region were registered to participate in the workshop that centered on gathering information on rural neighborhoods relative to environmental, social and economic aspects of the landscape. The study also sought to define "neighborhoods" within the rural municipality by gathering agricultural and demographic information to develop a "neighborhood plan" to guide the way an area changes over time in response to shifts in development pressure.

CFIA Transportation of Animals – Proposed Changes to Livestock Transportation Regulations

Sask Pork and other commodity partners provided input on the proposed changes to the Canadian Pork Council who in turn responded to the Canadian Food Inspection Agency on behalf of pork industry. Harvey Wagner participated in conference calls and attended meetings as necessary throughout the consultation period. The revised

regulations were to be published in the Canada Gazette in the spring of 2007.

Low Phytate Barley – attended a meeting and sent a letter to Minister Chuck Strahl requesting that the novel feed designation be removed from this product.

Other Industry Presentations

Prince Albert Rural Economic Development Association Livestock Opportunities Meeting - Ross Johnson presented "*The Potential for Contract Finishing*" - March 2006

Saskatchewan Society for the Prevention of Cruelty to Animals - Harvey Wagner presented "*A National On-Farm Animal Care Assessment Program for Canadian Hog Producers*" - October 2006

Saskatchewan Meat Processors Association Annual Conference
Neil Ketilson presented an *Update on Pork Production and Producer Programs* – February 24, 2007

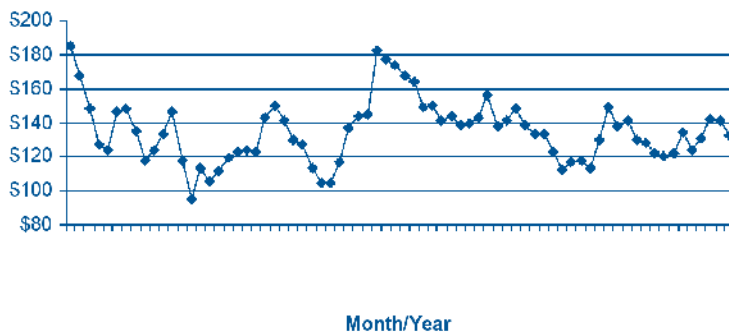
Saskatchewan Hog Industry Update presentation to Crop Insurance – Neil Ketilson - April 26, 2007

Swift Current Producer Update Meeting – October 10, 2006

Lecture to graduate agricultural economics class on the hog industry and history of hog marketing - Mark Ferguson – March 29, 2007

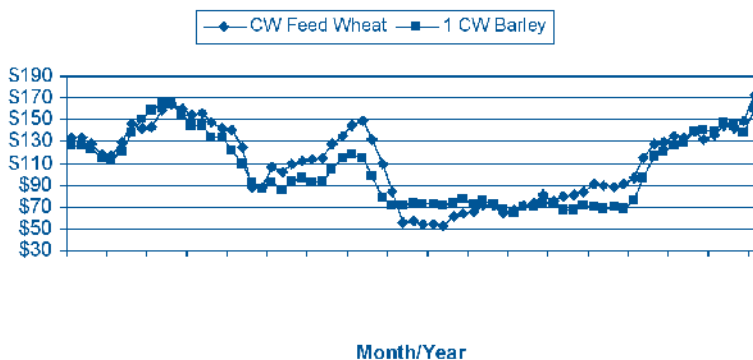
Industry Trends

Saskatchewan Monthly Hog Prices, SPI Index 100



Source: SPI Marketing Group Inc.

Saskatoon Farm Gate Feed Grain Prices



Source: Saskatchewan Agriculture and Food: Stats Handbook

* Note: These prices are weekly cash spot prices that a producer would receive at a local Saskatoon elevator. Producers purchasing these feed grains would need to add handling and freight charges to the base price. Procurement Handling charges could add another \$10-\$25 per tonne to the cost of these feed grains purchased.

While previous years have presented challenges for the Canadian pork industry, 2006/2007 delivered a more serious blow to producers than could have been predicted. The strength of the Canadian dollar continued on an unrelenting course upward settling in at highs not seen since the 1970's. The added surge in expansion of the ethanol industry in North America stressed supplies of feed grains, resulting in increased feed ingredient prices.

Hog prices averaged \$130.75/pkg between August 2006 and July 2007. This represents a 0.4% increase from the previous year, and is significantly lower than the 10-year average of \$142.65/pkg. Despite an extended period of extraordinary U.S. Midwest hog prices in the spring and summer months, Canadian prices were not impressive. The continued appreciation of the Canadian dollar throughout 2006/2007 continued to depress Canadian prices.

The fall of 2006 marked a significant shift in feed grain prices in western Canada. Since September of 2004, pork producers had benefited from very low feed grain prices due to an abundance of local feed grains and low world feedstock prices due to high stocks. In late 2006, surging demand for corn for industrial use (ethanol) began showing signs of significantly reducing stocks of North American corn, which increased the price of all feed grains in North America. Barley and feed wheat averaged \$121.67/tonne and \$128.32/tonne respectively between August 2006 and July 2007. This is a significant increase over the average 2005/2006 barley and feed wheat prices of \$68.99/tonne and \$78.72/tonne.

Saskatchewan's producer numbers remained relatively stable between 2005 and 2006 with a slight increase in producer numbers. In 2006, a total of 296 producers marketed hogs produced at 429 premises in the province.

The total number of market hogs produced for slaughter dropped by 138,000 primarily due to increased feeder pig exports to the U.S. Total Saskatchewan pig marketings dropped by approximately 92,000, which is a decline of 4 percent.

Saskatchewan Producer Profile								
Number of Hogs Produced	Number of Producers*				Number of Slaughter Weight Hogs Produced			
	2006	2005	2004	2003	2006	2005	2004	2003
<100	109	85	222	300	2826	2,200	5,369	7,932
100-500	43	53	67	115	10813	14,795	16,639	28,805
500-1000	25	26	35	36	18219	19,019	25,711	25,560
1000-5000	50	53	60	65	125938	127,422	131,565	148,809
5000-25000	62	66	69	65	671403	663,790	672,245	601,331
25000-50000	4	7	5	3	112646	198,864	139,841	88,539
>50000	3	4	4	4	1134131	1,188,323	1,027,262	1,102,341
Totals	296	294	462	588	2,075,976	2,214,413	2,018,632	2,003,317

Source: Saskatchewan Pork Development Board

*Note: These numbers are based upon checkoff data, and represent the number of producers/companies that produced hogs, not the number of production units or premises. In 2006, there were 435 active premises in Saskatchewan.

Year	Number of Pigs Sold in Saskatchewan by Category				
	Market Hogs	Breeding Stock Exports	Sows	Feeder Pig/Weanling Exports	Total Pigs Produced
2005	2,214,413	23,619	24,523	195,113	2,457,668
2006	2,015,017	29,660	31,299	289,551	2,365,527

Source: Saskatchewan Pork Development Board



Industry Trends

According to Statistics Canada, Saskatchewan's breeding herd increased by 1,700 sows over the past year. The western Canadian sow herd decreased by 800 sows due to a sharp decline in the Alberta breeding herd. Eastern Canada's breeding herd declined by 13,900 sows. The decline in sow numbers across Canada is a reflection of the challenges facing the industry across the country in terms of feed costs, hog prices, and new barn construction costs.

Total Sows And Bred Gilts In Canada (1,000 Head, July 1st)								
Year/Month	Alberta	Sask.	Man.	West	Ontario	Quebec	East	Canada
2001	200.9	109.5	290.8	619.6	351.0	401.6	789.3	1,408.9
2002	209.0	117.7	325.7	670.6	387.6	411.3	834.4	1,505.0
2003	203.5	124.2	341.3	688.6	415.1	412.4	861.3	1,549.9
2004	198.0	128.8	362.0	708.3	431.7	416.5	880.7	1,589.0
2005	196.8	131.2	365.6	711.8	430.0	414.3	876.4	1,588.2
2006	188.0	130.9	368.0	705.5	417.1	399.0	846.9	1,552.4
2007	183.6	132.6	370.5	704.7	408.5	394.0	833.0	1,537.7

Source: Statistics Canada, Hog Statistics, July 2007

The total number of pigs marketed across Canada remained relatively stable between 2005 and 2006. Eastern Canadian production declined slightly to 15.03 million pigs, while western Canada increased slightly to 15.5 million pigs. Saskatchewan remains the 5th largest pork producing province in Canada.

Estimated Canadian Hog Marketings (Thousand Head),(Slaughter Weight, Breeding Stock, Weanling, and Feeder Pigs)								
Year	Alberta	Sask.	Man.	West	Ontario	Quebec	East	Canada
2001	3,608.9	1,626.0	5,966.5	11,519.0	6,825.3	7,018.7	14,522.9	26,041.9
2002	3,561.6	2,090.1	6,448.6	12,416.2	7,452.4	7,334.7	15,453.1	27,869.3
2003	3,509.8	2,271.2	7,338.6	13,461.1	8,313.3	7,475.0	16,421.6	29,882.7
2004	3,699.4	2,415.9	8,108.0	14,561.0	8,634.3	7,568.9	16,819.0	31,380.0
2005	3,796.5	2,458.7	8,555.6	15,149.4	7,539.9	7,249.5	15,384.7	30,534.1
2006	3,848.7	2,603.0	8,754.6	15,534.6	7,399.5	7,059.0	15,027.7	30,562.3

Source: Statistics Canada, calculated by Brad Marceniuk (Saskatchewan Agriculture and Food)

(Calculated from slaughter plus international and interprovincial exports, less international and interprovincial imports)

For the third year in a row, Saskatchewan's slaughter numbers decreased. The announced closure of the Mitchell's Gourmet Foods plant in October and subsequent winding down of slaughter contributed to a reduction of approximately 110,000 hogs.

Hogs Slaughtered In Canada								
(Thousand Head),(Number of Hogs Slaughtered in Federally and Provincially Inspected Plants)								
Year	Alberta	Sask.	Man.	West	Ontario	Quebec	East	Canada
1998	1,596.3	1,034.9	2,820.8	5,750.1	3,358.0	7,135.3	10,994.6	16,744.6
1999	2,135.3	1,023.0	3,073.0	6,551.0	4,157.9	7,524.4	12,220.4	18,771.4
2000	2,091.5	922.3	3,923.9	7,284.0	4,039.2	7,653.0	12,200.8	19,484.8
2001	2,218.1	1,040.3	4,147.5	7,857.1	4,256.8	7,892.3	12,684.8	20,541.9
2002	2,587.2	1,133.9	4,421.3	8,647.1	4,620.6	8,167.2	13,331.9	21,979.0
2003	2,818.6	1,150.3	4,352.5	8,833.9	4,757.6	8,173.5	13,454.2	22,288.1
2004	3,009.0	1,149.9	4,355.3	9,036.0	4,664.0	8,494.1	13,665.4	22,701.3
2005	3,122.0	973.5	4,419.5	9,018.5	4,602.2	8,095.3	13,140.2	22,158.7
2006	3,241.9	863.7	4,273.3	8,867.7	4,513.6	7,817.1	12,751.7	21,619.4

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

In response to shortages of western Canadian slaughter capacity, higher feed costs, higher transportation costs, and disappointing Canadian hog prices, an increasing number of pigs are being exported to the U.S. In 2006, feeder pig exports totalled 286,072, which is an increase of 70 percent. In 2006, market hog exports totalled 164,253, which represents an increase of 45 percent. Further increases are anticipated for the upcoming year.

Canadian Live Hog Exports by Province (< 50kg)						
Number of Head						
	2001	2002	2003	2004	2005	2006
Canada	3,168,770	3,757,366	4,971,044	5,626,871	5,414,931	6,014,268
Western Canada	1,869,983	2,102,792	2,804,025	3,589,193	4,128,885	4,670,399
Manitoba	1,720,329	1,934,011	2,637,222	3,294,412	3,634,034	4,066,357
Sask.	12,342	16,860	33,563	91,565	168,174	286,072
Alberta	129,268	141,261	112,921	180,879	296,044	286,309
B.C.	8,044	10,660	20,319	22,337	30,633	31,661

Source: Agriculture & Agri-Food Canada

Canadian Live Hog Exports by Province (> 50kg)						
Number of Head						
	2001	2002	2003	2004	2005	2006
Canada	2,152,298	1,966,268	2,458,173	2,876,320	2,777,294	2,751,189
Western Canada	1,660,308	1,512,096	1,660,557	1,756,179	1,824,666	1,792,299
Manitoba	889,613	943,814	1,143,481	1,250,640	1,379,970	1,334,662
Sask.	119,928	125,933	167,478	131,343	113,053	164,253
Alberta	602,587	416,550	311,371	356,083	330,478	292,312
B.C.	48,180	25,799	38,227	18,113	1,165	1,072

Source: Agriculture & Agri-Food Canada



FOR CANADIAN HOG PRODUCERS

*Animal Care
at Work*



Food safety is growing in global importance. The Canadian pork industry is fortunate to have had the foresight to develop a rigorous, auditable on-farm food safety program. Our CQA®

Producer Services

program, which was implemented in 1998, is as highly regarded around the world, as it is in Canada.

Canadian Quality Assurance (CQA®)

Although the CQA® program is voluntary, Saskatchewan producers continue to participate in the program in high numbers. In 2006, an average of 99.7% of the pigs sold came from CQA® “registered” farms.

The CQA® program has continued to evolve, since the national program, like each farm’s food safety program, is based on the principle of continuous improvement. The new Drug Use Policy took effect in 2006-2007. As well, a new electronic version of the program was developed and distributed to farms on disc and via the internet by the national CQA® administration.

Animal Care Assessment

The Animal Care Assessment (ACA) program was adopted this year by farms. To date, nine Saskatchewan farms have completed their ACA registration. Saskatchewan has the highest producer participation in ACA in Canada.

Trucker Quality Assurance®

The licensing agreement with the United States National Pork Board allows Sask Pork to continue to deliver the TQA® program to Saskatchewan livestock transporters. At the end of the fiscal year, 640 truckers from Saskatchewan were certified with the TQA® program.

Over the past two years, the Canadian livestock industry, led by the Alberta Farm Animal Council (AFAC), developed an animal transport training program called Certified Livestock Transport (CLT). This program was developed with an emphasis on Canadian conditions and regulations and is a multi-species program that incorporates general and species-specific modules. The hog

module combines the CLT general module with a Canadian hog section and the full TQA® training. Training of trainers took place in May 2007. Sask Pork will offer the CLT/TQA® training for hogs.

Canadian Integrated Program for Antimicrobial Resistance (CIPARS)

CIPARS entered the farm-testing phase for swine this year with 55 herds across Canada (a number in Saskatchewan) being tested to determine the presence of specific diseases and whether there is resistance to antimicrobials from the bacteria present.

Emergency Management Planning

The importance of emergency management (EM) planning is reinforced with every disease outbreak throughout the world. Sask Pork participated with other jurisdictions in planning and completed a draft EM plan.

Animal Handling Seminars

The producer services manager attended the DNL Farms Ltd. *Animal Handling Course* in October and subsequently decided to incorporate it into Western Canadian Livestock Expo as an educational component. Sask Pork assisted DNL Farms Ltd. in getting information on the course out to producers.

China On-Farm Food Safety Mission

The Canadian pork industry was invited to send a representative to China to present information on pork industry on-farm food safety programs. Harvey Wagner has been selected to participate in the mission that is planned for September 2007.

The main purpose of the mission was for the Canadian Consultant for

County, Sichuan Province to farmers, government officials and related industry individuals. These training materials would also be presented to other groups as arranged. Three separate presentations were developed, two on the development and implementation of the CQA® program and one that provided an overview of the Canadian hog industry. In addition, field visits to pork pilot project sites would be conducted,



Pork Quality Assurance to provide written on-farm pork quality assurance training materials (in Power Point) and to deliver those materials during training sessions in Zizhong

where on-site technical consultations would be conducted relating to quality assurance.



Research

RESEARCH COMMITTEE

Eric Von Doellen, Del Air Systems
 Henry Gauvreau, M.Sc., D.V.M., Warman
 Veterinary Services
 Gordon Hultgreen, Prairie Agricultural
 Machinery Institute
 Neil Ketilson, Sask Pork
 Joe Kleinsasser, Chairman, Sask Pork
 Ernie Donawell, Saskatchewan Agriculture
 and Food
 Judy Ulrich, Director, Sask Pork
 Harvey Wagner, Sask Pork
 Jerry Wollman, Riverbend Farms

**Prairie Swine Centre Inc. / Sask Pork
 Funding Agreement (2006-2010)**
 Began on the 1st day of January 2006 and
 ends 31st day of December 2010.

For the term of this agreement, Sask Pork agrees to pay to PSCI the amount set out below for each market hog, feeder pig and breeding stock animal sold by a Saskatchewan hog producer in the previous year, and in which the Sask Pork universal check-off was collected:

Class	Amount
Market hog	\$0.20 per pig
Feeder pig	\$0.04 per pig
Breeding stock	\$0.20 per pig

Additional Projects Funded:

Project #2006-01
Amount: \$25,000

Researcher:
 Dr. John Harding
 Department of Animal and Poultry Science
 University of Saskatchewan

Project:
**Assessment of Dual PCV2 Infection
 in Disease Free (Gnotobiotic) pigs:
 A Potential for the Re-emergence of
 PMWS in Canada.**

The re-emergence of post-weaning multisystemic wasting syndrome (PMWS) in eastern Canada in 2004-2005 has been devastating. Moreover, the outbreak coincides with the appearance of a novel and reportedly more virulent strain of porcine circovirus (PCV2) called "PCV-321". In western Canada, approximately 14% of swine farms suffer elevated mortality due to PMWS, including 13 Saskatchewan herds. On these farms



**PRAIRIE
SWINE
CENTRE INC.**



**UNIVERSITY OF
SASKATCHEWAN**

nursery and grower mortality due to PCV2 is elevated by 4% and 5% respectively. In western Canada, this novel PCV-321 strain has been isolated in 86% of farms with severe PMWS, but only in 29% of farms without PMWS. In Saskatchewan, PCV-321 has been isolated from four PMWS-affected farms.

Effect on trade: The discovery of the novel PCV-321 in Canada has been widely reported and recognized by our trading partners. Australia and New Zealand are clearly of the opinion that infected Canadian pork meat is a biosecurity risk to their industries, which justifies a trade embargo. Some regions in the US have proposed zoning to create “PMWS-free” areas, which would severely restrict hog movement throughout North America.

Effect on disease control: In the absence of rigorous virulence data, Western Canadian producers and veterinarians are uncertain of the significance of PCV-321. While the novel PCV-321 may be potentially spread via breeding stock, semen or the transportation of slaughter hogs, biosecurity programs and/or zoning that

would limit the spread of PCV-321 are difficult to develop and justify.

Objectives: Although this novel PCV-321 is reported to be more virulent than older indigenous PCV2 strains isolated in Canada, this has not been proven experimentally. The primary goal of this research project is to characterize the virulence of PCV-321 relative to a “gold-standard” archival PCV2 strain (Stoon-1010) that caused significant disease in western Canada in the mid-1990’s.

This research is urgently needed to preserve and expand exports of Canadian pork and live pigs and also will enable producers to develop effective and efficient PMWS control procedures.

CIPARS On-Farm Swine Advisory Committee Meeting

September 28th and 29th, 2006



Public Health
Agency of Canada

Agence de santé
publique du Canada

Harvey Wagner – Producer Representative

This program is being conducted in the major swine producing provinces across Canada (i.e. Alberta, Saskatchewan, Manitoba, Ontario and Québec). British Columbia has replicated the program as well.

Participating veterinarians have enrolled client producers that are CQA® validated, geographically and demographically representative of their practice, and market more than 2000 pigs/year.

Fecal samples are being obtained from finisher (close to market weight) pig pens approximately three times per year and antimicrobial use information is being collected in an ongoing manner utilizing modified CQA® forms or existing on-farm data collection tools. Additional management and production information is also collected through annual and sampling day surveys. In a subset of herds, “cohorts” of pigs are being selected in which fecal samples are obtained both at arrival and prior to shipping and the antimicrobial exposure of these specific pens of pigs during the grow/finish phase is being recorded.

Progress Report:

The CIPARS on-farm program has been largely implemented with data and sample collection beginning in January, 2006. For logistical reasons, the program was implemented in the western provinces first, followed by Ontario and Québec. It is a very exciting time for the on-farm program as samples and data from across the country continue to come in. In fact, as of June 28, 2006, 12 veterinarians from across Canada have already submitted samples and data from 34 different herds, resulting in a total of 106 samples received by the laboratory. Again, now that the implementation phase is largely complete, we are glad to report that things are going quite smoothly. Moreover, based on what we have learned in the early stages of the program, we have begun to make refinements to make it even better.



We endeavor to provide a consistent message in communications activities. Sask Pork directors, management and staff portray a positive image of the pork industry when responding to media inquiries, through in-house newsletters, articles and in external publications and

Directors and staff also conducted in excess of 77 media interviews this year. Newsletters are published bi-monthly and contain industry updates that provide greater detail on topics of interest to producers.

Communications

presentations that allow us to tell the 'pork story'. Building strong relationships between producers, stakeholders and members of the provincial government is critical to long-term sustainability of the pork industry.

Directors and senior staff met with members of the provincial government frequently throughout the year to keep producer issues, including farm safety nets, slaughter capacity and high cost feed grains top of mind for government.

Industry updates

Challenges Facing Slaughter Sector

Producer Advisory – Unreported Broken Needles

Media Releases

November 2, 2006 – Saskatchewan Pork Processing Options Explored

May 1, 2007 – Local Students Root Out the Truth About Agriculture on the Real Dirt on Farming Tours

Farrowing Calendars

Designed layout for 2007-2008 edition which will be printed in the fall of 2007.

FarmScape Radio Program

The daily radio/on-line program hosted by Bruce Cochrane continues to provide news and current events on the pork industry. Features are expanded into print articles that are forwarded to weekly newspapers in Saskatchewan and Manitoba which also are picked up internationally.

Advertising and Articles

Child Find Magazine – Fall 2006
Child Find Saskatchewan Magazine,
– October 2006
Livelong Summerspiel Program,
– July 2007
News Talk 650 Radio – *Live at Agribition*
Reports – November 2006
Regina Leader Post – Agribition
Supplement – November 2006
Royal Canadian Legion – Saskatchewan
Command – Military Service
Recognition Book
Renovations Magazine
– December 2006
Saskatchewan Council for Community
Development - Opportunities
Newsletter – June 2007, Hog Industry
Saskatoon Star Phoenix
– February 2007
SOS Children's Safety Magazine
– Winter and Spring issues 2007
Western Producer – National Veterinary
Technologists Week – October 2006
Western Producer – Season's Greetings
Feature – December 2006
Western Restaurant News – March 2007

Sask Pork joined the editorial committee of "Farming for Tomorrow" magazine that expanded publication into Saskatchewan. Two hog industry articles written over the summer will be published in the October 2007 issue of the magazine. The publication is distributed free to all farm addresses in Saskatchewan.

Sponsorships and Donations

Autism Society Balloon-Pop Fundraiser,
Premier Food & Wine Festival,
September 2006
Big Sky Farms, 8th Annual Golf
Tournament, August 2006
Canadian Cancer Society, Relay for Life,
North Eastern Unit, June 2007
Canadian Centre for Health and Safety
in Agriculture, National Institute for
Farm Safety, Inc. Conference
Canadian Chamber of Commerce
Annual General Meeting,
September 2006
Canadian Cystic Fibrosis Foundation,
Breath of Life Motorcycle Ride,
June 2007
Canadian Mental Health Association,
Teddy Bear Affair, January 2007
Child Hunger and Education Program
(CHEP)
Englefeld Mini-Telemiracle,
February 2007
Fast Genetics Heart & Stroke, Big Ride
for Life, August 2006
Floral Community Association Annual
Harvest Windup, November 4, 2006
Hague Curling Club Open and Ladies
"Think Pink" Bonspiels, March 2007
Home and School Association of St.
George School, November 2006

Juvenile Diabetes Research Foundation
Walk to Cure Diabetes, May 2007
Livelong and District Recreation
Association, 11th Annual
Summerspiel, July 2007
Perogy Power Walking Team for the
Weekend to End Breast Cancer 60
km Walk, Summer 2007
Humboldt Constituency, Provincial
Cabinet Meeting, June 2007
Prairieland Curling Camp, Kindersley,
SK, July 2007
Saskatchewan Home Economics
Teachers' Association Conference,
September 2006
Saskatchewan Association of Rural
Water Pipelines, Inc. Annual Seminar,
December 2006
Saskatchewan Association of Veterinary
Technologists – October 2006
Saskatchewan Meat Processors
Association – February 2007
Saskatchewan Outstanding Young
Farmers, June 22, 2007
Saskatchewan Party Silver Springs Golf
Tournament
Saskatoon Flyers Adam Hockey
Tournament, Allan, SK,
December 2006
Saskatoon Pony Club Regional Quiz,
March 2007
SIAST Retail Meat Cutting Bursary 2007
University of Saskatchewan Sled
Dogs 1/4 Scale Tractor Design
Competition, June 2007
University of Saskatchewan Department
of Animal and Poultry Science
March 2007
Vanguard and District Recreation Board,
Ladies Night Out, November 2006
Western Canadian Livestock Expo,
April 2007





SASKATCHEWAN
PORK INDUSTRY

Awards OF DISTINCTION



Communications

Memberships

Agriculture Council of Saskatchewan
(Formerly SCCD)
Agriculture in the Classroom
Canadian Agri-Food Trade Alliance
(CAFTA)
Canadian Association of Science
Centres
Canadian Western Agribition
Farm Animal Council of Saskatchewan
Saskatchewan AgriVision Corp. Inc.
Saskatchewan Meat Processors
Association
Saskatchewan Food Processors
Association
Saskatchewan Institute of Agrologists
Saskatoon and District Chamber of
Commerce

Community Projects

This was the second year for the *Hurry Hog* curling rink decal program in which 98 curling clubs participated. Decals are provided upon request to Saskatchewan curling clubs and are a fun visual and not meant to compete with sponsor decals.

Porcupine Plain was named the *Hurry Hog* Club of the Year and awarded \$150.00 and promotional items for a raffle in February. The club manager reported the money was used for the *Hurry Hog* Ladies Bonspiel which consisted of 12 teams (7 local and 5 out of town). All curlers received "Pick Pork" lanyards for their stopwatches and were treated to pork rib appetizers and finger food on Friday night and ham supper on Saturday! The pork for the event was sourced locally from Parkland Co-op and Vaughan's Meat & Abattoir in Porcupine Plain.

Corporate Identity

The following promotional items were designed and ordered:

2007 pocket planner diaries
Pick Pork lanyards
Pick Pork aprons & oven mitts
Pork meat thermometers
Stress pigs
Pens
Youth "Pig" t-shirts
Magnetic "Pick Pork" notepads
Barbecue Tool Sets
Cotton dress shirts
Symposium 2007
"30th Anniversary" lanyard & desk clock

Corporate Christmas Card Contest

Sask Pork held a contest this spring to design the 2007 corporate Christmas card. The winning card would be selected from a hand drawn picture of a holiday or winter scene sent in by any child 15 and under. The winning design was selected in May. A cash prize of \$50.00 and a supply of printed cards was awarded to the winner. All runners-up received a supply of cards as well.

Winner: Gabrielle Bly
Saskatoon, SK

Runners-Up: Josh Bly
Saskatoon, SK

Ryan Wipf
Rosetown, SK

Brandon Kleinsasser
Rosetown, SK

Saskatchewan Pork Industry Awards

Award of Distinction for Hog Transportation Handling

Awarded jointly by the Farm Animal Council of Saskatchewan and Sask Pork.

Quality animal care and welfare are priorities for the livestock industry. Animal care doesn't end at the farmgate. Improper handling by transporters can detrimentally affect the health of animals being transported and ultimately the quality of the end product. Recipients of this award must have completed the pork industry Trucker Quality Assurance (TQA™) program and consistently demonstrate exceptional animal care and handling techniques.

In 2006, we were pleased to present this award to **Marcel Vermette** of Windridge Trucking, Outlook, SK who was nominated by Fast Genetics. Marcel's dedication to biosecurity and herd health plays a significant part in safeguarding the high herd health status of Fast Genetics breeding stock.

The award presentation was made at the Farm Animal Council of Saskatchewan Annual General Meeting on December 12, 2006.

Distinguished Service Award

In 2006 Sask Pork had the privilege to present this award to **Dr. Neil S. Shantz, BSA, DVM**. The Saskatchewan pork industry recognized



Dr. Shantz for more than 20 years of exceptional professional service to our industry. His veterinary skills are respected around the world. Dr. Shantz also brings to the industry an extraordinary business acumen and knowledge of the business side of pork production. The award was presented to Dr. Shantz at the Pork Industry Symposium banquet by Wayne Vermette.

A new brochure for the awards was produced this year to coincide with minor changes to the awards program. The Awards were renamed "Awards for Distinction" and include the following categories:

- Production Innovation
- Environmental Stewardship
- Community Spirit
- Distinguished Service
- Lifetime Achievement

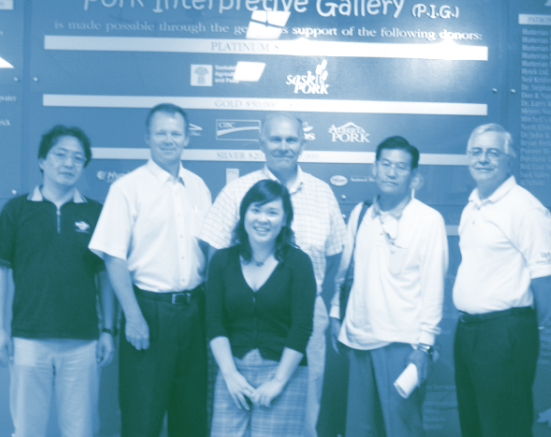
Any Saskatchewan producer, employer, employee, industry related organization including researchers, transporters and educators are eligible to be nominated. Awards are presented annually at the Saskatchewan Pork Industry Symposium in November.

Pork Industry Symposium 2006

Symposium 2006 attracted 445 participants. This year's theme, "Through the Crossroads of Competition" provided attendees with information on emerging issues and future opportunities extremely critical to the long-term sustainability of the pork industry.

Symposium 2006 Advisory Members

Adele Buettner / Patty Martin (Project Consultants)
Jim Babcock, Saskatchewan Agriculture and Food
Kim Browne, Sask Pork
Troy Donauer, Saskatchewan Agriculture and Food
Ernie Donnawell, Saskatchewan Agriculture and Food
Don Hrapchak, SPI Marketing Group
Kevin Hursh, Hursh Consulting and Communications Inc.
Neil Ketilson, Sask Pork
Joe Kleinsasser, Rosetown Colony
Don Kolla, Cudworth Pork Investors Group
Don Lidster, DNL Farms Ltd.
Shirley Voldeng, Fairway Farms
Harvey Wagner, Sask Pork
Lee Whittington, Prairie Swine Centre



Advisory members meet annually to develop the theme, working agenda and provide advice to the project consultants.

Symposium 2006 keynote speakers:

Michael McCain, President and Chief Executive Officer, Maple Leaf Foods Inc.

Honourable Mark Wartman, Minister of Saskatchewan Agriculture and Food
Brad Wall, Leader, Saskatchewan Party
His Worship Mayor Don Atchison

Agri-Education Program

Our agri-education program expanded this year to include management of the Pork Interpretive Gallery. The transfer of management of the gallery in September 2006, from Prairie Swine Centre Inc. (PSCI) to Sask Pork, allows both organizations to focus on their organization mandates. A memorandum of understanding agreed upon by Sask Pork and PSCI outlined the responsibilities of both organizations.

In 2006 Jessica Podhordeski, B.Sc. joined Sask Pork as Agri-Education Coordinator. She is responsible for daily management at the P.I.G., development of curriculum-based education resources and promotion of the pork industry to schools and the general public.

Communications

P.I.G. Silent and Live Auction

In our first year of management of the P.I.G. we have kept busy with projects, tours and ongoing promotion of the gallery. The annual silent and live auction was held in conjunction with the 2006 Pork Industry Symposium. The auction was both enjoyable and a success, raising a total of \$6,985. Proceeds from the auction help keep displays up to date, allow for development of new resources and displays, offset travel costs for schools, and allow ongoing training for tour guide personnel and general maintenance of the gallery.

A portion of the proceeds also provide a bursary for the WCVN 4th year Swine Elective Externship in Steinbach, MB. This was a new initiative this year and was agreed to be an annual donation until 2009. This externship complements the U of S Swine Elective and offers students an intensive training in swine production, preventative medicine and quality assurance.

Canadian Western Agribition

The Agri-Ed Showcase continues to be a terrific tool for educating rural and urban children about agriculture. More than 6,000 students, grades 4-6, tour Agribition each year. The pork industry display is interactive and features the Piggy Rap video and a pair of weanling pigs (courtesy of Hypor Canada). A new addition to our usual exhibit this year is

the P.I.G. pop up display and posters. Staffing for the week-long showcase was shared with the Farm Animal Council of Saskatchewan. Sask Pork staff are on hand for the teachers' tours held the Sunday preceding the show.

The pork industry also contributed sponsorship towards Agribition's "Cut Above Event" and "International Reception" which has become one of the most prestigious events at the show and attended by visitors from 46 countries and 17 U.S. states.

Sask Pork is the sole sponsor of the Junior Class Hog Carcass Competition and awards cash prizes to the top four. This year's recipients were:

Jonathon Ulrich, Spalding, SK
(1st place/3rd place)
Christopher Ulrich, Spalding, SK
(2nd place/4th place)

Teacher Conventions and In Class Presentations

Throughout the year the pork industry and the Pork Interpretive Gallery were represented at three teachers' conventions in Swift Current, Saskatoon and Prince Albert. A manned pork display was set up at all three events accompanied by a PowerPoint presentation. Very positive feedback was received from teachers and many were excited that the P.I.G. was available for tours and requested additional information.



Our in-class presentations were updated and expanded to include the “Real” Dirt on Farming” Tour program. In-class presentations will be promoted as an alternative option for classes unable to travel to the gallery.

Vetavision 2006

Sask Pork provides educational resource handouts for Vetavision and this year added a manned pork industry booth describing how pigs are raised and information on tours at the Pork Interpretive Gallery.

Western Canadian Livestock Expo

Western Canadian Livestock Expo in April included student tours. Grade five students from eight Saskatoon schools visited interactive dairy and pork production displays. As part of the interactive experience, students were able to grind wheat and barley to make a sample ration of pig feed and also use the weigh scale to find out how many students it took to make up the weight of one market hog.

New Exhibits at the P.I.G.

Two new displays were installed this year. The Air Quality display is part of the theme “Safety in Everything We Do”. It focuses on the importance of protecting yourself from small dust particles and hydrogen sulphide gas. The pork industry demonstrates that health and safety of our workers and livestock are important. Complementary funding was received for the display from the Canadian Agricultural Safety Association.

The second display is titled Careers in Animal Agriculture. The display features 17 careers within the pork industry, ranging from production jobs to administration and beyond the barn. The display incorporates an interactive puzzle. Each career has its own puzzle piece with a picture and a quote; the puzzle piece will only fit with the corresponding job. The focal point of the display is a large hand-painted mural depicting several different careers within the industry.

The display would not have been possible without the input or financial assistance of several industry members and sponsors, namely; Canadian Adaptation and Rural Development Saskatchewan (CARDS), SaskTel, Big Sky Farms Inc., DNL Farms and Cudworth Pork Investors Group.

A companion booklet “Careers in Animal Agriculture “ is currently under development and will be printed in the fall of 2007. Distribution of the booklet is planned for high school guidance counselors, as handouts at career fairs and available to producers for their use in recruiting staff.



A “Pig Anatomy” display is also being developed that will include pig anatomy models and posters. The display will show the similarity between swine and human anatomy and the ways in which pigs are used in human medicine.



“Real Dirt on Farming” Tours

The “Real Dirt on Farming” tours was introduced as a result of feedback from Agriculture in the Classroom, teachers and visitors to the P.I.G., the Agri-Ed Showcase at Agribition and Western Canadian Livestock Expo school tours. We recognized the need for a cross-commodity agriculture tour where students could experience first hand where their food comes from and meet the producers that grow the food they eat.

The name, “Real Dirt on Farming”, came from the cross-commodity publication of the same name published by the Ontario Farm Animal Council (OFAC) who have allowed us to use the name for the Saskatchewan program.

A secondary objective of the program was to encourage students to consider careers in agriculture. Currently, in Saskatchewan the curriculum allows for a unit on careers for grades 7 and 8 only.

165 grades 5-8 students from four Saskatoon and area schools toured Saskview Farms (Dairy), Grestech Holdings (Beef & Grain), the Pork

Interpretive Gallery (Pork) and Raffard Farms (Potato) and learned about the different agricultural sectors. Two one-day tours took place in May and June with the last tour of the 2007 series scheduled for September. Feedback from the students and teachers indicates the tours were a success and participation in the 2007-2008 tours is nearly 75% confirmed. Some of the comments received were:

“I liked the ‘hands on’ experience and actually seeing all of the pigs and how they live.”

“After this experience I would like a career in agriculture with pigs.”

“I didn’t expect to see all the technology.”

Each student on the tour was provided with a “Real Dirt on Farming” 2007 t-shirt. Tours were made possible through financial and/or in-kind contributions from:

- ACAAFS (Advancing Canadian Agriculture Agri-Food Saskatchewan)
- Dairy Farmers of Saskatchewan
- Saskatchewan Seed Potato Growers Association

Meyers Norris Penny
PIC
University of Saskatchewan College
of Agriculture and Bioresources
Agriculture in the Classroom

Teachers’ Resource Kit

The teachers’ kits include information about the Pork Interpretive Gallery tours, curriculum applications specific to grade and subject, suggested pre and post visit activities and educational resources. Information divided into four grade categories (grades 1-3, 4-7, 8-9 and 10-12) to better fit the needs of the individual teachers. Kits are available to teachers upon request and provided upon booking a tour at the P.I.G.

Visitor Profile

We continue to see a gradual climb in visitor numbers to the P.I.G. The total number of visitors for the fiscal year of July 2006-2007 is 1,347. Our visitors primarily remain school groups, however, we have hosted international visitors, seniors and 4-H groups. In December, the Pork Interpretive Gallery was pleased to host a tour for 140 Canadian Outstanding Young Farmers when they visited Saskatoon for their annual convention.

Visitor Profile July 2006-2007

Schools	57%
Industry	23%
Government/International	10%
General Public	7%
4-H	3%

a guide to purchasing, handling & cooking pork

all about PORK



PORK, A LEAN CHOICE



Meeting consumer's desire for lean meat has been achieved by the pork industry through improved feeding and breeding practices. Today all fresh trimmed pork cuts, except ribs, are extra lean, with lean common cuts of pork having 8 grams of fat or less per serving!



Canada's Food Guide recommends choosing lean meat, like pork, more often.

Since 1988, pork has been a proud participant in the Health Check™ food information program. The Heart and Stroke Foundation of Canada created Health Check™, a national food information program, to help Canadians make wise food choices; the grocery store. The Health Check™ program makes it easy to identify healthy food choices with a simple and recognizable Health Check™ symbol displayed on food packages.

PORK, A HEALTHY CHOICE



Check for Health Check™
The Health Check™ symbol on the package means that the product's name or description has been reviewed by the Foundation and that it meets the established nutrient criteria based on choice cuts with lowest fat levels. Find out if the product will help you reach your daily goals for your health by using for you and your family.



Health Check™ Criteria for Fresh Meat
All fresh meat products have to meet nutrient criteria to be eligible for the Health Check™ program. For example, the criteria for fresh lean pork and ribs are: while criteria for pork chops, ribs and steaks, fresh meat products are based on the criteria for lean pork chops.

Lean	Extra Lean	Lean Ground
10% fat or less	7.5% fat or less All trimmed fresh pork cuts excluding ribs	17% fat or less Lean ground pork

www.PutPorkOnYourFork.com

Increasing consumption of pork remains a priority for the Canadian pork industry. Understanding consumer purchasing behavior is extremely important to long term planning of consumer promotion programs and point of sale materials.

In 2005, the provincial pork boards contributed towards a national study

This data will also be of value to producers and processors in that they can better meet consumer needs and create increased value and returns for their products.

The first wave of the study is nearing completion with a report expected in the fall of 2007.

Another initiative that addresses consumption of pork was the creation of a partnership between Alberta Pork, Manitoba Pork and Ontario Pork to launch "Pork Marketing Canada", a consumer promotion alliance that will carry out the following promotional activities:

Product Promotion

"Consumer Usage and Attitudes Towards Pork". The study, being carried out by Ipsos Reid and the George Morris Centre, will extract data for the Canadian Agrifood industry. This two-phase research project set out to gather information on what drives or influences consumers' purchasing habits and whether decisions are tied to food, health or lifestyle.

1. Re-position pork as an exciting, unique, tasty, food choice;
2. Raise pork's profile as a preferred protein choice;
3. To communicate to influencers that pork is a positive food choice;



4. To establish the PMC as a reliable, credible and preferred source of information on matters pertaining to pork, the preparation of pork, related nutrition and health issues as well as industry issues.

Sask Pork has been invited to become a partner in the Pork Marketing Canada initiative. Given the current issues facing the Saskatchewan pork industry, the Board of Directors have deferred the decision on joining the alliance to later in the year.

Saskatchewan Regional Promotion activities include:

- Distribution of 3 new recipe booklets over the year. Total distribution was 90,000 booklets.
 - Nutritious Recipes for Healthy Living
 - Recipes for Friends and Family
 - Barbecue Recipes for Healthy Living

- The reprint of the “All About Pork” consumer guide was completed in August and to date roughly 130,000 copies have been distributed through inserts in the Saskatoon Star Phoenix, the Regina Leader Post and the Saskatoon Sun as well as consumer packages.

In 2006, Sask Pork opted to distribute consumer materials through daily and weekly newspapers, to rural and urban subscribers and non-subscribers. This has proven to be far more cost effective and provides us with much wider reach than installing materials at retail. It is also becoming increasingly difficult to secure space at the fresh meat counter for materials. Subsequently, consumer guides and recipe booklets were installed in alternative locations in many stores making it more difficult for consumers to find the information.

- The “Pork Shoppe” retail newsletter was distributed quarterly to

Saskatchewan retailers and provided samples of the latest recipe booklets, consumer guide, and other point of sale materials (railcards, danglers, stickers). Nearly all materials are supplied at no charge to retailers.

Health Check™ Program

Sask Pork continues its membership in the Health Check™ program of the Heart and Stroke Foundation.

Nutrition Resources

Two new national nutrition publications “Pork, a Lean Choice” and “Pork a Healthy Choice” were received in June 2007. A distribution to all members of the Saskatchewan Association of Dieticians and Nutritionists is planned for this fall.

The Premier Food and Wine Show

This show continues to attract nearly 5000 people each year. Sask Pork, with the assistance of professional

chefs Derek Cotton and Michael Beaulé of St. Thomas More College, present simple and elegant pork dishes sampled by patrons over the course of three evenings. This year's dishes were Saskatoon Berry and Barley Stuffed Pork Loin and Caribbean Style Pork Sloppy Joes.



Advertising

Radio:

650 CKOM - Summer Ad Feature – Aired July 31 to August 6, 2006

- Moove Over Beef... Tonight We're Serving Pork!
- Summer Mealtime Planning Got You Feeling Cooped Up? Don't be Chicken – Serve Pork!
- Still Fretting about the Big One that

Got Away --- Don't Let Supper Sink – Serve Pork Instead!

C95 Rawlco Radio – 13 week sponsorship and advertising on Rambling Dave's Live 5:30 update (June-September 2007).
"Fall in Love All Over Again – Rediscover PORK"
"Nothing Says Summer Like Mouthwatering PORK".

Print Advertising

Association of Saskatchewan Home Economists Conference Program
"PORK... Impressive Nutritional Credentials"

Creative Outdoor Advertising
Pick Pork bench ads – Placement from September 2006 to August 2007 (4 locations: 8th Street & Cumberland, 22nd Street West and Avenue W; Circle Drive and Millar; Warman Rd. and Assiniboine Drive)

Regina Leader Post Wellness Guide, October 2006

Regina Leader Post – All About Pork Ad – October 2006

"Renovations Magazine" – November 2006 – Two page ad Festive Pork Recipes for the Holidays & free All About Pork.

Saskatchewan Meat Processors Association – full page ad *"Today's Pork"*

Saskatoon Star Phoenix – *All About Pork* Ad – October 2006

Saskatoon Star Phoenix – Wellness Guide – *Pork is a Healthy Choice* – Winter 2006

Western Producer – *Prairie Pot Luck* Feature – December 2006

Western Restaurant News – March 2007 - Split cost of full page ad between Sask Pork, Alberta Pork and Manitoba Pork. *"Make the Year of the Pig Your Year for Profit"*.

MAKE THE YEAR OF THE PIG YOUR YEAR FOR PROFIT

Found to pour pork's great taste, for quality, availability, versatility, and value – it's the all-time star.

Looking to improve your pork-based menu? Contact us at 1-800-368-5555 to learn how we can make the difference!

Photo: © Scott Green of Pork, Pork, Pork!

PICK PORK

Alberta Pork: www.albertapork.ca
 Manitoba Pork Council: www.saskatoon.com
 Saskatchewan Pork: www.saskpork.ca

get pork get the fork

Financial Statements

YEAR ENDING

To Saskatchewan Pork Producers:

Management has the responsibility for preparing the accompanying financial statements. This responsibility includes selecting appropriate accounting principles and making objective judgments and estimates in accordance with Canadian generally accepted accounting principles.

In discharging its responsibility for the integrity and fairness of the financial statements, management is responsible to design and maintain the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

Management's Responsibility

The Board of Directors (the "Board") is comprised 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. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors.

Meyers Norris Penny LLP, 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 are available to meet periodically with, both management and the Board of Directors to discuss their audit findings.

September 27, 2007



Management



Management



MEYERS NORRIS PENNY LLP

To Saskatchewan Pork Producers:

We have audited the statement of financial position of Sask Pork as at July 31, 2007 and the statements of operations, changes in net assets and cash flows, and schedule of travel expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Auditor's Report

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at July 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Saskatoon, Saskatchewan
September 27, 2007

Chartered Accountants



CHARTERED ACCOUNTANTS & BUSINESS ADVISORS
800, 119 - 4TH AVE. S., SASKATOON, SK S7K 5X2
PH. (306) 665-9910 FAX (306) 665-9910 www.mnp.ca

SASK PORK Statement of Financial Position

AS AT JULY 31, 2007

	2007	2006
Assets		
Current		
Cash	153,611	17,582
Short-term investments	29,724	209,769
Accounts receivable	214,753	246,623
Prepaid expenses	105,186	66,406
	503,274	540,380
Capital assets (Note 3)	1,860	17,154
Restricted investments (Note 5)	1,000,000	1,000,000
	1,505,134	1,557,534
Liabilities		
Current		
Accounts payable and accrued liabilities	205,864	195,796
Deferred revenue (Note 4)	11,625	30,534
	217,489	226,330
Commitments (Notes 6 & 7)		
Net Assets		
Internally restricted (Note 5)		
- Partnership program	27,561	32,132
- operating reserve	1,000,000	1,000,000
Invested in capital assets	1,860	14,745
Unrestricted	258,224	284,327
	1,287,645	1,331,204
	1,505,134	1,557,534

Approved on behalf of the board



Director



Director

SASK PORK
Statement of Operations

FOR THE YEAR ENDED JULY 31, 2007

	Budget (Note 10)	2007	2006
Revenue			
Check-off/export service charge	1,740,000	1,601,699	1,668,881
Government grants (Note 8)	46,508	210,355	50,756
Conference fees	108,700	100,285	94,102
Reimbursed travel and project sponsorship	12,000	16,558	17,061
Interest	29,700	49,315	33,552
Other	-	9,017	4,414
	1,936,908	1,987,229	1,868,766
Expenses			
Research, including Prairie Swine Centre	507,258	450,993	512,933
Salaries and benefits	405,001	427,972	373,892
Industry association	272,057	281,769	257,030
Conferences	109,050	112,729	99,006
Communications	180,213	126,853	118,257
Operations/office	94,881	94,282	96,450
Promotions	79,950	100,610	47,317
Directors and committees	58,205	39,423	50,662
Policy and industry development	158,000	298,818	80,530
Travel (Schedule 1)	24,150	25,086	21,448
Organizational development	35,515	33,186	42,396
Amortization	17,021	16,577	18,928
National services	17,700	14,041	7,515
Bad debts	-	-	(2,669)
Reimbursed travel expenses	4,500	8,449	14,053
	1,963,501	2,030,788	1,737,748
Excess of revenue over expenses (expenses over revenue)	(26,593)	(43,559)	131,018

SASK PORK
Statement of Changes in Net Assets

FOR THE YEAR ENDED JULY 31, 2007

	Invested In Capital Assets	Internally Restricted	Unrestricted	2007 Total	2006 Total
Balance, beginning of year	14,745	1,032,132	284,327	1,331,204	1,200,186
Excess of revenue over expenses (expenses over revenues)	(14,168)	-	(29,391)	(43,559)	131,018
Investment in capital assets	1,283	-	(1,283)	-	-
Transfer from unrestricted net assets (Note 5)	-	(4,571)	4,571	-	-
Balance, end of year	1,860	1,027,561	258,224	1,287,645	1,331,204

SASK PORK
Statement of Cash Flows

FOR THE YEAR ENDED JULY 31, 2007

	2007	2006
Cash provided by (used for) the following activities:		
Operating		
Excess of revenues over expenses	(43,559)	131,018
Add (deduct) items not affecting cash:		
Amortization	16,577	18,928
	(26,982)	149,946
Changes in working capital balances:		
Accounts receivable	31,870	13,843
Prepaid expenses	(38,780)	(4,728)
Accounts payable and accrued liabilities	10,068	25,633
Deferred revenue	(18,909)	(5,594)
	(42,733)	179,100
Investing		
Purchase of capital assets	(1,283)	(3,458)
Transfer to restricted investments	-	(1,000,000)
Net change in cash during year	(44,016)	(824,358)
Cash resources, beginning of year	227,351	1,051,709
Cash resources, end of year	183,335	227,351
Cash and cash equivalents are comprised of:		
Cash	153,611	17,582
Short-term investments	29,724	209,769
	183,335	227,351

SASK PORK *Notes to the Financial Statements*

FOR THE YEAR ENDED JULY 31, 2007

1. Description of business

Sask Pork, operating as Saskatchewan Pork Development Board, 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*. Sask Pork is subject to supervision by the Agriculture and Food Products Development and Marketing Council, appointed by the Government of the Province of Saskatchewan.

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

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

2. Significant accounting policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies.

Cash and cash equivalents

Cash is comprised of cash on hand.

Short-term investments are units of a treasury-bill mutual fund, which are redeemable on demand. They qualify

as cash equivalents as they are short-term, highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Short-term investments subject to restrictions that prevent their use for current purposes are included in restricted investments.

Capital assets

Sask Pork capitalizes all assets with a cost over \$1,500. Property, plant and equipment 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

Revenue recognition

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

Grant revenue is recognized when approved and eligibility criteria, if any, have been met. Recognition of grants related to capital assets is deferred to periods when the related capital assets are amortized.

Revenues for conference fees are recognized when the conference has occurred.

Interest revenue is recognized when earned.

Research funding expenses

Research funding expenses are recognized when projects are approved and the recipient has met eligibility criteria.

SASK PORK Notes to the Financial Statements

FOR THE YEAR ENDED JULY 31, 2007

2. Significant accounting policies - continued

Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

Recent accounting pronouncements

In January 2005, the Canadian Institute of Chartered Accountants issued new recommendations for the recognition and measurement of financial instruments, and amendments to the existing presentation and disclosure standards, effective for interim and annual financial statements with fiscal years beginning on or after October 1, 2006. Section 3855 *Financial Instruments – Recognition and Measurement* establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Section 3861 *Financial Instruments – Disclosure and Presentation* discusses the presentation and disclosure of these items. Although the requirements of Section

1530 *Comprehensive Income* are not applicable for not-for-profit organizations, amendments to Section 4400 *Not-For-Profit Organizations* will require presentation of gains, losses, revenues and expenses arising from derivatives, hedges and other financial instruments as separate components of the change in net assets. There have also been numerous consequential amendments made to other Sections.

In December 2006, the Canadian Institute of Chartered Accountants issued Section 3862 *Financial Instruments – Disclosures* and Section 3863 *Financial Instruments – Presentation* to replace Section 3861 *Financial Instruments – Disclosure and Presentation*. These new Sections are effective for interim and annual financial statements with fiscal years beginning on or after October 1, 2007, but may be adopted in place of Section 3861, before that date.

The Organization expects to apply these new recommendations for its financial statements dated July 31, 2008. Transitional provisions are complex and vary based on the type of financial instruments under consideration. Therefore, the Organization has not yet determined the effect of these new standards on its financial statements.

3. Capital assets

	Cost	Accumulated Amortization	2007 Net Book Value	2006 Net Book Value
Leaseholds	25,601	25,601	-	8,534
Computer equipment	67,152	65,292	1,860	3,220
Furniture and equipment	33,229	33,229	-	5,400
	125,982	124,122	1,860	17,154

SASK PORK Notes to the Financial Statements

FOR THE YEAR ENDED JULY 31, 2007

4. Deferred revenue

Deferred revenue represents unspent resources received in the current period that are related to the subsequent period. Funds received for projects are recognized as revenue when the related expenditures are incurred.

	2007	2006
Deferred revenue, beginning of year	30,534	36,128
Amounts received during the year	64,170	84,045
Amounts recognized during the year:		
Government grants	(2,409)	(2,408)
Conference fees	(80,670)	(84,945)
Amounts repaid during the year	-	(2,286)
Deferred revenue, end of year	11,625	30,534

The deferred revenue at year-end relates to the following projects:

Cards Trade Show Booth	-	2,409
Partnership program	11,625	28,125
Agri-Food Innovation Fund	-	-
	11,625	30,534

5. Internally restricted net assets

- a) Sask Pork's board of directors made an internal restriction of the net assets earned by the Partnership program, commencing in 1998. Net surpluses generated from the joint programming of Sask Pork and the Livestock Development Branch of Saskatchewan Agriculture and Food have been segregated for use to finance future projects.
- b) Sask Pork's board of directors have internally restricted net assets of \$1,000,000 as a reserve for future operating expenses.

SASK PORK Notes to the Financial Statements

FOR THE YEAR ENDED JULY 31, 2007

6. Research commitments

Prairie Swine Centre Inc.

On September 30, 2005, Sask Pork signed an agreement with Prairie Swine Centre Inc. (PSCI), whereby Sask Pork will provide funding for PSCI's swine research programs. Sask Pork has committed to pay to PSCI the amount set out below for each hog sold by a Saskatchewan hog producer in the previous year:

January 1, 2006 – December 31, 2010

\$ 0.20 per market hog,

\$ 0.04 per feeder pig,

\$ 0.20 per breeding stock

Other committed funding

The Board of Directors has also committed to provide research funding as follows:

2008	19,400
2009	10,000
2010	10,000
	<hr/>
	39,400
	<hr/>

7. Lease commitments

Building and certain office equipment are leased from various suppliers. Future payments required under the lease commitments are as follows:

2008	33,714
2009	33,661
	<hr/>

8. Government grants

	2007	2006
Canadian Adaptation and Rural Development Saskatchewan	210,355	50,756
	<hr/>	<hr/>
	210,355	50,756
	<hr/>	<hr/>

9. Financial instruments

Financial instruments included in current assets and current liabilities are all short term in nature and as such, their carrying value approximates fair market value. The carrying value of restricted investments approximates fair market value due to the short term nature of the investments.

Sask Pork is exposed to minimal credit risk from the potential non-collection of accounts receivable. Most receivables were received subsequent to the year end.

10. Budget

The budget for 2006/2007 was approved by the Board of Directors on June 15, 2006.

SASK PORK *Schedule of Travel Expenses*

FOR THE YEAR ENDED JULY 31, 2007

	Budget (Note 10)	2007	2006
National services	3,000	448	5,524
Industry association	6,000	12,343	7,383
Organizational development	4,000	2,613	3,074
Policy and industry development	6,000	6,715	-
Communications	3,650	1,608	1,924
Promotions	1,500	1,359	-
	24,150	25,086	17,905

AUDITORS' REPORT TO SASKATCHEWAN PORK PRODUCERS

We have audited Sask Pork's control as of July 31, 2007 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 objective 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 public resources, revenue raising, spending, borrowing, and investing.

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

The CICA defines control 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 provided reasonable assurance that the organization will achieve its objectives.

Sask Pork's management is responsible for effective control related to the objectives described above. Our responsibility is to express an opinion on the effectiveness of control based on our audit.

We conducted our audit in accordance with standards for assurance engagements established by The Canadian Institute of Chartered Accountants. Those standards require that we plan and perform an 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.

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 objective referred to above may not be achieved reliably. Also, projections of any evaluation of control to future periods are subject to the risk that control may become ineffective because of changes internal and external conditions, or that the degree of compliance with control activities may deteriorate.

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, 2007 based on the CICA criteria of control framework.



Saskatoon, Canada
September 27, 2007

Chartered Accountants

AUDITORS' REPORT TO SASKATCHEWAN PORK PRODUCERS

We have examined the financial statements of Sask Pork for the year ended July 31, 2007 and have issued our report thereon dated September 27, 2007. We have examined the system of internal control as at July 31, 2007 and have issued our report to you dated September 27, 2007. 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, 2007 and have issued our report to you dated September 27, 2007.

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 cases in which:

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

Saskatoon, Canada
September 27, 2007

Meyers Norris Penny LLP

Chartered Accountants

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, 2007:

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

Our examination was 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 our opinion, the Organization has complied, in all significant respects, with the provisions of the aforementioned legislative and related authorities during the year ended July 31, 2007.

Saskatoon, Canada
September 27, 2007

Meyers Norris Penny LLP

Chartered Accountant

Payee List and Governance Remuneration

Payee List

The Agri-Food Council requires Sask Pork to disclose in their annual report significant payments made over the course of the year. Sask Pork's total payments to the Canadian Pork Council were \$306,902. Other payments in excess of \$35,000 made to a single organization are as follows: Canadian Cattle Identification Agency (\$230,762) Saskatoon Inn (\$48,010), Strath & Company Inc. (\$75,153). In addition to this, all research payments over and under the threshold, and payments made to member of the Board of Directors are disclosed in the body of this report.

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 during the period of August 1, 2006 - July 31, 2007.

Directors	Per Diem	Expenses	Total
Ross Johnson	\$0	\$2,603	\$2,603
Joe Kleinsasser	8,550 *	2,847	11,397
Daren Laventure	800	1,011	1,811
Florian Possberg	600	259	859
Judy Ulrich	1,500	1,961	3,461
Shirley Voldeng	8,075 *	3,376	11,451
Directors Total	19,525	12,058	31,583
Committee Members	2,500	59	2,559
Other Payments	0	5,281	5,281 **
Directors/Committees Total	\$22,025	\$17,398	\$39,423

* Included in the per diem was a monthly honorarium of \$600 paid to the Chairman. Included in the per diem was a monthly honorarium of \$150 paid to the Vice-Chair.

** Payments were made to facilitate meetings and communications with Directors and Committee members.

Note: Aug - Dec/06: Shirley Voldeng held position of Chairman, Joe Kleinsasser held the position of First Vice-Chair

Jan - July/07: Joe Kleinsasser held the position of Chairman, Shirley Voldeng held the position of First Vice-Chair

Project Funding

Research Projects Funded from Hog Check-Off			
Project Name	Researchers	2006 – 2007 Funding	Project Total
Prairie Swine Centre Inc.	Various	\$ 418,993	Production based Contract: Jan/06–Dec/10
Long-Term Influence of Swine Manure Application on Soils/Crops	Jeff Schoenau U of S	20,000	\$ 40,000
Environmental & Occupational Health Chair Ag Medicine	James Dosman U of S	12,000	36,000*
Total		\$ 450,993	

* Project Total is \$60,000 which is being funded as follows: Check-off: \$36,000; Agri-Food Innovation Fund: \$24,000

Projects Funded from Canadian Adaptation and Rural Development Program in Saskatchewan (CARDS)				
Project Name	Project Coordinator	CARDS Approved	2006-2007 CARDS Contribution	2006-2007 Sask Pork Contribution
Community Communications CARDS Project # S326 Total Project Funding \$80,750	Kim Browne	\$23,250	\$2,408	\$2,408
Western Canadian Database CARDS Project #S357 Total Project Funding \$175,000	Neil Ketilson	175,000	148,450	70,225
Total		\$198,250	\$150,858	\$72,633

Projects Funded from Agriculture Council of Saskatchewan Inc. Advancing Canadian Agriculture and Agri-Food Saskatchewan (ACAAFS Program)				
Project Name	Project Coordinator	ACAAFS Approved	2006-2007 ACAAFS Contribution	2006-2007 Sask Pork Contribution
The 'Real Dirt' on Farming School Tours ACAAFS Project #S68-A	Kim Browne/ Jessica Podhordeski	\$2,930	\$1,703	\$1,961
Modified Barn Project ACAAFS Project #S56-A	Neil Ketilson	165,048	3,403	1,458
Saskatchewan Pork Industry Symposium ACAAFS Project #S45-A	Kim Browne	10,000	7,872	104,857
Total		\$177,978	\$12,978	\$108,276



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