

SASKATCHEWAN PORK DEVELOPMENT BOARD



ANNUAL REPORT 2005 - 2006

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

The organization 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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Board of Directors

2005 was an election year for Sask Pork. In November 2005, the following individuals were acclaimed as directors:



Shirley Voldeng
Naicam, SK



Joe Kleinsasser
Rosetown, SK



Ross Johnson
Hanley, SK



Florian Possberg
Humboldt, SK



Daren Laventure
Leoville, SK



Judy Ulrich
Spalding, SK

Executive Committee

Shirley Voldeng (Chair)
Joe Kleinsasser (First Vice-Chair)
Florian Possberg (Second Vice-Chair)

Audit Committee

Judy Ulrich (Chair)
Ross Johnson
Daren Laventure

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.

Canadian Pork Council Committee Representation

Board of Directors - *Florian Possberg & Ross Johnson*

Executive Committee - *Florian Possberg*

Animal Care Assessment - *Harvey Wagner*

Animal Care Working Group - *Florian Possberg*

Canada Pork Inc. - *Ross Johnson*

Canada Pork International Board of Directors - *Harold Fast*

Canadian Animal Health Consultative Committee (CAHCC) - *Neil Ketilson*

CQA® Technical Advisory Group - *Harvey Wagner*

Foreign Animal Disease Emergency Plan Working Group - *Harvey Wagner*

Greenhouse Gas Mitigation Program - *Harvey Wagner*

National Communications Working Group - *Neil Ketilson & Kim Browne*

National Pork Value Chain Roundtable - *Florian Possberg*

National Safety Net Committee - *Florian Possberg*

Producer Committee for Climate Change - *Neil Ketilson*

Research Network on Bacterial Pathogens of Swine - *Leon Lueke* (until August 2005)

U.S. Trade Action Reference Group - *Florian Possberg*

Working Group on Traceability - *Neil Ketilson*

Industry Committee Representation

Agriculture Development Fund Board of Directors - *Shirley Voldeng*

AgriVision Corporation Board of Directors - *Neil Ketilson*

Canadian Agri-Food Trade Alliance (CAFTA) -

Saskatchewan and Alberta represented by Jurgen Preugschas of Alberta Pork

Canadian Integrated Program for Antimicrobial Resistance Surveillance (CIPARS) - *Harvey Wagner*

CARDS "Growing Saskatchewan" Committee - *Kim Browne*

Prairie Feed Resource Centre, University of Saskatchewan - *Harvey Wagner & Neil Ketilson*

Provincial Farm Leaders Advisory - *Shirley Voldeng*

Provincial Farm Support Review Committee - *Jerry Pfeil*

Saskatchewan Agri-Environmental Advisory Council - *Shirley Voldeng*

Saskatchewan Council for Community Development - *Neil Ketilson*

Chairman's Letter



Shirley Voldeng
Chairman

What is in a name? A name is very important since it identifies who you are. The 'Saskatchewan Pork Development Board' name that we now use more accurately represents the function of the organization. It immediately identifies that this is a group working for the development of the pork industry in Saskatchewan. We are still Sask Pork, and we are still the organization of the pork producers of Saskatchewan.

What does it mean to be an industry association? How does this affect you, the producer? What does it mean for the industry? As an industry association our mission is to "work on behalf of pork producers to ensure continued environmental, social and economic sustainability for the pork industry".

We also strive to provide leadership within our provincial industry and on a national level. I have the privilege of serving on a strong board that pushes issues, and believes in what we are doing.

Sask Pork provides a unified voice for producers to lobby the provincial or federal governments for programs and regulations that are good for our industry and to ensure they are aware of the challenges and issues that affect us. We have worked hard to foster a strong relationship with our provincial government. This has been achieved through regular dialogue, representation on the Farm Support Review Committee, and participation in the Farm Leaders Advisory Group.

National industry programs delivered by Sask Pork, include the CQA® program and the Trucker Quality Assurance (TQA®) course. More than 600 truckers and producers have completed TQA® and we now have a number of producers enrolled in the new Animal Care Assessment (ACA). Saskatchewan was the first province to have completed premise registrations and issue tattoo numbers as the first step towards implementing the national hog identification and traceability program. The success of these programs is due in large part to the commitment of our producers to on-farm food safety initiatives and continuous improvement in animal care and welfare.



Symposium 2005

As a member of the Canadian Pork Council (CPC), Sask Pork maintains a voice at the national level. At the annual meeting of the CPC in July, Sask Pork proposed a national check-off program to the membership. We believe in the importance of having an effective national association that is organizationally structured to meet the future needs of the pork industry in Canada. A unified national voice is important for an industry that is represented across the country, and whose major issues are often national or international.

Trade is very important to our industry since we are extremely dependent on export markets. Sask Pork and Alberta Pork took out a joint membership in CAFTA this year to strengthen the representation of the Canadian agriculture industry as it strives to achieve a liberalized trade environment. The goal is global free trade to allow for access to worldwide opportunities.

It is more economical to trade pork than live pigs. Sask Pork will continue to look for ways to increase the packing capacity within Saskatchewan. This is an issue that affects how people run their businesses, and severely limits industry growth.

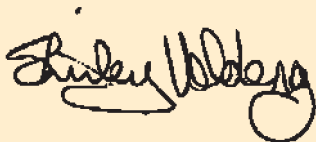
Expansion requires many levels of approvals, and is not an easy process. This year, Sask Pork supported a legal challenge by a producer who was trying to build a barn, only to have the council in the Rural Municipality alter its by-laws to stop the project. Consistent and reasonable regulations are necessary for growth.

So what does the Saskatchewan Pork Development Board mean for you, the producer? Through the check-off you submit we strive to provide service that is of value to you and that we remain accountable to you.

It is also the responsibility of producers to provide feedback on the programs and activities we undertake on your behalf. Your input is important.

As a producer, and as Chair of the Board of Directors, I wish to thank the producers in Saskatchewan for their support of the efforts of Sask Pork. We are committed to promoting our industry, ensuring producers have access to the latest information and technology, and educating the public. Our goal is long-term sustainability of the Saskatchewan pork industry.

The pork industry presents many challenges, and we must confront, and adapt to, these challenges. The goals of producers and of the Saskatchewan Pork Development Board are the same – continued success for the pork producers and the pork industry in this province.



Shirley Voldeng
Chairman

General Manager's Report



Neil Ketilson

General Manager

I am amazed by how swiftly the year has passed. The organization has had a very busy year. While we have enjoyed some major achievements, a number of initiatives have proven challenging and we have not realized the concrete action we had anticipated on a few of these important files.

Of greatest importance is the status of the proposed new Maple Leaf slaughter facility to be built in Saskatoon. While the plant was originally scheduled to begin construction in the spring of 2006, it has been delayed. The lack of physical progress on the plant coupled with current significant losses in the slaughter business, has led to a great deal of speculation and concern in the industry over whether the plant will ever be built.

One of Saskatchewan Pork Development Board's major goals is to make sure there is an efficient, significant, federally inspected slaughter plant in Saskatchewan. Industry and stakeholders understand that a world-class slaughter facility is vital to the province's hog industry as well as the entire agricultural sector. We will continue to work towards that goal.

Another major challenge for Canada's pork industry is the lack of competitiveness with the United States, a symptom of which is exhibited by the increased export of weanling pigs. Weanling pigs from western Canada are being diverted in ever increasing numbers due to lower contract finisher space costs in the U.S., equal or lower feed costs, and reported higher returns from packers. The reasons behind the current U.S. competitive edge are directly attributed to be the significant increase in the Canadian dollar, cheap American feed grain policy, and labour availability and cost for both primary and secondary processing.



Symposium 2005

These are significant issues and won't be solved easily. However, understanding what is needed to be competitive is the first step in achieving results. As world oil prices drop, barn construction costs increase and the U.S. pursues significant development of the ethanol industry in the heart of the corn belt, there will also be pressures on production profitability for their producers. While they enjoy an economic advantage for weanling hogs at the moment, finishing in the U.S. is not a viable option for everyone. The economy can shift very quickly and we need to be ready.

In recognizing these issues, the Saskatchewan Pork Development Board has been focused on key strategic areas that include market development and access, sustainable development, developing and maintaining strategic alliances and communications and promotions activities. While much more detail on our program areas is included our annual report, I believe it is worth noting the leadership demonstrated by our Board of Directors and the support

of the staff and industry partners in carrying out initiatives that have a significant impact on the future of the province's pork industry.

This year Sask Pork proposed the concept of a national check-off system to stabilize funding for national programs and services and to ensure adequate resources are available to address emerging and future issues facing the Canadian pork industry. The proposal was brought forward at the Canadian Pork Council annual meeting in July 2006 and will be addressed again at the semi annual meeting in November.

In terms of sustainable development, a number of activities were carried out this year. This included the signing of a five-year funding agreement with the Prairie Swine Centre Inc. to provide vital swine research and to improve long-term competitiveness of the pork industry.

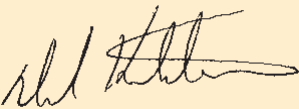
We also participated in a U of S study into economic profitability of the contract finishing business as well as undertook collaboration with a group of producers who are working on a conceptual modified barn system designed to reduce the cost of finisher construction space. While results of the research in this project are in the early stages, this concept has the potential to significantly change the economics of finishing hogs in Saskatchewan.

Strategic alliances are important for any industry. The Saskatchewan Pork Development Board is active in a number of agriculture and community development organizations such as AgriVision Corporation, the Saskatchewan Council for Community Development, Farm Leadership Advisory Group and the provincial Farm Support Review Committee.

Financially, the Saskatchewan Pork Development Board continues to maintain a strong balance sheet. This year we will realize retained earnings in excess of \$131,000 due to some national initiatives that were budgeted for but subsequently postponed or not executed.

In closing I would like to acknowledge the staff, Chyanne, Kim, Patty, Harvey and Mark who are committed to the success and growth of the pork industry.

On behalf of the staff, we would like to say thank you to our Board of Directors for their wisdom, guidance and leadership as we collectively work together to move our industry forward.



Neil Ketilson
General Manager

Sustainability & Growth

Slaughter Capacity

2005-2006 saw a number of challenges for the Canadian pork industry. The major focus for the Saskatchewan industry was the growing need for increased slaughter capacity in the province. The demise of Moose Jaw Packers further eroded slaughter capacity for the pork sector. Initiatives undertaken throughout the year:



- Sask Pork Conducted an internal risk analysis to determine the impact on the Saskatchewan pork industry if slaughter capacity was not expanded or at the very least maintained over the long term. This took into account location, utilities, transportation costs, distance to market and supply/demand for finished hogs.
- Developed a business plan for a 1 million head slaughter plant in which producers would share ownership with a significant marketing partner.
- Initiated communication with producers to determine their interest in a producer-owned plant and commitment of hogs to a new facility.
- Identified key potential partners' interest in developing a new packing plant in Saskatchewan; worked with the provincial government, financial institutions and stakeholders to provide incentives for adding slaughter capacity.
- Maple Leaf Foods announced in July 2005 their intention to construct a new \$110 million processing plant Saskatoon. As of July 31, 2006 construction had not begun and there is speculation as to the whether the plant will be built.

US Trade Advocacy

Supported the Canadian Pork Council in a national initiative to provide ongoing lobbying efforts in the US to minimize threat of trade issues and barriers to exporting pork and live animals to the U.S.

US Trade Advocacy programs at national/provincial level are deemed necessary to reduce the threat of recurring trade disputes that result in borders being closed to shipment of live animals. Border closures pose long-term risk to the viability of the western Canadian hog industry.

- Sask Pork participated in two successful joint meetings organized by the Canadian Pork Council between Canadian delegations and the US National Pork Board's Environmental Committee. Sask Pork hosted the US delegation in September 2005 and in June 2006 members of the Canadian pork industry were invited to the US for a reciprocal visit. Harvey Wagner and Joe Kleinsasser traveled with the Canadian delegation to Des Moines, Iowa for meetings and tours of Iowa State swine research facilities and commercial swine production units.

- In January and February 2006, a delegation of representatives from Manitoba Pork, Sask Pork, and Ontario Pork traveled to Minneapolis, Des Moines and Columbus, Nebraska to take part in pork industry trade shows and meet with US pork producers. Florian Possberg and Ross Johnson represented Saskatchewan in the initiative that was undertaken to harmonize production methods and practices between the two countries to strengthen the north American pork industry.



World Trade Organization

In November 2005, Sask Pork wrote to then Prime Minister Paul Martin to express its concern over the potential isolation of Canada in the current round of WTO negotiations. Further to this initiative, Alberta Pork and Sask Pork entered into a joint membership with the Canadian Agri-Food Trade Alliance to help strengthen the pork industry’s voice nationally and internationally. The pork industry would benefit from CAFTA’s objective of working towards a “liberalized international trading environment”.

Ross Johnson participated in a WTO Provincial Working Group focused on discussing strategies to further Saskatchewan’s objectives for the current round of agriculture negotiations. Areas of focus are domestic support, export competition, market access, concerns outside the agriculture negotiations relating to trade rules, specifically anti-dumping, and input from stakeholders. Also addressed were the Province’s concerns over US and EU bilateral free trade pursuits. Roundtable members will be kept informed by the Minister’s office as to further developments.

Canada Pork International Trade Initiatives

Sask Pork supports the development of emerging export markets through funding of Canada Pork International export promotion programs including the “Brand Canada” marketing initiative in Japan.



Brand Canada - Marketing Initiative in Japan



The Saskatchewan pork industry is also represented nationally by Florian Possberg at the Agriculture and Agri-Food Canada Pork Industry Value Chain Roundtable. The roundtable, launched in March 2003, is compiled of major players in the pork industry including producers, packers, processors and retailers who have come together to develop a comprehensive strategy to differentiate Canadian pork from the competition and improve the pork industry's ability to succeed in key markets.

- Three top priorities for the roundtable are: securing 100% participation in the Canadian Quality Assurance program; developing plans for dealing with market collapse situations, and developing a "Canada Pork Story" that can be used as a marketing tool.

Access to export markets is also supported by Sask Pork through its delivery of on-farm food safety programs and the Saskatchewan component of the National Hog Identification and Traceability System.

Industry Policy and Regulatory

Sask Pork contributed financial support to assist with legal fees for hog producer Lorne Crosson, Elite Swine and Gateway Farms, in their court action against the RM of Moosomin. Court action alleges that their application for a permit met the terms and conditions of the bylaws. The RM initially had advised that Gateway Farms should invest time and money to obtain Saskatchewan Agriculture and Food approval and conduct preliminary water use tests before the RM would issue a permit. The project met all conditions, including Saskatchewan Agriculture and Food approval but was then subsequently denied approval by the RM under a discretionary use bylaw.

Canadian Agri-Food Policy Proposal: In 2005, the George Morris Centre proposed development of a new federally endorsed commercial agri-food policy framework (APF II). Sask Pork made a financial commitment towards the project. The draft report *Canadian Agri-Products Policy: What Should Change to Ensure Prosperity for the Sector? Summary Conclusions and Implications for Public Policy* was released in May 2006. The George Morris Centre is presently seeking additional stakeholders for the project.

Lobbied the Province for appropriate farm safety net and other programs, legislation and regulations of benefit to pork producers. During a meeting with Harvey Brooks, Deputy Minister of Saskatchewan Agriculture and Food in June, Sask Pork requested that he revive the Short-Term Hog Loan and strengthen financial support programs for producers. Also discussed was contract finisher program, labour shortages, the Pork Interpretive Gallery, traceability and the expected financial situation in the fall of 2006.



Neil Ketilson represented the pork industry's interests at the provincial Government Relations/Community Planning Department multi-interest stakeholders meeting to review five themes in *The Planning and Development Act 1983*. Stakeholder feedback from the meeting will be used for consideration in policy programming and legislative reform. The final report issued in May 2006 is available online at www.municipal.gov.sk.ca/div/cpb/ongoingpandactreview.html.

Neil Ketilson participated in a roundtable on agricultural issues hosted by Federal Minister of Agriculture, Chuck Strahl in Regina in March. Discussion centered on issues and opportunities for Saskatchewan pork producers.

Frequent meetings were held throughout the year with the provincial Minister of Agriculture and representatives of Saskatchewan Agriculture and Food.

Continued to build on established working relationships with agencies such as Saskatchewan Association of Rural Municipalities, the Saskatchewan Council for Community Development, and Saskatchewan AgriVision Corporation.

- Neil Ketilson elected to Saskatchewan Council for Community Development Board of Directors in July 2006.
- Neil Ketilson elected Chair of Saskatchewan AgriVision Board of Directors.
- Jerry Pfeil is a member of the Provincial Farm Support Review Committee
- Shirley Voldeng is a member of the Provincial Farm Leaders Advisory Group.

In January, 2006 Neil Ketilson, Harvey Wagner, and Mark Ferguson attended Saskatchewan Agriculture and Food Livestock Development Branch planning session in Regina to present an update on Sask Pork's activities, and to meet and make contacts with branch staff.

Mark Ferguson attended the Provincial Green Forum on Water Management in Moose Jaw in October. The session focused on agricultural water use and water quality. The province initiated development of an integrated strategy to manage water resources to allocate and protect water. 80 representatives of water users attended the two-day sessions including Nature Saskatchewan and the Saskatchewan Conservation and Development Association. This was the second of six such sessions planned for the province.

A presentation was also made to the Saskatchewan Association of Rural Municipalities "Clearing the Path" committee.

Other industry related events attended:

- Growing the Livestock Industry Conference - Saskatoon – October 2005 – assisted in conference planning and development.
- Agricultural Producers Association of Saskatchewan (APAS) Conference – Regina - November, 2005
- Crop Production Show- Saskatoon – January 2006
- Agri-Food Value Chain Workshop- Saskatoon- February 2006
- Saskatchewan Institute of Agrologists Saskatoon Branch Annual Meeting- Saskatoon- March 2006
- Saskatchewan Institute of Agrologists Annual General Meeting- Yorkton- April 2006

Sask Pork supports the Canadian Pork Council in furthering national common industry goals and initiatives:

- Florian Possberg was elected Vice-President, Canadian Pork Council Executive Committee at the July 2006 CPC Annual General Meeting and Ross Johnson was re-appointed as director of Canada Pork Inc.
- Sask Pork's Board of Directors initiated a proposal to develop a national check-off for Canadian Pork Council delivered programs. The impetus for the proposal is as follows:
 - Canada is seen as a single entity to our international customers;
 - Consistency in national program delivery is important for program integrity;
 - Future significant issues for the pork industry are likely to become more national in scope.
- The proposal for a national check-off program was presented at the July 2006 CPC Annual General Meeting and will be presented to each of the provinces upon request.

Sask Pork finds significant value in working closely with the other provinces to establish common goals and partnership opportunities. Quarterly western Managers meetings are held with the General Managers of Saskatchewan, Manitoba and Alberta.

Foreign Animal Disease Surveillance

National Hog Identification and Traceability Program

Significant progress has been achieved on this national program with 99% of known Saskatchewan premises registered at July 31, 2006. New tattoo numbers were assigned to complete Saskatchewan's portion of the national tattoo numbering scheme. New provincial hog transport manifests were developed, printed and widely distributed at no charge to producers and provincial transporters in the province. Sask Pork is also an active member on the CPC ID and Traceability Working Committee.

A presentation was made to participants in the Schering-Plough Western Swine Veterinarian Conference in June on the national traceability system.

Western Canadian Slaughter Database

With the cooperation of processors, and partial funding from the Canadian Adaptation and Rural Development Program, the Western Canadian Slaughter Database is being created to build a central data repository that will provide western Canada with the same level of finisher barn-to-packing plant traceability as currently exists in eastern Canada. Sask Pork is working closely with the Canadian Cattle Identification Agency to build the system.

Federally inspected plants have been submitting data for over one year, and a preliminary database is in place to collect this data. We have provided significant input into the design of the final database and user interface. Software development is scheduled to commence in late 2006, with the final database being completed in 2007.

The Western Canadian Slaughter Database project received \$30,687 in complementary funding from Canadian Adaptation and Rural Development in Saskatchewan (CARDS).

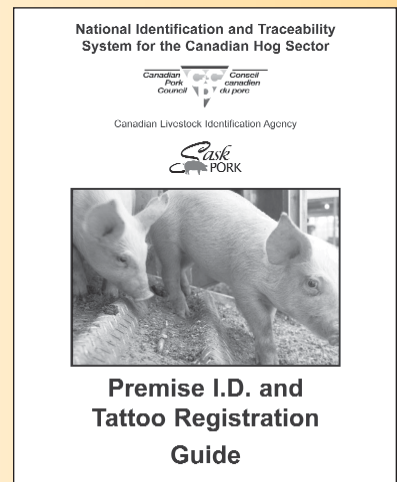
Total funding for this project is as follows:

CARD	\$122,500
Sask Pork	17,500
Alberta Pork	17,500
Manitoba Pork	17,500
	<hr/>
	\$175,000

Harvey Wagner is the provincial contact for the National Emergency Management Plan for Foreign Animal Disease. We are currently developing a provincial response plan as part of the national effort supported by the Canadian Pork Council and Canadian Animal Health Coalition to ensure all provinces have plans in place in the event of a disease outbreak.

Saskatchewan Agriculture and Food		Saskatchewan Hog Manifest & Permit	
Client: John Doni Hog Farms Ltd.		Date: January 15/06	Permit Number: A12345
Address: 275 25 Street	Producer # 52233301-099	COAR Number	Phone Number 555-6255
Lot	Age	Sex	Weight (kg)
A	3		345 kg
B	2		453 kg
C			
D			
E			
F	3		798 kg
Total Weight: 798 kg			
Signature: John J. Doni			
Transporter: Happy Hog Unit			
Sow with tag #1355 lost slight limp			
Transporter	Jim Jones Trucking	Tractor # 2	Phone Number 555-5644
Driver Name	Jim Jones	COAR # 300508001	Phone Number 677 TTT
Driver's Signature	[Signature]		
Processor	Sask Quality Meats Inc.		
Processor's Signature	Sow with tag #355 OK		
Processor's Signature	[Signature]		
Inspector's Signature	Peter J. Small		

NEW! Hog Manifest



Sustainable Production

Canadian Integrated Program for Antimicrobial Resistance Surveillance (CIPARS)

Sask Pork provides support for this project coordinated by the Public Health Agency of Canada. CIPARS was developed to monitor trends in antimicrobial resistance among intestinal bacteria from animals, food and humans. Saskatchewan is one of the provinces selected for monitoring, and national funding was sufficient to allow five Saskatchewan herds to be studied.

Saskatchewan Agriculture and Food's Animal Health Unit is collaborating in this surveillance, supporting sampling of an additional 10 herds, with testing to be done by Prairie Diagnostic Services. This program will pave the way for future diverse surveillances.

Canadian Pork Council Greenhouse Gas Mitigation Project

Supported the further advancement of this initiative through investigation of greenhouse gas credit opportunities for producers; and distribution of the *Practices and Technologies Aimed at Reducing Environmental Impacts of Hog Production* to producers.

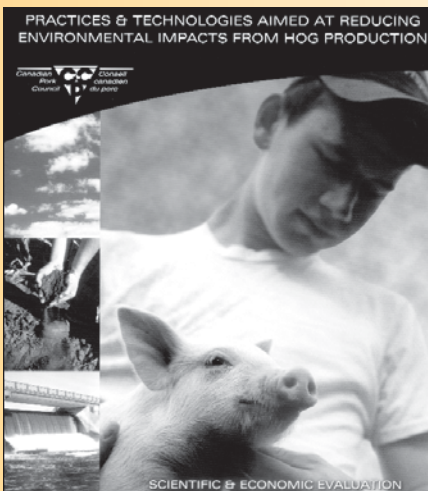
Sask Pork also supports the Pork Sector Greenhouse Gas Quantification Protocol Pilot Project initiative through sponsorship and participation in the Greenhouse Gas Quantification protocol meeting in Banff in January 2006, and will assist in setting up a Pilot Project Workshop in Saskatchewan in the fall of 2006.

Attracting Youth to Agriculture

Sask Pork is working with producers and stakeholders to help promote the potential for career and business opportunities in the pork industry.

Participated in career nights at the University of Saskatchewan.

Sask Pork and members of the pork industry are assisting the Prairie Swine Centre in creating an enhanced Career Opportunities display at the Pork Interpretive Gallery.



Producer Services

Delivery of the national **Canadian Quality Assurance (CQA®)** on-farm food safety program to Saskatchewan producers continues. 99.75% of all Saskatchewan hogs raised for slaughter are raised under CQA®. The cost of delivery of the program in the province is approximately 3 cents per hog.



Animal Care Assessment has been developed as an auditable benchmarking program to provide producers with a means to evaluate and improve animal care in their operations and to demonstrate this to customers. ACA is linked to the CQA® program but currently is not part of the CQA® program. Uptake of ACA is underway in Saskatchewan with six production units registered in the program as of July 31, 2006.



The Manager of Producer Services completed the Animal Care Assessment "Train the Trainer" program in September 2005 and validators were trained to validate farms in October.

We continue to monitor progress and participate in national CQA® Advisory Technical Committee.

The **Trucker Quality Assurance (TQA®)** program was adapted for delivery in Saskatchewan from the US National Pork Board TQA® program. To date more than 600 producers and truckers in the province have completed the course and are TQA® certified in proper animal care and handling during transport.



TQA® Course in Saskatoon

Research

In July of this year, Sask Pork renewed the Prairie Swine Centre Inc. five-year Research Funding Agreement to carry out research in the areas of: Ethology; Animal Nutrition; Reproduction; Physical Environment; and Occupational Health and Safety.



Research Committee

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



Research Projects



Project Name	Researchers	2005 – 2006 Funding	Project Total
Prairie Swine Centre Inc. 5-Year Funding Agreement	Various	\$ 424,169	Production based Contract: Jan/06–Dec/10
Long-Term Influence of Swine Manure Application on Soils/Crops	Jeff Schoenau University of Saskatchewan	20,000	\$ 40,000
Geochemistry & Hydrogeology	Terry Fonstad University of Saskatchewan	7,000	35,000
Environmental & Occupational Health Chair Ag Medicine	James Dosman University of Saskatchewan	12,000	36,000*
Hydrogen Sulphide in Swine Confinement Facilities: Reducing Risk to Life, Safety and Health	John Feddes University of Alberta	11,764	58,820
Suitability of Zero-Tannin Faba Bean Protein and Starch Fractions in Diets For Weaned Pigs	Eduardo Beltranena Alberta Agriculture	13,000	13,000
Assessment of Dual PCV2 Infection in Disease Free (Gnotobiotic) Pigs: A Potential for Re-emergence of PMWS in Canada	John Harding University of Saskatchewan	25,000	25,000
Total		\$ 512,933	

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

Sask Pork participated in the Advancing Canadian Agriculture and Agri-Food Saskatchewan (ACAAFS) exploratory meetings to determine industry support for a Strategic Funding Alliance for research. This alliance would be similar to that of Alberta's Agriculture Funding Consortium that is made up of 14 funding groups that share common goals "to get innovative, sustainable and strategic world class research off the ground and into the hands of those who need it most". Ross Johnson participated in the two meetings held in October and December 2005. There have been no further developments.

Product Promotion

Maintaining domestic market share is also of importance to the Saskatchewan pork industry. Promotion activities focus on promoting pork as part of a “healthy diet and lifestyle”.

- Distributed 2 new recipe booklets – *Recipes for Busy People* and *Recipes for Entertaining* (Fall & Winter) – 54,000 copies were placed at retail through News Marketing Canada.
- Produced and distributed *Pork Shoppe* retail newsletter to nearly 200 provincial grocery retailers.
- Plans are underway to revise and reprint the *All About Pork* consumer guide in the fall of 2006.

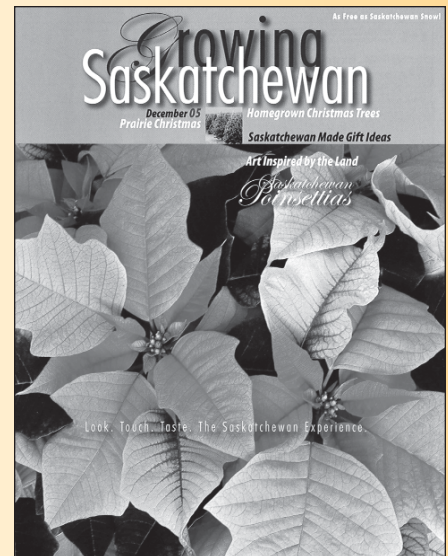
Sask Pork has been a partner in the *Growing Saskatchewan* project initiated by Canadian Adaptation and Rural Development Saskatchewan (CARDS) since 2003. The spring 2006 issues marked the last issue in which CARDS could make a financial contribution to the project. The Saskatchewan Council for Community Development has issued a request for tender for interested organizations to publish the magazine.

- Other program partners include Saskatchewan Agriculture and Food, Agriculture and Agri-Food Canada, Saskatchewan Canola Development, Commission, Saskatchewan Flax Development Commission, Saskatchewan Food Industry Development Centre, Saskatchewan Food Processors Association, Agriculture in the Classroom and the Saskatchewan Turkey Producers’ Marketing Board.

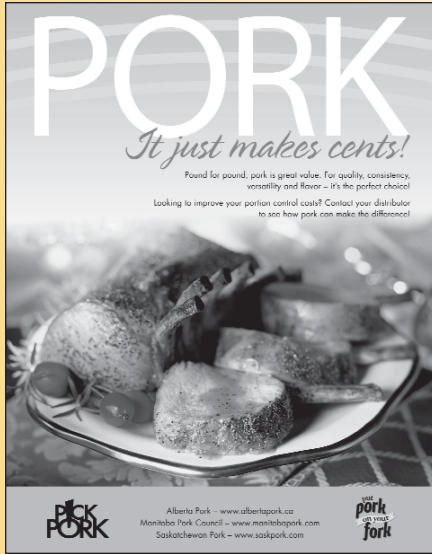
Sask Pork and Alberta Pork were invited to make presentations on our respective organizations to Saskatchewan MacDonaldis Consolidated retailers in Regina in March 2006.

Consumer Data Distribution and Value Chain Facilitation: Sask Pork provided support in funding this research proposal initiated by the George Morris Centre. The objective of this project is to develop, as a three-year pilot, a method for collecting accurate information on consumer purchase and consumption behavior (and associated drivers); and to analyze and present the research findings to the Canadian agri-food industry in a format that industry stakeholders can use to improve the marketing of agri-food products to consumers.

An estimated 4,500 families representing various demographics from across Canada will be surveyed. Since many households have more than one person, the data will reflect upwards to 20,000 people. All provinces are included and the data can be broken down by province. The national project has been submitted to ACAAF for funding. We are awaiting approval.



Holiday Ad
“Growing Saskatchewan” Magazine



Western Restaurant News Ad



Sponsorships

- Abilities Council March of Dimes Chocolate Gala
- Canadian Western Agribition:
 - A Cut Above Event
 - International Reception
 - Saskatchewan Meat Processors Association Food Bank Fundraiser
 - Saskatchewan Meat Processors Association Smoked Meats Competition and pork samples.
- Englefeld Hogfest and Homecoming Celebration
- Kildrum Co-Op Spring Supper
- Media baskets for Canadian Partnership for Consumer Food Safety Education
- Premier Food & Wine Festival *Autism Balloon Pop Fundraiser*
- Sask Cuisine Chef Competition Awards – Regina
- Saskatchewan Home Economics Teachers Association – Teachers Convention
- Taste of Spring Food and Wine Show – sponsored pork product for Something Good Marketing and Butcher's Best Meat exhibitors in Regina.

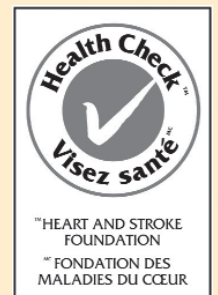
Advertising

- Western Restaurant News – Shared cost of a full page ad with Alberta Pork and Manitoba Pork Council, in the March 2006 issue. Ad copy focused on *Pork for Profitability*.



- Safeway Labels Program – The four western provinces were invited by Safeway to participate in a label program from March – April 2006. *Pick Pork – Safeway proudly supports Saskatchewan pork* labels were placed on all non-branded, fresh pork packages. The program was executed at no cost to the producer organizations.

- *Renovations Magazine* – two-page consumer ads in Fall 2005, Winter 2006 and Spring 2006.
- Saskatchewan Meat Processors Association summer newsletter features a full-page ad on grilling pork.
- Health Check™ nutrition information ads appeared in Star Phoenix and Leader Post March Nutrition Supplements.
- *Growing Saskatchewan magazine*. – Pork ads were placed in both spring and winter 2006 issues.



Communications

External communications activities focus on creating a greater understanding by the general public of the Saskatchewan pork industry. Sask Pork endeavors to ensure a consistent, one-voice, one message approach to industry communications.

Internal communications activities include newsletters, weekly email reports, industry updates that are distributed to producers, industry partners, stakeholders and the provincial government.

Directors and staff conducted more than 50 media interviews throughout the year. We have sought to expand the public's knowledge of the pork industry and normally accepted and established farming practices. Using science-based factual information, we have responded to questions/concerns raised about intensive livestock production impact on the environment.

Corporate Identity

D. Black Communications was engaged to assist Sask Pork in a complete re-design of the website. As part of the redesign it was decided to look at the current corporate logo to determine if it best identified the organization. During this timeframe Sask Pork requested, and was permitted by the Agri-Food Council to operate as the "Saskatchewan Pork Development Board". The legal name remains "Sask Pork". A new logo was developed to reflect the new operating name.

At the time of printing of this report, website architecture has been completed and a new recipe database is being developed.

New promotional items ordered: lapel pins • keychains • cotton tote bags • Various lanyards • 2006 pocket planner diaries • mens/ladies retro sports bags • youth sized "grumpy pig" t-shirts • pig erasers • barbecue tongs

Communications support throughout the year included:

Saskatchewan Pork Industry Symposium, coordinated by Agri-Biz Communications, is a partnership project of Sask Pork and Saskatchewan Agriculture and Food. The Symposium Advisory Committee is made up of academia, producers, staff, and Saskatchewan Agriculture and Food Livestock Development staff.

Symposium provides producers and industry stakeholders with information on the latest technologies and advances in pork production. In 2005, Symposium celebrated 28 years of providing "A World of Information" with 534 registrants for the 2005 conference "Strengthening our Industry".

Saskatchewan Pork Industry Symposium received \$7,500 in complementary funding from Canadian Adaptation and Rural Development Saskatchewan (CARDS) for speaker expenses.



Erasers



Retro Bags



Grumpy Pig T-Shirts



Communications Activities

Produced and distributed weekly in-house email report on information of interest to the pork industry.

Publish bi-monthly issues *Forum* newsletter supplemented with industry updates on emerging pork industry issues.

Designed and printed a 2006-2007 farrowing calendar and shared resource with other provinces.

Provided staff resources to Saskatchewan Agriculture and Food in development of a new *Pork Opportunities* document to be released in the fall of 2006. This document forms part of an investment attraction initiative used by the Province.

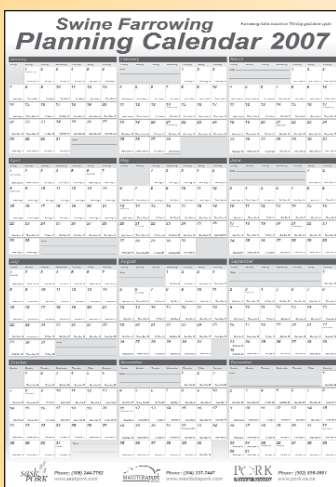
Continue to partner in Western Canadian Livestock Expo held in April of each year in Saskatoon. This producer-focused event continues to showcase the latest in technology, genetics, equipment and industry services available to today's dairy and pork industries. An advisory group was struck after the 2006 event to look at options for raising the profile of the pork industry at the two-day event.

Developed and published "*Premise I.D. and Tattoo Registration Guide*" to support provincial delivery of National Identification and Traceability System for the Canadian Hog Sector.

Provided financial support towards the IPSOS Reid "Public Attitudes Towards Hog Farming" national survey for 2006. Results of the survey will be released in the fall of 2006.

Pork industry profile published in February 2006 issue of Saskatchewan Cattle Feeder Magazine

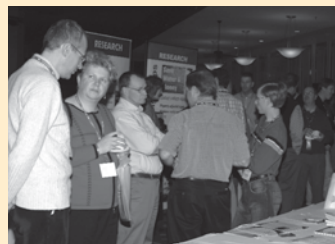
"Forum" Newsletter



Farrowing Calendar



Western Canadian Livestock Expo



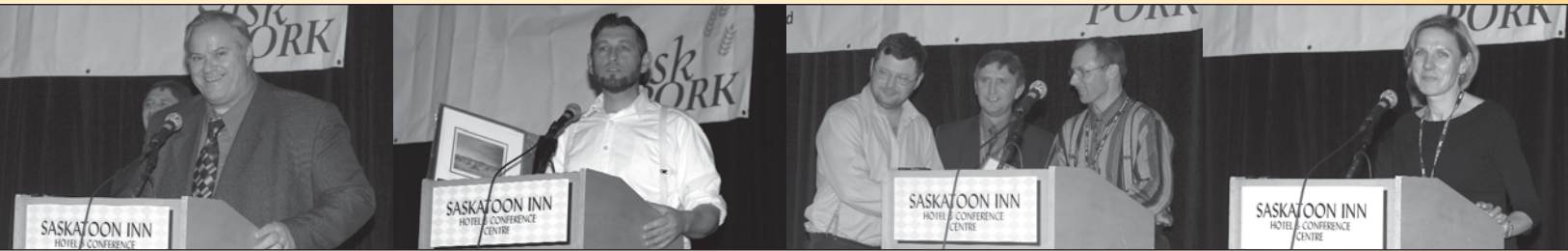
Pork Industry Symposium



Minister of Agriculture, Mark Wartman

FarmScape Radio Program

Continued to fund and support the FarmScape daily radio/on-line program featuring news and information about the hog industry. FarmScape is hosted by Bruce Cochrane who is responsible for researching and writing each segment and features articles that are distributed to the provincial weekly newspapers in Saskatchewan and Manitoba and for publication in the Western Hog Journal and Saskatchewan-based print media. Many of the stories featured on the program are also picked up internationally.



Industry Awards Program

This was the second year for Sask Pork's **Awards for Excellence**. Awards for 2005 were presented at the Pork Industry Symposium banquet in November. The recipients are pictured above (left to right):

Leadership and Community Involvement: *Big Sky Farms, Humboldt, SK*
Excellence in Production Efficiency: *Joel Wurz, Bench Colony*
Excellence in Animal Care: *Dave Wurz, Lakeview Pork*
Excellence in Production Research: *Dr. Denise Beaulieu, Researcher, Prairie Swine Centre Inc.*

In 2006, the Farm Animal Council of Saskatchewan and Sask Pork partnered on the **"Award of Distinction for Hog Transportation Handling"**. Animal care and welfare does not end at the farmgate and as such, improper handling by transporters can detrimentally affect the health of animals being transported and ultimately the quality of the end product. This award will be presented annually at the Farm Animal Council Annual General Meeting.



Festival of Trees

Corporate sponsorships

26th Annual Western Nutrition Conference – Calgary
Alberta Cancer Foundation Weekend to End Breast Cancer – 60 km walk
Big Sky Farms Annual Employee Golf Tournament - Humboldt
Canadian Pork Council Greenhouse Gas Sessions – Banff
City Hospital Festival of Trees – Pig Tree designed by Sandra Fonstad
Englefeld and District Mini Telemiracle Auction
Hague Community Playground Fundraising Barbecue
Hague Curling Club – Bonspiel Raffle Fundraiser
PIC Annual Golf Tournament – Kipling, SK
Planning for Agriculture Workshop - RM of Corman Park



Hague Community



U of S Tractor Competition

Regina Qu'Appelle Health Region's Farm Safety Project
 Saskatchewan Agriculture and Food Policy Branch Annual Retreat
 Saskatchewan Outstanding Young Farmers
 Saskatoon Food Bank Clothing Program – Mitten Tree
 Saskatoon Friendship Inn Annual Easter Dinner
 Schering-Plough Veterinary Conference
 Swift Current Agricultural Agribition – Canada Day Pancake Breakfast
 Telemiracle Sponsors VIP Reception
 U of S College of Engineering – Quarter Scale Tractor Competition
 U of S Department of Animal & Poultry Sciences Mini-Conference
 Work Safe Saskatchewan Farm Safety Seminars

Community Relations

The *Hurry Hog* curling rink decal program was a great success. More than 100 curling clubs displayed 300 decals across the province. Decals are provided to the clubs at no charge.

In January, the Raymore Curling Rink was selected as the *Hurry Hog Club* for 2005. The club received \$150 towards pork product for their men's and ladies bonspiel banquet.



2005 Hurry Hog Club - Raymore, SK

Agri-Education

The Agri-Education area is expanding as interest in the pork industry increases. Raising the profile of the pork industry at provincial agriculture fairs and agri-ed tours helps us to get our information into the hands of teachers and students. Some of the agri-ed activities over the year include:

- Sponsorship of "Pig Out on Reading" – St. Vital School – Battleford, SK
- Development of a Manure the Natural Fertilizer Display at Prince Albert Conservation Centre
- Prince Albert Exhibition Association – Agri-Ed Showcase
- Lloydminster Agriculture Fair - Pork Industry Display for Student Tours
- Filled individual resource requests from provincial teachers
- Ordered How Pigs are Raised – reprinted by Manitoba Pork Council
- Ordered The Real Dirt on Farming produced by Ontario Farm Animal Council



Canadian Western Agribition

Sask Pork is the sole sponsor of the **Junior Hog Carcass Competition** and awards cash prizes and education bursaries for post-secondary education to the winner. This year's recipients were: Giselle Ulrich, Spalding, SK – Grand Champion (\$1,000) and Thomas Kleinsasser, Kenaston, SK – Reserve Grand Champion (\$500).

Sask Pork is also sole sponsor of the Rawlco Radio "Live from Agribition" radio reports.

The Agri-Ed Showcase continues to be a hit with the youngsters. More than 7500 students, grades 4-6, tour Agribition each year. Sask Pork's display is interactive for the kids, and features our Piggy Rap video and a pair of piglets. Staffing for the week-long showcase is shared with the Farm Animal Council of Saskatchewan. Sask Pork staff participate in the teacher's tours held the Sunday preceding Agribition.

The pork industry also contributed sponsorship towards Agribition's "Cut Above Event" and "International Reception".

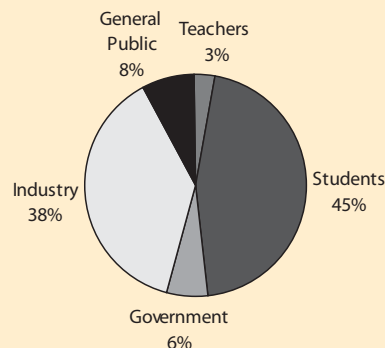
Pork Interpretive Gallery

The Pork Interpretive Gallery at Elstow, Saskatchewan provides the opportunity for the public to view a commercial hog production unit. Sask Pork is committed to ongoing support of the gallery. Deborah Ehmann, assistant manager of the gallery received funding from the Canadian Agricultural Safety Association (CASA) to develop the Youth Safety Awareness Program for the Canadian Pork Industry. A Farm Safety Display was also added to the gallery.

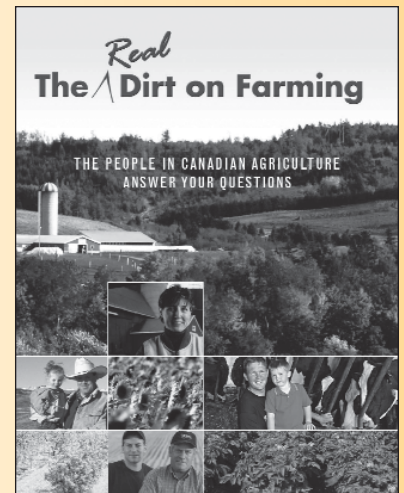
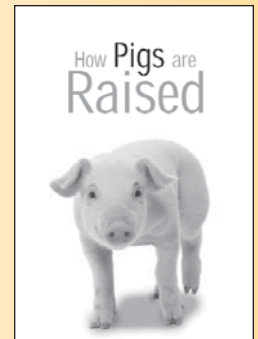
During this fiscal year the total number of visitors was 1068.

Pork Interpretive Gallery staff made classroom presentations on the pork industry at the following schools: Dundurn; Allan; Clear Spring Colony; Sunny Dale Colony and Riverview Colony.

Visitors to P.I.G. July 2005-2006



"We Pigged Out on Reading"



Industry Trends

In September, Mark Ferguson joined Sask Pork to provide economic and market analysis capability.



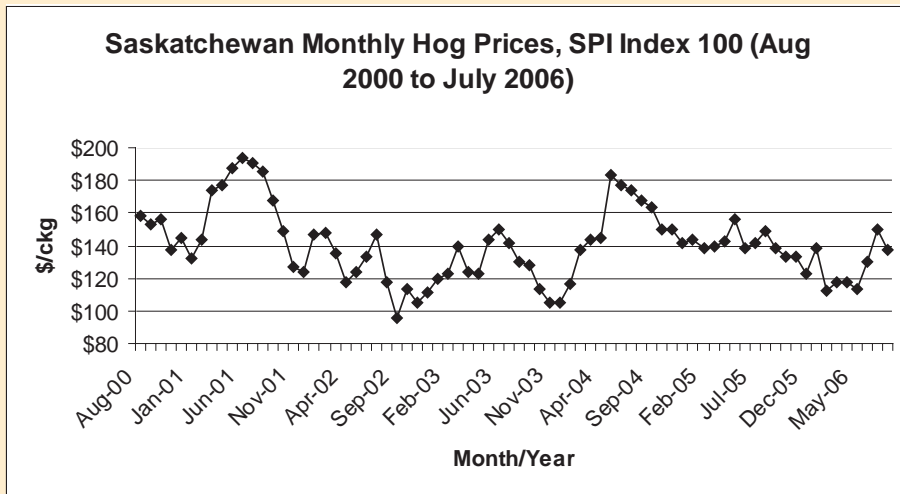
- Undertook a Cost of Production study to benchmark costs. Summaries of the study were made available to participating producers in August 2005.
- Identified important factors affecting current hog prices. Article on results featured in July 2006 *Forum*.
- Reviewed the federal government's expansion of the Agriculture Marketing Programs Act to include livestock and the potential for cash advance programs for hog farms. Information featured in July 2006 *Forum*.
- Published Industry Update on Impact of U.S. Corn Tariff on the Canadian Livestock Sector – December 2005.
- Investigated the Cash Incentive Available for Reducing Environmental Risks and encouraged producers to participate in the Canada-Saskatchewan Farm Stewardship program and distributed information to producers.
- Conducted ongoing analysis of the socio-economic importance of the hog industry to the province of Saskatchewan. Articles written and published in Sask Pork's *Forum* newsletter and shared with Manitoba Pork Council.
- Contributed staff resources on a SPI Marketing / University of Saskatchewan feasibility study led by Professor Bill Brown to determine the feasibility of contract finisher barns in Saskatchewan. The study examined potential weanling supply, contractors' preferences for locations and potential profitability. Sask Pork co-authored the final report on the study.
- Sask Pork provided resources to assess the feasibility of a low cost, modified barn design being proposed by an independent group of producers. The objective of the study is to explore the potential of reducing barn construction costs.

CAIS Inventory Transition Initiative (CITI) – Undertook analysis to determine the effects of this retroactive inventory value adjustment. Information published in June and July *Forum* advising producers on how they could take advantage of the program.

- Sask Pork is conducting a labour/wage survey of the Saskatchewan pork industry to determine benchmark salaries for different positions. Results

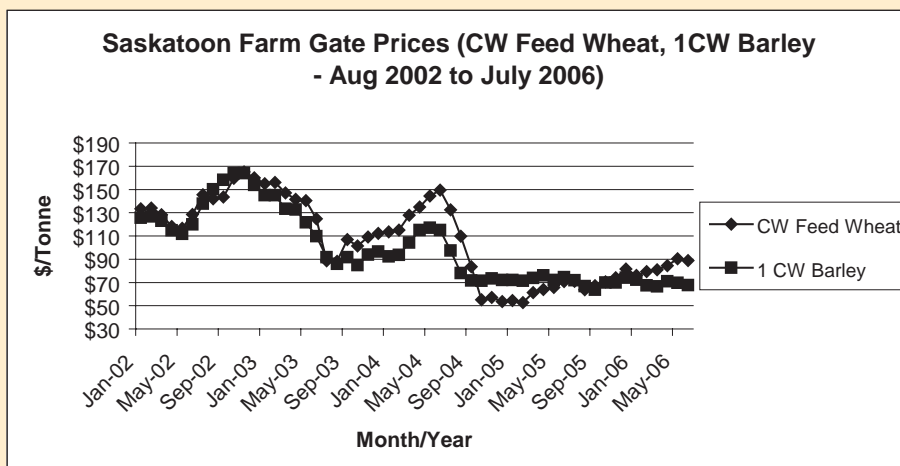
Industry Statistics

Hog prices averaged \$130.21/ckg between August 2005 and July 2006, which is a 13 percent decrease from the previous year. In January, prices reached a 3-year low, Averaging \$112.83/ckg, and did not increase substantially until May. The most obvious reason for poor prices over the winter months was the continued appreciation of the Canadian Dollar. An over-supply of chicken and beef in the U.S. hurt pork cutout values, which ultimately resulted in lower live hog prices. In May, prices began to rally for the summer months as per normal seasonal trends. However, scattered outbreaks of Circovirus in the U.S. reportedly reduced the pig crop over the summer, pushing prices higher than expected.



Source: SPI Marketing Group Inc.

Low feed prices throughout 2005/2006 continued to be a significant benefit for Saskatchewan hog producers. This factor has allowed Saskatchewan hog enterprises to remain competitive despite lower hog prices. The 2005 harvest was considered a bumper-crop, with plentiful supplies of lower grades of wheat and barley. This combined with high carry-in stocks from the previous year depressed local 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. Handling charges could add another \$15-\$25 per tonne to the cost of these feed grains purchased.

2005 marked another decrease in the number of producers operating in Saskatchewan, as 168 producers exited the industry. However, the total number of hogs marketed in the province increased by 195,781 over the past year: a gain of almost 10 percent. Much of the production gains resulted from increased production efficiency, and several existing units repopulating after being shut down rather than new barn construction.

Saskatchewan Producer Profile

Number of Hogs Produced	Number of Producers*				Number of Slaughter Weight Hogs Produced			
	2005	2004	2003	2002	2005	2004	2003	2002
<100	85	222	300	397	2200	5,369	7,932	10,497
100-500	53	67	115	132	14795	16,639	28,805	36,150
500-1000	26	35	36	70	19019	25,711	25,560	51,958
1000-5000	53	60	65	71	127422	131,565	148,809	171,012
5000-25000	66	69	65	91	663790	672,245	601,331	656,828
25000 -50000	7	5	3	1	198864	139,841	88,539	37,401
>50000	4	4	4	4	1188323	1,027,262	1,102,341	929,220
Totals	294	462	588	766	2,214,413	2,018,632	2,003,317	1,893,066

Source: Saskatchewan Pork Development Board

*Note: These numbers are based upon check-off data, and represent the number of producers/companies that produced hogs, not the number of production units or premises. In 2005, there were 439 active premises in Saskatchewan.

Number of Pigs Sold in Saskatchewan by Class of Animal

Year	Slaughter Weight 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

Source: Saskatchewan Pork Development Board

Over the past year, the Saskatchewan breeding herd increased by 1700 sows (1.2 percent). The Western Canadian Sow inventory increased by 8,100 sows (1.1 percent) which was stimulated by growth in the Manitoba breeding herd. Sow numbers in Quebec and Ontario decreased substantially over the past year, with the Eastern herd dropping by 13,700 sows (1.6 percent). A lack of significant sow herd expansion in Saskatchewan could be attributed to ever-increasing barn construction costs.

Total Sows & Bred Gilts in Canada (July - 1st), (thousand head)

Year/Month	Alta	Sask	Man	WEST	Ont	Que	CANADA
2000	185.7	100.1	255.8	561.8	341.5	378.3	1,316.1
2001	200.9	109.5	290.8	619.6	351.0	401.6	1,408.9
2002	209.0	117.7	325.7	670.6	387.6	411.3	1,505.0
2003	203.5	124.2	341.3	688.6	415.1	412.4	1,549.9
2004	205.0	128.8	357.0	711.8	431.7	416.5	1,592.9
2005	216.8	131.2	366.6	735.3	430.0	416.3	1614.2
2006	214.0	132.9	376.0	743.4	425.1	409.4	1608.6

Source: Statistics Canada, Hog Statistics, July 2006

The total number of pigs marketed in Canada declined by 855,000 in 2005. This was primarily fuelled by a decline in Eastern production. Over this time period, Saskatchewan's total marketings increased by 41,500 (1.7 percent).

Estimated Canadian Pig Marketings (2000 - 2005) (Thousands of Head)
Includes Slaughter Weight, Breeding Stock, Culls, Weanlings, and Feeders)

Year	Alberta	Sask.	Man.	West	Ontario	Quebec	East	Canada
2000	3,339.5	1,608.9	5,189.5	10,477.6	6,148.6	6,787.4	13,558.3	24,035.9
2001	3,608.9	1,626.0	5,966.5	11,519.0	6,825.3	7,020.7	14,524.9	26,043.9
2002	3,561.6	2,090.1	6,448.6	12,416.2	7,452.4	7,345.7	15,464.1	27,880.3
2003	3,527.3	2,312.3	7,279.3	13,460.7	8,309.3	7,496.3	16,442.3	29,903.0
2004	3,699.3	2,412.7	8,073.2	14,522.0	8,667.4	7,587.6	16,871.6	31,393.6
2005	3,796.5	2,454.2	8,554.0	15,143.3	7,541.3	7,257.1	15,395.5	30,538.8

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

(Calculated from slaughter plus international and inter-provincial exports, less international and inter-provincial imports)

For the second year in a row, Saskatchewan's slaughter numbers decreased. The closure of the Moose Jaw pork plant from May, 2005 to June, 2006 played a significant role in the 176,400 animal decline in annual slaughter numbers, which represents a 15 percent decrease for the province. In both western and eastern Canada, slaughter numbers were down slightly in 2005. Slaughter capacity continues to lag behind production increases in western Canada, which is fuelling exports of weanling and feeder hogs to the U.S.

Hogs Slaughtered In Canada (1997 - 2005)

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

Year	Alberta	Sask.	Man.	West	Ontario	Quebec	East	Canada
1997	2,216.6	897.2	2,076.2	5,475.6	3,199.0	6,053.8	9,733.9	15,209.6
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

Source: Agriculture and Agri-Food Canada, Red Meat Market Information, Livestock Market Review, Various Years

Shortages in Canadian slaughter capacity, increasing U.S. demand for feeder pigs, and a disparity between hog prices in U.S. and Canadian plants appear to be responsible for the ever-increasing exports of feeder pigs from western Canada. Exports of Canadian hogs weighing less than 50 kilograms increased by 76,609 animals (84 percent) over the past year. Weanling exports out of Manitoba and Alberta have also increased over this time period, with western Canada as a whole now exporting 4.1 million pigs under 50 kilograms (a 15 percent increase over 2005). Exports of pigs over 50 kilograms (market-weight hogs and cull sows) remained relatively consistent between 2004 and 2005.

Canadian Live Hog Exports by Province (< 50kg)

	Number of Head					
	2000	2001	2002	2003	2004	2005
Canada	2,335,848	3,168,770	3,757,366	4,971,044	5,626,871	5,414,931
Western Canada	1,525,110	1,869,983	2,102,792	2,804,025	3,589,193	4,128,885
Manitoba	1,439,361	1,720,329	1,934,011	2,637,222	3,294,412	3,634,034
Sask.	9,296	12,342	16,860	33,563	91,565	168,174
Alberta	68,539	129,268	141,261	112,921	180,879	296,044
B.C.	7,914	8,044	10,660	20,319	22,337	30,633

Source: Agriculture & Agri-Food Canada

Canadian Live Hog Exports by Province (> 50kg)

	Number of Head					
	2000	2001	2002	2003	2004	2005
Canada	2,018,517	2,152,298	1,966,268	2,458,173	2,876,320	2,777,294
Western Canada	1,544,176	1,660,308	1,512,096	1,660,557	1,756,179	1,824,666
Manitoba	900,477	889,613	943,814	1,143,481	1,250,640	1,379,970
Sask.	99,234	119,928	125,933	167,478	131,343	113,053
Alberta	500,724	602,587	416,550	311,371	356,083	330,478
B.C.	43,741	48,180	25,799	38,227	18,113	1,165

Source: Agriculture & Agri-Food Canada

Financial Statements
Year Ending July 31, 2006

Management's Responsibility

To the Members of Sask Pork:


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.

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 fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors.

External auditors are 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 15, 2006



Management



Management

Auditors' Report



MEYERS NORRIS PENNY LLP

To the Members of Sask Pork:

We have audited the balance sheet of Sask Pork as at July 31, 2006 and the statements of operations, changes in net assets and cash flows 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.

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, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Meyers Norris Penny LLP

Saskatoon, Saskatchewan
September 15, 2006

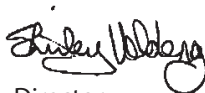
Chartered Accountants



Balance Sheet

As at July 31, 2006

	2006	2005 (Restated - Note 13)
ASSETS		
Current		
Cash	17,582	69,105
Short-term investments	209,769	982,604
Accounts receivable	246,623	260,466
Prepaid expenses	66,406	61,678
	540,380	1,373,853
Capital assets (Note 3)	17,154	32,624
Restricted investments (Note 5)	1,000,000	-
	1,557,534	1,406,477
LIABILITIES		
Current		
Accounts payable and accrued liabilities	195,796	170,163
Deferred revenue (Note 4)	30,534	36,128
	226,330	206,291
Commitments (Notes 6,7)		
Subsequent event (Note 11)		
NET ASSETS		
Internally restricted (Note 5) - Partnership program	32,132	26,078
- operating reserve	1,000,000	-
Invested in capital assets	14,745	27,807
Unrestricted	284,327	1,146,301
	1,331,204	1,200,186
	1,557,534	1,406,477

Approved on behalf of the board


Director



Director

The accompanying notes are an integral part of these financial statements



CHARTERED ACCOUNTANTS & BUSINESS ADVISORS
800 - 119 4th AVE. S., SASKATOON, SK S7K 5X2
PH. (306) 665-6766 FAX (306) 665-9910 www.mnp.ca

Statement of Operations



MEYERS NORRIS PENNY LLP

For the year ended July 31, 2006

	<i>Budget</i> <i>(Note 10)</i>	2006	<i>2005</i> <i>(Restated</i> <i>- Note 13)</i>
Revenue			
Check-off/export service charge	1,682,500	1,668,881	1,618,002
Government grants <i>(Note 8)</i>	110,250	50,756	45,469
Conference fees	108,700	94,102	108,075
Reimbursed travel and project sponsorship	12,000	17,061	32,228
Interest	16,800	33,552	21,950
Other	-	4,414	9,929
	1,930,250	1,868,766	1,835,653
Expenses			
Research, including Prairie Swine Centre	492,263	512,933	479,116
Salaries and benefits	393,649	373,892	373,705
Industry association	298,392	257,030	241,286
Conferences	111,875	99,006	108,694
Communications	128,500	118,257	111,685
Operations/office	93,839	96,450	97,352
Promotions	66,432	47,317	64,475
Directors and committees	58,625	50,662	46,827
Policy and industry development	195,500	80,530	95,813
US trade action	-	-	153,598
Travel <i>(Schedule 1)</i>	18,000	21,448	17,905
Organizational development	43,620	42,396	31,223
Amortization	14,124	18,928	21,629
National services	8,000	7,515	5,145
Bad debts	-	(2,669)	41,479
Reimbursed travel expenses	-	14,053	-
	1,922,819	1,737,748	1,889,932
Excess of revenue over expenses			
(expenses over revenue)	7,431	131,018	(54,279)

The accompanying notes are an integral part of these financial statements



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Statement of Changes in Net Assets

For the year ended July 31, 2006

	<i>Invested In Capital Assets</i>	<i>Internally Restricted</i>	<i>Unrestricted</i>	2006 Total	<i>2005 Total</i>
Balance, beginning of year					
- as previously reported	27,807	26,078	1,086,071	1,139,956	1,254,465
- correction of an error (Note 13)	-	-	60,230	60,230	-
	27,807	26,078	1,146,301	1,200,186	1,254,465
Excess of revenue over expenses (expenses over revenues)	(16,520)	-	147,538	131,018	(54,279)
Investment in capital assets	3,458	-	(3,458)	-	-
Transfer from unrestricted net assets (Note 5)	-	1,006,054	(1,006,054)	-	-
Balance, end of year	14,745	1,032,132	284,327	1,331,204	1,200,186

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Statement of Cash Flows



MEYERS NORRIS PENNY LLP

For the year ended July 31, 2006

	2006	2005 <i>(Restated - Note 13)</i>
Cash provided by (used for) the following activities:		
Operating		
Excess of revenues over expenses	131,018	(54,279)
Add (deduct) items not affecting cash:		
Amortization	18,928	21,629
	149,946	(32,650)
Changes in working capital balances:		
Accounts receivable	13,843	(29,421)
Prepaid expenses	(4,728)	1,429
Accounts payable and accrued liabilities	25,633	7,132
Deferred revenue	(5,594)	(16,402)
	179,100	(69,912)
Investing		
Purchase of capital assets	(3,458)	(44,991)
Transfer to restricted investments	(1,000,000)	-
Net change in cash during year	(824,358)	(114,903)
Cash resources, beginning of year	1,051,709	1,166,612
Cash resources, end of year	227,351	1,051,709
Cash and cash equivalents are comprised of:		
Cash	17,582	69,105
Short-term investments	209,769	982,604
	227,351	1,051,709

The accompanying notes are an integral part of these financial statements



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Notes to the Financial Statements

For the year ended July 31, 2006

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.

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.

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.

2. Significant accounting policies - continued

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.

3. Capital assets

			2006	2005
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Leaseholds	25,601	17,067	8,534	17,067
Computer equipment	65,869	62,649	3,220	4,757
Furniture and equipment	33,229	27,829	5,400	10,800
	124,699	107,545	17,154	32,624



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.

	2006	2005
Deferred revenue, beginning of year	36,128	52,530
Amounts received during the year	84,045	59,773
Amounts recognized during the year:		
Government grants	(2,408)	(11,395)
Conference fees	(84,945)	(64,780)
Amounts repaid during the year	(2,286)	-
Deferred revenue, end of year	30,534	36,128

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

Cards Trade Show Booth	2,409	4,817
Partnership program	28,125	29,025
Agri-Food Innovation Fund	-	2,286
	30,534	36,128

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.

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
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6. Research commitments - continued

Other committed funding

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

2007	43,764
2008	11,764
2009	11,764
2010	11,764
	<hr/>
	79,056

7. Lease and other commitments

Building and certain office equipment are leased from various suppliers. Sask Pork also has committed funds to certain projects. Future payments required under the lease commitments are as follows:

2007	29,583
2008	6,402
2009	6,097

8. Government grants

	2006	<i>2005</i>
Saskatchewan Industry and Resources	-	28,000
Canadian Adaptation and Rural Development Saskatchewan	50,756	17,469
	<hr/>	
	50,756	45,469

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.

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 2005/2006 was approved by the Board of Directors on July 23, 2005.



11. Subsequent event

Sask Pork has entered into an agreement with Prairie Swine Centre Inc. whereby Sask Pork will operate the Pork Interpretive Gallery effective September 1, 2006. Previously Sask Pork provided \$15,000 per year to the Prairie Swine Centre Inc. for operations of the Pork Interpretive Gallery.

12. Comparative figures

Certain of the prior year's comparative figures have been restated to conform to the current year's method of presentation.

13. Correction of an error

During the year an organization that collects and remits hog check-off found that it had made an error in determining the amount that was due to Sask Pork at July 31, 2005. The organization therefore forwarded an additional \$60,230 to Sask Pork in the current year. The prior year comparative figures for accounts receivable, unrestricted net assets, check-off/ export service charge revenue and excess of expenses over revenue have been adjusted to reflect this additional revenue.

Schedule of Travel Expenses

For the year ended July 31, 2006

	<i>Budget</i> <i>(Note 10)</i>	2006	<i>2005</i>
National services	5,000	2,181	5,524
Industry association	6,000	6,554	7,383
Organizational development	4,000	4,026	3,074
Policy and industry development	5,000	6,035	-
Communications	2,000	1,438	1,924
Promotions	1,000	1,214	-
	23,000	21,448	17,905

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