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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It was only a short time ago that the Canadian industry embarked on a period of unprecedented growth. Now we question our relevance and ability to survive in the global picture.

Indeed the most significant response to this crisis on the part of the federal government has been to fund the Cull Breeding Swine Program, the intent of which was to reduce the national breeding herd by at least 10%.

The full implication of mandatory U.S. Country of Origin Labeling regulations has not been determined and opinions range from cautious optimism to a more pessimistic outlook. Some U.S. packers have indicated they will only buy pigs that are born, raised and slaughtered in the U.S. We have come to realize that even events happening in remote places, like the former Soviet satellite countries can adversely affect us when the political posturing starts, due to the loss of export opportunities.

The one constant we can count on in these troubled times, is the great work of the staff at Sask Pork who continue to provide...
essential services to the province’s pork industry.

We continue to lobby for assistance for our producers with a persistence that probably makes the politicians wonder what part of the word "no" we don't understand.

The organization also takes a very active role on the national scene on issues such as Safety Net planning and governance changes to the Canadian Pork Council. Staff and directors are also involved in the Pork Industry Roundtable, a forum to strategically address industry issues and plan for a sustainable future.

While a shrinking producer base has made balancing the budget a challenge, the organization has continued a tradition that has been its hallmark over the years; fiscal prudence coupled with unparalleled efficiency in implementing and administering relevant programming.

One of these programs, the cull sow reduction program resulted in a windfall of pork products for the provincial food banks to feed the less fortunate members of our society. The way it was facilitated by Sask Pork through the small provincial abattoirs resulted in a much-needed cash injection for those facilities. All in all, a good thing came out of a bad situation.

From a personal perspective, as a pork producer, director and Chairman of Sask Pork, I’m proud to be part of it, though it has been as frustrating a year as I care to remember.

Though we were successful in securing a Short Term Hog Loan program for our producers, its effectiveness was somewhat curtailed by the cap imposed on it. This was quite detrimental to 60 percent of our production base, a situation that is mirrored on the federal front with the way Agri-Stability is structured with its 3 million dollar cap.

As an eternal optimist, I still believe we will have a pork industry in this province. The natural advantages that in the past have made Saskatchewan a great place to raise hogs are still here. The budgetary changes that we have had to implement have made us even more efficient. We just need to figure out a way to get out of the tunnel ahead of the train’s arrival.

All that things that have in the past made sitting on the Sask Pork Board of Directors a great experience are still here. Working with my fellow directors, interacting with a great producer base (even if it is shrinking), and last but certainly not least, working with a wonderful staff still make it worthwhile to keep going.

Respectfully submitted,

Joe Kleinsasser
Chairman

Joe Kleinsasser
Chairman
This past fiscal year has been without question one of the most difficult financially for producers in Saskatchewan as well as nationally, and for the morale of everyone involved in the industry. I sincerely doubt anyone has remained unscathed by the circumstances that prevailed throughout the past year.

During what has been dubbed the "perfect storm" producers incurred negative financial margins for the entire year. High feed grain prices, fuelled in part by government ethanol policy, high Canadian currency values at near par with the US, driven by high energy prices and an abundance of hogs in north America, all contributed to the economic meltdown in the hog industry.

Losses ranged between $30 to $70 per hog for much of the year. Producers in Saskatchewan are estimated to have suffered losses of more than $100 million.

Over an 18 month period we have seen nearly 100 production units depopulate and by the end of July there had been a 20% reduction in sow capacity.

For those that do survive, the losses incurred in 2007/08 will impair growth and stability in the industry for a number of years. What the Canadian hog industry looks like in the future will unfortunately depend more on the will and depth of provincial governments than on competitive advantages.

In all that has happened in the past year, our directors and staff have been determined to focus on the positive and continually look for solutions to enhance the industry. Despite the pressures, progress has been made on a number of fronts.

Saskatchewan elected a new provincial government in November 2007 and Sask Pork directors and management met with newly appointed Minister of Agriculture, Bob Bjornerud to provide his department with supporting data on the state of the hog industry.

Our meetings resulted in the Province announcing a Short Term Hog Loan for producers. In

“In all that has happened in the past year, our directors and staff have been determined to focus on the positive and continually look for solutions to enhance the industry.”
addition, they implemented enhancements to the Targeted Advance Program and provided strong provincial support for our efforts to have the CAPS removed from the CAIS program. Only, three provinces were successful in obtaining financial assistance programs for producers.

With the Canadian Pork Council (CPC), the provincial pork organizations lobbied heavily for federal/provincial governments to change remove the caps from the Agri Stability Program and make the program more timely, transparent and bankable.

As a result of these efforts efforts, Agriculture and Agri-Food Canada announced the Cull Breeding Swine Program to reduce the sow breeding herd in Canada by 10% in Canada. Producers in Saskatchewan took advantage of the program culling nearly 18,000 sows. Sask Pork administered the federal cull sow program in our province and also a grant provided by the Province which allowed approximately 2400 sows to be processed into meat for Saskatchewan’s food banks. The generous $440,000 commitment on the part of the Province was appreciated by both producers and the food bank associations.

On the national front, we continued with the Canadian Pork Council governance structure review process, retaining Toma Bouma Consulting to carry out the strategic review. A new proposed structure was presented and approved at the Canadian Pork Council annual meeting in July with the changes expected to come into effect on January 1, 2009.

From a financial perspective, given the uncertainty in the industry, the Board of Directors and staff were very prudent in spending and combined with the administrative stipends received from the administration of the cull breeding swine program, we posted a positive return for the year.

I would be remiss not to thank the staff for their dedication and perseverance during the past year. Kim, Harvey, Mark, Patty, Jessica, and Samantha have done a remarkable job on behalf of producers and the industry.

In closing, I also want to thank the Board of Directors for their guidance, insight and dedication throughout a difficult year that saw their industry truly under siege.

Respectfully submitted,

[Signature]

General Manager,
Neil Ketilson
 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.

Elections were held in November 2007. The Board of Directors consists of six registered producers who may hold office for three consecutive, two year terms.

The Executive Committee is elected annually by the Board of Directors at the first scheduled meeting of directors following the Annual General Meeting.

Strategic Planning Process
Sask Pork operates within the framework of the 2005-2008 Strategic Plan. The following are key strategic areas:

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

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Samantha Comben
Administration/Communications Assistant (September - June)
(306) 244-7752

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 - Florian Possberg
Canadian Animal Health Coalition - Florian Possberg
Canadian Animal Health Consultative Committee - Ross Johnson
CQA® Advisory Committee - Harvey Wagner
Cull Breeding Swine Program Advisory - Mark Ferguson / Harvey Wagner
Emergency Planning Working Group - Harvey Wagner
Identification & Traceability System Working Committee - Neil Ketilson
National/Provincial Traceability Staff Contact Group - Neil Ketilson and Mark Ferguson
Safety Nets Committee - Florian Possberg
Producer Committee for Climate Change - Neil Ketilson
Trade Advocacy Working Group - Florian Possberg (Chair)

Industry Committee Representation

Agriculture Council of Saskatchewan - Neil Ketilson
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
Certified Livestock Transport Advisory Group - Harvey Wagner
Farm Animal Council of Saskatchewan - Harvey Wagner
Farming for Tomorrow Magazine Editorial Board - Kim Browne
Feed Innovation Institute -University of Saskatchewan - Neil Ketilson
Western Canadian Agribition Agri-Ed Committee -Jessica Podhordeski
While the pork industry has seen steady growth over the last decade, the financial downturn in this year resulted in little or no industry growth in Saskatchewan or across the country.

Sask Pork's primary focus shifted somewhat from development activities to actively lobbying provincially for producer assistance and supporting national efforts to effect changes to national farm safety net programs.

**Lobby Efforts**

It was evident by August 2007 that the North American pork industry was heading towards an extended period of adversity. Producers with well managed production units and good business plans could not have planned for what lay ahead. The soaring Canadian dollar, rising feed costs, additional transportation costs associated with long hauls into neighboring provinces to deliver hogs, and looming potential trade issues with the U.S., created "a perfect storm".

In September Sask Pork hosted a meeting of producers and industry stakeholders to discuss the current state of the industry. The meeting was intended to provide a forum for discussion and solicit producer input and ideas to assist in developing a common strategy and plan. An update on the Saskatoon packing plant initiative was also presented.

The consensus of producers was to continue to pursue the construction of a provincial hog slaughter plant and to lobby provincially for producer support.

Subsequently a letter was forwarded to Honourable Mark Wartman, Minister of Agriculture identifying the challenges facing the province's hog sector and recommendations and requests for financial assistance for producers. These included:

- fast-track the CAIS applications and interim payments for hog farms;
- remove the caps on payments from CAIS and the Advance Payments Program (APP);
- that the Province insist the federal APP for hogs be based on a valuation of hog inventories and not linked to CAIS margins;
- provide another Short Term Hog Loan program;
- provide an Ethanol Support Payment of $12/market hog equivalent to offset increased feed costs caused by North American ethanol enhancement programs;
- temporary assistance for producers to fund their equity in a Saskatchewan slaughter plant if needed.

The Minister acknowledged that Saskatchewan pork producers were “facing some of the most challenging times in recent history” and that the recommendations put forward would form the agenda for a face to face discussion.

In November, Saskatchewan elected a new provincial...
government and upon the appointment of the Honourable Bob Bjornerud, Minister of Agriculture, we submitted an urgent request for immediate producer assistance in the form of a Short Term Hog Loan.

Subsequent to consultations with the Ministry, the Province announced the Short Term Hog Loan and Short-Term Cattle Loan programs to provide up to $90 million in funding.

Early in 2008, federal agriculture minister Gerry Ritz and provincial agriculture Minister Bob Bjornerud jointly announced implementation of the Targeted Advance Payment (TAP) program for Saskatchewan hog producers. Under the program, producers would be eligible to receive timely payments under the 2007 AgriStability program.

Shortly after this announcement, the federal/provincial governments implemented the 2008 TAP program.

Agriculture and Agri-Food Canada acted quickly to resolve some serious calculation errors in the TAP program.

Given the difficulties in the administration of the CAIS program federally, we suggested the provincial Ministry of Agriculture consider assuming administrative control of the program for Saskatchewan.

In the course of our efforts to lobby for additional producer assistance, we also solicited support from other provincial commodity groups to accompany our request for the removal of program caps.

Together we forwarded letters to the Chairman of the Standing Committee on Agriculture, James Bezan, federal agriculture Minister Gerry Ritz, and provincial agriculture Minister Bob Bjornerud.

At that time we were assured by Minister Bjornerud that the issue of caps would be brought up for review at the federal/provincial ministers’ meeting.

Given the extended financial pressure on hog producers, we requested an extension to the Short Term Hog Loan program, however this was not successful.

Sask Pork acknowledges the efforts of the provincial/federal governments in these initiatives.

National Lobby Efforts

The Canadian Pork Council (CPC) is the national voice for the hog industry.

The CPC Safety Net and technical sub-committees met frequently this year to develop recommendations on agriculture policy, and changes or enhancements to federal farm support programs.

The recommendations put forward by the CPC to the agriculture Minister and senior officials, including the Standing Committee on Agriculture, were supported by Sask Pork.

Policy was developed relative to the following programs over the course of 2007/08:

- National Short-term Loan Program
- AgriStability (CAIS)

Discussing the state of the industry and appealing for government intervention. November 2007

Pictured: (left to right) Andrew Dickson, David Anderson, Neil Ketilson

Pictured: (left to right) Bryan Ferriss, Ross Johnson, Hon. Ralph Goodale, Florian Possberg
Shackle space is at a premium in all of western Canada. Given this reality, the producer-based initiative to build a slaughter plant in Saskatchewan continues to be an important element in order for the province’s hog sector to be competitive in the global economy in the future.

While progress on the project was curtailed somewhat due to financial pressures on the industry this year, the initiative team completed the business plan and are moving forward with environmental assessments for the building site.

Meetings with government departments, agencies and potential investors have taken place, however no formal commitments have been made.

Sask Pork continues to work on the project to have the essential elements completed in order to move quickly to design and construction phases when the investment conditions are in place.

Modified Barn Project

In an effort to explore a means of reducing barn construction costs, Sask Pork and the Prairie Swine Centre with funding assistance from ACAAFS, initiated this research project to explore innovative and low-cost methods of constructing finishing barns. It looks at barns that utilize a straw-based system with walls insulated with bales.

Research began in the summer of 2007, and by November data had been gathered for one cycle of hogs through the barns. Unfortunately, due to the economic situation in the industry, the research barns were depopulated in November, 2007 and at July 31, 2008 the project remains on hold.

CPC Organizational and Financial Review

Following a motion made by Saskatchewan to the CPC Board of Directors to investigate and implement a national check off for funding national initiatives, the CPC established a Task Force...
consisting of Clare Schlegel (CPC President), Jack DeWit (B.C.), Gary Stott (Manitoba), Curtiss Littlejohn (Ontario), Stephen Moffat (New Brunswick), Paul Hodgman (Alberta), Neil Ketilson (Saskatchewan), Denis Dallaire (Quebec) and Martin Rice (CPC).

The Task Force mandate was to review and recommend an organizational model that would provide a strong, effective and financially sound national organization for the Canadian pork industry.

This would take the form of a review to develop a new governance model and financing options.

To assist in facilitating the process, the task force contracted Toma Bouma Managing Consultants from Alberta. Producer input was solicited during the review process and organizational models of other Canadian and international commodity groups were reviewed.

The final report of the Task Force was presented to the CPC Board of Directors in July and the following recommendations were approved:

• A clear affirmation that a national body is important and necessary for the Canadian pork industry.

• A strong interest in moving towards a 'broader industry model' over time that ultimately creates an organizational structure that brings together processors, pork marketers as well as other industry stakeholders.

• The need to streamline and reduce the size of the current CPC Board of Directors.

A 10 member Board of Directors was accepted and will be made up as follows:

Maritimes 1
Quebec: 2
Ontario: 2
Manitoba 2
Saskatchewan 1
Alberta/BC 1
Chair 1

• That to more effectively use staff resources from across the country, a Matrix Leadership and Management System be developed to drive collaboration between the CPC and its members.

• To establish a National Pork Industry Forum (NPIF) to advise the CPC Board of Directors. Initially, each province or region would commit a minimum of four representatives.

Hog Identification and Traceability

Through active participation in the CPC ID and Traceability Working Committee, we continue to support the development of a national identification and traceability system for the hog sector.

A functional traceability system increases our preparedness in the event of a foreign animal disease outbreak thereby maintaining international confidence in our industry.
CPC and Sask Pork have achieved numerous goals over the past several years on this file including implementation of a premise registry and national tattoo numbering system. The next phase of this project will involve selecting a national service provider.

**Western Canadian Slaughter Database**

This year Saskatchewan’s premises and tattoo information was uploaded to the newly developed slaughter database with several federally inspected plants now submitting data.

Although the database is functional, improvements are need in the area of automating on-line data submission for packing plants.

Further resources will be committed to this initiative to ensure all western Canadian packing plants are active participants.

**Private Sector Risk Management Partnership (PSRMP)**

Sask Pork had agreed to further the pork industry’s involvement with this program during 2006/2007 upon the completion of Phase 1 by Alberta Pork. After numerous meetings, and after submitting a draft research plan, we were ultimately unable to agree in principle on a work-plan. After February, 2008 Sask Pork did not pursue the matter further.

**Trade Advocacy and International Relations**

We continue to support the CPC’s efforts to minimize the threat of trade issues and trade barriers to exporting pork and live animals. Florian Possberg is a member of the CPC Trade Advocacy Working Group that monitors the U.S. political climate as it relates to agriculture and potential trade issues.

The CPC also continues to dialogue with the National Pork Producers Council (NPPC) to maintain goodwill and work towards preserving mutually beneficial bilateral trade flows.

The CPC Executive Committee proposed initiating a process for developing a mechanism to respond in the event of a U.S. trade threat (countervail and/or antidumping). This US Trade Remedy Against Live Swine elements would consist of:

- appointing a working group which would have representation from the provincial organizations and the CPC and would define the principles of a national initiative;
- Legal representation;
- Parallel lobbying and public relations activities.

In July 2008, the CPC retained the U.S. law firm Steptoe & Johnson to coordinate submissions on behalf of the Canadian pork industry and be responsible for trade injury defense.

**Country of Origin Labelling**

Sask Pork continues to monitor the situation and provide support to the CPC.
Producer Services

Canadian Quality Assurance (CQA®)

Food safety issues this year like the e-coli-contaminated spinach from California, clearly demonstrate the linkages in the food chain from farm-to-plate. The CQA® program is the Canadian pork industry’s response to mitigating food safety risk associated with pork production.

Participation in the CQA® program by Saskatchewan producers continues at high rates. In 2007/2008, an average of 99.8% of the pigs sold came from CQA® "registered" farms.

No major updates to the CQA® program came into effect during the year, but the CQA® Advisory and Technical committees continued work on the management system and other aspects of the program to improve the process and application of the CQA® program.

Animal Care Assessment

Adoption of the Animal Care Assessment (ACA) program slowed during the year due to industry conditions. Ten Saskatchewan farms have completed their ACA registration.

Transport Quality Assurance®

Sask Pork continues to deliver the United States National Pork Board’s Transport Quality Assurance program to Saskatchewan livestock transporters.

700+ transporters have completed the program in Saskatchewan. At July 31, 532 Saskatchewan transporters were TQA® certified.

Many Saskatchewan transporters who took the TQA® training in 2005 are nearing the end of their three year certification. Most will need to re-certify, particularly in light of the notification by Maple Leaf Foods, Brandon, that all transporters delivering to the plant will require TQA® certification in 2008.

Canadian Integrated Program for Antimicrobial Resistance (CIPARS)

CIPARS continued the farm-testing phase for swine this year with 115 herds across Canada, including Saskatchewan farms. The herds are being tested to determine the presence of specific diseases. The samples are then tested to determine if there is resistance to 15 antimicrobials within the E. coli, salmonella and enterococcus bacterias present. The results are undergoing analysis.

Cull Breeding Swine Program

The federal Cull Breeding Swine Program was announced in March and implemented on April 14, 2008.

Breeding animals marketed between November 1, 2007 and April 13, 2008 were eligible for a $225 payment under the program, less the cash value received for the animal. For breeding animals in inventory on April 14, 2008, the payment would be $225. The animals were required to be slaughtered,
but not go into the commercial food chain.

It was estimated the program would result in a reduction of the national swine breeding herd by 10%. Nearly 18,000 sows from 42 production units in Saskatchewan were enrolled in the program.

The program was administered by Welch LLP, contracted by the Canadian Pork Council to process producer applications from all provinces.

Sask Pork approached the Government of Saskatchewan to discuss the potential for the meat to be processed and donated.

On April 18, 2008, Premier Brad Wall, with Agriculture Minister Bob Bjornerud and Social Services Minister Donna Harpauer announced up to $440,000 in funding to process animals culled through the National Cull Breeding Swine Program to provide pork for the province’s food banks.

Provincially, Sask Pork’s role was to handle the logistics and coordinate the processing of sows with producers, provincial meat processors, and then arrange for distribution of the meat. By July 31 approximately 500,000 lbs of ground pork, roasts and ribs was expected to be delivered to the Regina and Saskatoon Food Banks.

China On-Farm Food Safety Mission

The Canadian pork industry was invited by Agriculture and Agri-Food Canada to send a representative to China to present information on pork industry on-farm food safety programs.

Harvey Wagner, Sask Pork’s CQA® Co-ordinator, participated in the mission in September 2007. The focus of the mission was the Small Farms Adapting to Global Markets, Pork section, a joint Canada/China development project in Zizhong County, Sichuan.

Saskatchewan Hog Industry Animal Care Crisis Protocol

In 2007 Saskatchewan SPCA and Sask Pork worked together to develop a protocol in response to the economic crisis facing the livestock sector, particularly the hog industry.

When market forces combined to jeopardize the viability of hog operations, this protocol would provide a mechanism to assist hog producers to shut down operations in a manner that avoids animal welfare concerns.

The protocol outlines how a production unit would be assessed relative to the immediacy of the situation and an action plan developed for that particular unit.

China On-Farm Food Safety Mission

Chinese producers moving hogs to market near Neijiang City. These particular hogs are cross-bred between local Neijiang pigs and Canadian breeding stock.

Most hogs in China are raised on farms with less than 10 pigs. China’s annual pork production is 600 million pigs.
Product Promotion

Health Check Program

The pork industry maintains a membership in the Heart and Stroke Foundation Health Check program. Saskatchewan has been a member since 1999.

Promotion Activities

Three new recipe booklets were distributed this year:

- Nutritious Recipes from Near and Far
- Lean Ground Pork - Stovetop Recipes for food banks.

30,000 booklets were inserted in the Saskatoon Star Phoenix, the Regina Leader Post and made available to retailers through the Pork Shoppe Retail Newsletter.

Radio/Print Advertising

August 2007
Sponsored the Rawlco Radio Rambling Dave "Drive Home" program and 13 week advertising campaign featuring two 30-second commercials.

- Fall in Love all Over Again - Rediscover Pork!
- Nothing Says Summer Like Mouth Watering Pork!

June 2008
Mustard Growers Website - Contributed pork recipes and photos for site.

Lean Pork - A Healthy Choice Ad - Wellness Guide - Star Phoenix

January 2008
Nutrition advertisement - Wellness Guide - Star Phoenix

December 2007
Bounty Feature advertisement - Star Phoenix

Creative Outdoor Advertising

August 2007 - July 2008
Outdoor Bench Campaign 3 locations in Saskatoon.

- 8th Street & Cumberland Ave.
- Circle Drive & Millar Avenue
- 22nd Street and Avenue R

Premier Food and Wine Festival

Chefs Derek Cotton and Michael Beaulé of St. Thomas More College prepared the following mouthwatering pork dishes for the 2007 festival:

- Citrus Espresso Pork Tenderloin with Port Pomegranate Molasses over Israeli Cous Cous
- Oven Roasted Pork Sausage over Slow Baked 3 Bean Ragout

Dieticians of Canada Mailout

Two national nutrition publications "Pork, a Lean Choice" and "Pork a Healthy Choice" were distributed to all members of the Saskatchewan Association of Dieticians in October 2007.

Taste of Spring:
Sponsored Butcher’s Best Meats to provide pork samples at the annual show in Regina.

Delicious PORK... Perfect anytime!

Great family recipes at www.saskpork.com
Communications & Agri-Ed

Management and staff strive to provide consistent messaging to our publics when responding to media inquiries, through newsletter content and external publications and speaking engagements.

Newsletter

Five editions of the Forum newsletter were published:

- May 2008
- March 2008
- January 2008
- October 2007
- July/August 2007

Weekly Email Reports

Sask Pork continues to deliver information relevant to the hog industry for inclusion in the weekly email report.

Industry Updates

- August 2007, Pork Interpretive Gallery Update - "Who's at the Gallery?"
- May 2008, Survival Strategies; When Every Penny Counts
- March 2008, Farm Support

Programs

Letters to the Editor

- April 17, 2008 - Hog Crisis - Western Producer - Joe Kleinsasser
- August 26, 2007 - "Protectionism Pushes the Poor to Junk Food" - Western Producer - Joe Kleinsasser

Farrowing Calendars

2008-2009 calendars were designed and printed with a supply purchased by both Manitoba Pork and PEI Pork.

Media

Directors and staff conducted in excess of 80 media interviews this year.

- November 16, 2007; Media Release and Media Conference - Current State of Livestock Industry - Prairieland Park
- November 23, 2007; Media Release - Minister Holds First Meeting With the Livestock Industry (joint media release with Saskatchewan Cattle Feeders Association, Sask Pork and the Saskatchewan Stock Growers Association)
- December 21, 2007, Media Release - Province Announces Much Needed Support for Saskatchewan's Hog Producers
- April 18, 2008, Media Release - Premier Announces Major Food Donation to Food Bank (joint release with Province of Saskatchewan and Sask Pork)

Letters to the Editor

- November 16, 2007; Media Release - Crises in the Beef and Pork Industries are Paramount (joint media release with Saskatchewan Cattle Feeders Association; Sask Pork; Saskatchewan Stock Growers Association)
- April 18, 2008, Media Release - Arbitrary Caps on Farm Support Programs Devastating Canadian Pork Industry
- January 25, 2008, Media Release - Saskatoon, SK; CAIS Administration Error Turns into Cruel Joke for Province's Struggling Pork Producing Families

Saskatchewan Stock Growers Association
Articles Published

October 2007
Farming for Tomorrow Magazine, “Community Participation Vital to Intensive Livestock Development: Local Monitoring Study Eases Concerns Over Hog Barn Project”; by Don Walters and Kim Browne; and

Pigs, Trees and Greenhouse Gas, by Cedric MacLeod

Saskatchewan SPCA Newsletter, October 2007 - “Quality Producers … Quality Pork” by Jessica Podhordeski

Saskatchewan Institute of Agrologists, April 2008 - Pork “Hog Industry Update” by Neil Ketilson and Mark Ferguson

FarmScape Radio Program

The daily radio/on-line program hosted by Bruce Cochrane of Wonderworks Canada Inc. continues to provide value in its coverage of news and events important to the hog industry.

The radio component of the program is complemented by print articles that expand upon the daily topics. The articles are forwarded to weekly newspapers in Saskatchewan and Manitoba.

A proposal is currently under consideration to explore the possibility of expanding the program to include a research based newsletter.

Advertising

Saskatoonhomepage.ca Agriculture News and Food & Recipes sections. Links to latest recipe booklet and website. (July 2008)

Christmas Greetings - Western Producer (December 2007)

Living Classroom Agri-Ed Showcase advertisement - Western (November 2007)

Sponsorships and Donations

Prizes for U of S Department of Animal and Poultry Science annual golf tournament. (November 2007)

Sponsored ham supper at the SGI Canada Prairieland Curling Camps July 6-9th and 10-13th in Kindersley.

Donated prizes for the Hypor Inc. golf tournament.

Donated prizes for Lorne Calvert Golf Classic June 4.

Donation towards Pulled Pork Lunch for the annual “Breath of Life” Motorcycle Ride for Cystic Fibrosis

Donated resources for the Summer Food Fun Camp in May 2008 for children ages 8-12 coordinated by the College of Pharmacy and Nutrition.

Donated Pig Tales activity books for the Perdue Oddfellows and Rebekas program to distribute activity kits to cancer centres.

Sponsored breakfast and participated in Interchange on Canadian Studies conference in April 2008 hosted by the Ministry of Education, Regina Public and Catholic Schools.

Gold sponsor of Outstanding Young Farmer’s Program.

Sponsored cash prize and door prizes for the “Hurry Hog” Club of the Year in Unity, Saskatchewan (March 2008).

Sponsor of U of S Department of Animal and Poultry Science Mini-Conference (March 2008).

Sponsor of College of Pharmacy and Nutrition - Nutritional Student Enhancement Fund (March 2008).


Corporate sponsor of Child Hunger and Education Nutrition Positive program.

Donation to Telemiracle 32 towards pork product for volunteers' breakfasts (March 2008).

Donation of door prizes for Englefeld Mini-Telemiracle. in January 2008.

Donated "Pork Basket" for Canadian Mental Health Teddy Bear Affair Winter Picnic.

Sponsored Meyers Norris Penny Swine Management and Nutrition Courses in December/February.

Sponsor and door prizes for Floral Harvest Windup in November '07.

Donation of agri-education and nutrition resources to Dundonald Nutrition Fair for grade 5 students

Corporate sponsor of Saskatchewan Association of Rural Water Pipelines annual seminar (November '07).

Corporate sponsor of Oniro Greek Dream Gala with proceeds to Persephone Theatre (September '08).

Donation towards two pork meals, door prizes and consumer resources for conference bags for the SHETA/ASHE conference in Prince Albert (September '08).

Donated prizes for Mark Wartman Golf Classic (August '07).

Donated prizes for Lumsden Beach 3rd Annual Pork Off Invitational (July 2008).

Community Projects

This was the third year for the Hurry Hog curling rink decal program and 89 clubs participated. Decals are provided upon request to all provincial curling clubs and meant as a fun visual. The Unity Curling Club is the Hurry Hog Club of the Year for 2007-08.

Corporate Identity

The following promotional items were ordered:

• 2008-09 farrowing calendars
• 2008 pocket planner diaries

Saskatchewan Pork Industry Symposium 2007

The theme for the conference was "The Pork Value Chain". Keynote speakers from across Canada and the U.S. addressed topics ranging from alternative housing for finisher pigs to consumer issues and globalization of the Agri-Food business.

305 participants attended the two-day program.
Saskatchewan Pork Industry Awards Program

Award of Distinction - Lifetime Achievement

Sask Pork was honored to present its inaugural Lifetime Achievement Award to Dr. John Patience, President and CEO of the Prairie Swine Centre for his 20+ years of dedicated service and contribution to the long-term success of the Saskatchewan pork industry.

Pork Industry Symposium 2007 Development and Advisory

Ernie Donnawell, Saskatchewan Agriculture and Food
Pat Frith, PIC Canada Ltd.
Dr. Henry Gauvreau, Warman Veterinary Services

Memberships

Agriculture Council of Saskatchewan
Agriculture in the Classroom
Canadian Agri-Food Trade Alliance (CAFTA)
Canadian Western Agribition
Farm Animal Council of Saskatchewan
Saskatchewan AgriVision Corp.
Saskatchewan Meat Processors Association

Saskatchewan Food Processors Association
Saskatchewan Institute of Agrologists
Saskatoon and District Chamber of Commerce
University of Saskatchewan Feeds Innovation Institute

Real Dirt on Farming Tours

The 2008 "Real" Dirt on Farming tours were again a great success. This year tours were based out of Prince Albert, SK for the 2008 season. Students and teachers from St. Francis, Queen Mary and Red Wing schools participated in touring three farms; Moose Meadow Apiary (bees), Sagehill Buffalo Ranch, and the Pork Interpretive Gallery.

The program has been welcomed enthusiastically by educators and host farms and responses from the students, teachers and host farms were extremely positive. It allows urban and rural youth the opportunity to experience first-hand where their food comes from and the impact agriculture
has on our province's economy and our daily lives.

With the closure of the Pork Interpretive Gallery in June 2008, Sask Pork is considering options relative to organizing future tours.

**Pork Interpretive Gallery**

A total of 801 visitors toured the gallery over the year and included two international visits that included a delegation of Chinese English teachers in August 2007 and delegation from the Consulate General of China in February 2008.

Lynn Campbell, Sandra Fonstad, and Pauline Gryschuck (P.I.G. Tour Guides) provided logistical support for tours throughout the year. They played an essential role in representing our industry to visitors to the gallery.

**Pig Out on Reading Contest**

At the spring Teachers Showcase 2008 Sask Pork launched the Pig Out on Reading contest for grade 3 classrooms across the province. For 3 months students tracked the number of minutes they read each. The winning school received a “Pig Out Party Pack”, that included a stuffed pig mascot, Charlotte's Web DVD, popcorn and pizza lunch.

The program was also promoted in a letter campaign to schools in the Public, Catholic and First Nations school systems. A total of 37 classrooms from 30 schools registered to participate with an overall grand total of 63,218 minutes.

**Silent and Live Auction**

Held in conjunction with Pork Industry Symposium, the auction raises funds for the Pork Interpretive Gallery and a bursary to allow 3rd year veterinary students the to enroll in Western College of Veterinary Medicine Swine Electives. This year we raised $8,854.00.

**AG-Experience - "Filling a Need"**

In the spring of 2008, Prairieland Park Exhibition began developing a new, multifaceted agriculture exhibit called the AG-Experience which celebrates Saskatchewan agriculture. The exhibit includes industry displays focusing on food production, consumption, food safety, nutrition, the environment and animal care.

Sask Pork is one of the partners working with Prairieland Park to develop this new interactive agriculture education showcase. Phase 1 will incorporate the four major livestock sectors (beef, dairy, pork and poultry) and offer colorful, hands-on interactive displays illustrating the many facets of food production.

The display fits well with Sask Pork’s communications efforts to continue to educate the general public about modern farming practices and the importance of agriculture to local economy.

**AgBio Discovery Camps**

Sask Pork participated in the AgBio Discovery camps hosted by the U of S College of Agriculture and Bioresources.
Each day campers fed and cared for 16 pigs on campus. One of the activities was a feed demo where campers prepared a balanced, healthy diet for the pigs. Wheat, barley, soybean meal, peas were ground up to make sample rations that became part of the pigs’ diet.

Our second activity explained the similarities of human and swine anatomy, primarily the heart through swine heart dissections.

**Agri-Education Resources**

Two new resources were produced. *Careers in the Saskatchewan Pork Industry* was distributed to all high school guidance offices in the province and available at career fairs.

**Showcase 2008**

Sask Pork participated in the conference allowing us to meet teachers from school districts across the province. We promoted the Pork Interpretive Gallery, “Real” Dirt on Farming Tours and launched the “Pig out on Reading” contest. There were 85 requests for resource kits.

**Canadian Western Agribition**

Sask Pork’s display at the Agri-Ed Showcase featured live piglets (courtesy of Hypor Inc. Regina, SK). It is estimated that in excess of 5,000 students tour the Agri-Ed showcase each year.

Sask Pork and Hypor Inc. also participated in the CWA Career Expo for grades 9 to 12 from the Regina area.

**Western Canadian Livestock Expo**

In April, Sask Pork, the Dairy Farmers of Saskatchewan and University of Saskatchewan hosted 16 classrooms as part of the Expo Agri-Ed tours for grade 5 students.

Sask Pork presented information on how pigs are raised with a focus on the animal’s growth stages and how producers create balanced diets for their pigs.

*Students and teachers participated in touring three farms: Moose Meadow Apiary (bees), Sagehill Buffalo Ranch, and the Pork Interpretive Gallery. 2008 Real Dirt on Farming Tours.*
Industry Trends

2007/2008 will go on record as one of the most difficult years the Saskatchewan pork industry has ever experienced. High feed prices throughout the year combined with extremely low hog prices over the winter resulted in large negative margins, and an ongoing struggle for producers to cover their cash costs. Over the year, it is estimated that losses approached $50/hog.

Hog Prices averaged $113.28/ckg between August 2007 and July 2008. This represents a 13% decrease from the previous year, and is significantly lower than the 10-year average of $133.79/ckg. Canadian hog prices continued to be depressed by the strong Canadian exchange rate throughout the year, which averaged slightly below par for the year.

Feed prices escalated at an alarming rate in following the 2007 harvest, as it became apparent that world feed stocks would be at their lowest level in many years. Although surging demand for corn for industrial use (ethanol) was one contributing factor, a poor harvest in some exporting countries and a growing number of speculators participating in grain futures markets were said to be contributing factors in the run-up in grain prices around the world. Barley and feed wheat averaged $174.10/tonne and $211.76/tonne respectively between August 2007 and July 2008. This is a significant increase over the average 2006/2007 barley and feed wheat prices of $121.67/tonne and $128.32/tonne, and the prices available merely two years ago in 2005/2006 of $68.99/tonne and $78.72/tonne.

Source: SPI Marketing Group Inc.

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.
Saskatchewan's producer numbers experienced a significant decline in 2007 due to the economic hardship in the industry has sustained, and closure of the province's only remaining federally inspected plant. In 2007, a total of 233 producers marketed hogs produced at 375 premises in the province. The total number of market hogs produced for slaughter dropped by 137,000, primarily due to increased feeder pig exports to the U.S. According to checkoff data, total Saskatchewan marketings increased in Saskatchewan by approximately 176,164 in 2007 as Saskatchewan exported a record 550,000 feeder pigs to the U.S.

<table>
<thead>
<tr>
<th>Number of Hogs Produced</th>
<th>Number of Producers*</th>
<th>Number of Slaughter Weight Hogs Produced</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;100</td>
<td>65</td>
<td>109</td>
</tr>
<tr>
<td>100-500</td>
<td>37</td>
<td>43</td>
</tr>
<tr>
<td>500-1000</td>
<td>20</td>
<td>25</td>
</tr>
<tr>
<td>1000-5000</td>
<td>41</td>
<td>50</td>
</tr>
<tr>
<td>5000-25000</td>
<td>64</td>
<td>62</td>
</tr>
<tr>
<td>25000-50000</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>&gt;50000</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Totals</td>
<td>233</td>
<td>296</td>
</tr>
</tbody>
</table>

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 2007, there were 375 active premises in Saskatchewan.

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Hogs</th>
<th>Sows and Breeding Stock</th>
<th>Feeder Pig/Weanling Exports</th>
<th>Total Pigs Produced</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>2,214,413</td>
<td>48,142</td>
<td>195,113</td>
<td>2,457,668</td>
</tr>
<tr>
<td>2006</td>
<td>2,015,017</td>
<td>60,959</td>
<td>289,551</td>
<td>2,365,527</td>
</tr>
<tr>
<td>2007</td>
<td>1,938,976</td>
<td>55,065</td>
<td>547,650</td>
<td>2,541,691</td>
</tr>
</tbody>
</table>
According to Statistics Canada, Saskatchewan's breeding herd declined by 3,200 sows over the past year, while the entire Canadian herd decreased by 70,000. The decline in sow numbers across Canada reflects the challenges facing the industry across the country in terms of feed costs and hog prices. In February, the Federal government announced the Cull Breeding Swine Program (CBSP), which contributed to the decline in numbers. As of July 31, Saskatchewan had 17,621 animals enrolled in the CBSP, and it is anticipated that future Statistics Canada reports will reflect the actual decline in Sow numbers.

The total number of pigs marketed across Canada increased between 2006 and 2007. Eastern Canadian production increased to 15.14 million pigs, while western Canada increased to 16.09 million pigs. Saskatchewan remains the 5th largest pork producing province in Canada.

### Total Sows And Bred Gilts In Canada (1,000 Head, July 1st)

<table>
<thead>
<tr>
<th>Year/Month</th>
<th>Alberta</th>
<th>Sask.</th>
<th>Man.</th>
<th>West</th>
<th>Ontario</th>
<th>Quebec</th>
<th>East</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>209.0</td>
<td>117.7</td>
<td>325.7</td>
<td>670.6</td>
<td>387.6</td>
<td>411.3</td>
<td>834.4</td>
<td>1,505.0</td>
</tr>
<tr>
<td>2003</td>
<td>203.5</td>
<td>124.2</td>
<td>341.3</td>
<td>688.6</td>
<td>416.1</td>
<td>412.4</td>
<td>861.3</td>
<td>1,549.9</td>
</tr>
<tr>
<td>2004</td>
<td>198.0</td>
<td>128.8</td>
<td>362.0</td>
<td>708.3</td>
<td>431.7</td>
<td>416.5</td>
<td>880.7</td>
<td>1,589.0</td>
</tr>
<tr>
<td>2005</td>
<td>196.8</td>
<td>131.2</td>
<td>365.6</td>
<td>711.8</td>
<td>430.0</td>
<td>414.3</td>
<td>876.4</td>
<td>1,588.2</td>
</tr>
<tr>
<td>2006</td>
<td>188.0</td>
<td>130.9</td>
<td>368.0</td>
<td>705.5</td>
<td>417.1</td>
<td>399.0</td>
<td>846.9</td>
<td>1,552.4</td>
</tr>
<tr>
<td>2007</td>
<td>182.6</td>
<td>128.3</td>
<td>370.5</td>
<td>699.4</td>
<td>408.5</td>
<td>394.0</td>
<td>833.0</td>
<td>1,532.4</td>
</tr>
<tr>
<td>2008</td>
<td>168.0</td>
<td>125.1</td>
<td>359.0</td>
<td>670.1</td>
<td>374.5</td>
<td>390.5</td>
<td>792.3</td>
<td>1,462.4</td>
</tr>
</tbody>
</table>

### Estimated Canadian Hog Marketings

(Thousand Head), (Slaughter Weight, Breeding Stock, Weanling, and Feeder Pigs)

<table>
<thead>
<tr>
<th>Year</th>
<th>Alberta</th>
<th>Sask.</th>
<th>Man.</th>
<th>West</th>
<th>Ontario</th>
<th>Quebec</th>
<th>East</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>3,561.6</td>
<td>2,090.1</td>
<td>6,448.6</td>
<td>12,416.2</td>
<td>7,452.4</td>
<td>7,334.7</td>
<td>15,453.1</td>
<td>27,869.3</td>
</tr>
<tr>
<td>2003</td>
<td>3,509.8</td>
<td>2,271.2</td>
<td>7,338.6</td>
<td>13,461.1</td>
<td>8,313.3</td>
<td>7,475.0</td>
<td>16,421.6</td>
<td>29,882.7</td>
</tr>
<tr>
<td>2004</td>
<td>3,699.4</td>
<td>2,415.9</td>
<td>8,108.0</td>
<td>14,561.0</td>
<td>8,634.3</td>
<td>7,568.9</td>
<td>16,819.0</td>
<td>31,380.0</td>
</tr>
<tr>
<td>2005</td>
<td>3,796.5</td>
<td>2,458.7</td>
<td>8,555.6</td>
<td>15,149.4</td>
<td>7,539.9</td>
<td>7,249.5</td>
<td>15,384.7</td>
<td>30,534.1</td>
</tr>
<tr>
<td>2006</td>
<td>3,848.7</td>
<td>2,605.4</td>
<td>8,754.6</td>
<td>15,537.0</td>
<td>7,399.5</td>
<td>7,059.7</td>
<td>15,028.4</td>
<td>30,565.4</td>
</tr>
<tr>
<td>2007</td>
<td>3,748.0</td>
<td>2,849.1</td>
<td>9,160.8</td>
<td>16,090.5</td>
<td>7,396.3</td>
<td>7,164.2</td>
<td>15,137.1</td>
<td>31,227.6</td>
</tr>
</tbody>
</table>

Source: Statistics Canada, calculated by Saskatchewan Ministry of Agriculture.
(Calculated from slaughter plus international and interprovincial exports, less international and interprovincial imports)
Saskatchewan’s provincial slaughter numbers declined substantially in 2007 as Maple Leaf Foods eliminated primary processing at the Mitchell’s gourmet facility. Maple Leaf announced their intention to close the facility in October 2006, and the facility concluded slaughtering hogs before June 1 2007.

### Hogs Slaughtered In Canada

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Alberta</th>
<th>Sask.</th>
<th>Man.</th>
<th>West</th>
<th>Ontario</th>
<th>Quebec</th>
<th>East</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>2,587.2</td>
<td>1,133.9</td>
<td>4,421.3</td>
<td>8,647.1</td>
<td>4,620.6</td>
<td>8,167.2</td>
<td>13,331.9</td>
<td>21,979.0</td>
</tr>
<tr>
<td>2003</td>
<td>2,818.6</td>
<td>1,150.3</td>
<td>4,352.5</td>
<td>8,833.9</td>
<td>4,757.6</td>
<td>8,173.5</td>
<td>13,454.2</td>
<td>22,288.1</td>
</tr>
<tr>
<td>2004</td>
<td>3,009.0</td>
<td>1,149.9</td>
<td>4,355.3</td>
<td>9,036.0</td>
<td>4,664.0</td>
<td>8,494.1</td>
<td>13,665.4</td>
<td>22,701.3</td>
</tr>
<tr>
<td>2005</td>
<td>3,122.0</td>
<td>973.5</td>
<td>4,419.5</td>
<td>9,018.5</td>
<td>4,602.2</td>
<td>8,095.3</td>
<td>13,140.2</td>
<td>22,158.7</td>
</tr>
<tr>
<td>2006</td>
<td>3,241.9</td>
<td>863.7</td>
<td>4,273.3</td>
<td>8,867.7</td>
<td>4,513.6</td>
<td>7,817.1</td>
<td>12,751.7</td>
<td>21,619.4</td>
</tr>
<tr>
<td>2007</td>
<td>2,934.7</td>
<td>302.8</td>
<td>4,422.3</td>
<td>8,170.3</td>
<td>4,799.7</td>
<td>7,742.1</td>
<td>12,903.3</td>
<td>21,073.6</td>
</tr>
</tbody>
</table>

In response to shortages of western Canadian slaughter capacity, a U.S. feed cost advantage, high transportation costs, and slightly higher U.S. hog prices, 2007 resulted in further increases in the number of pigs exported to the U.S. According to Statistics Canada, 672,345 feeder pigs were exported in 2007, which is an increase of 135%. Statistics Canada also indicates that 306,076 market hogs and sows were exported, which represents an increase of 86%.

### Canadian Live Hog Exports by Province (< 50kg)

Thousands of Head

<table>
<thead>
<tr>
<th>Year</th>
<th>MAN</th>
<th>SASK</th>
<th>ALTA</th>
<th>BC</th>
<th>West Can.</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>1,934,011</td>
<td>16,860</td>
<td>141,261</td>
<td>10,660</td>
<td>2,102,792</td>
<td>3,757,366</td>
</tr>
<tr>
<td>2003</td>
<td>2,637,222</td>
<td>33,563</td>
<td>112,921</td>
<td>20,319</td>
<td>2,804,025</td>
<td>4,971,044</td>
</tr>
<tr>
<td>2004</td>
<td>3,294,412</td>
<td>91,565</td>
<td>180,879</td>
<td>22,337</td>
<td>3,589,193</td>
<td>5,626,871</td>
</tr>
<tr>
<td>2005</td>
<td>3,634,034</td>
<td>168,174</td>
<td>296,044</td>
<td>30,633</td>
<td>4,128,885</td>
<td>5,414,931</td>
</tr>
<tr>
<td>2006</td>
<td>4,066,357</td>
<td>286,072</td>
<td>286,309</td>
<td>31,661</td>
<td>4,670,399</td>
<td>6,014,268</td>
</tr>
<tr>
<td>2007</td>
<td>4,479,810</td>
<td>672,345</td>
<td>297,620</td>
<td>19,675</td>
<td>5,469,450</td>
<td>6,729,779</td>
</tr>
</tbody>
</table>

### Canadian Live Hog Exports by Province (> 50kg)

Thousands of Head

<table>
<thead>
<tr>
<th>Year</th>
<th>MAN</th>
<th>SASK</th>
<th>ALTA</th>
<th>BC</th>
<th>West Can.</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>943,814</td>
<td>125,933</td>
<td>416,550</td>
<td>25,799</td>
<td>1,512,096</td>
<td>1,966,268</td>
</tr>
<tr>
<td>2003</td>
<td>1,143,481</td>
<td>167,478</td>
<td>311,371</td>
<td>38,227</td>
<td>1,660,557</td>
<td>2,458,173</td>
</tr>
<tr>
<td>2004</td>
<td>1,250,640</td>
<td>131,343</td>
<td>356,083</td>
<td>18,113</td>
<td>1,756,179</td>
<td>2,876,320</td>
</tr>
<tr>
<td>2005</td>
<td>1,379,970</td>
<td>113,053</td>
<td>330,478</td>
<td>1,165</td>
<td>1,824,666</td>
<td>2,777,294</td>
</tr>
<tr>
<td>2006</td>
<td>1,334,662</td>
<td>164,253</td>
<td>292,312</td>
<td>1,072</td>
<td>1,792,299</td>
<td>2,751,189</td>
</tr>
<tr>
<td>2007</td>
<td>1,665,793</td>
<td>306,076</td>
<td>304,545</td>
<td>3,643</td>
<td>2,280,057</td>
<td>3,283,250</td>
</tr>
</tbody>
</table>
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 financial records are properly maintained to provide reliable information for the preparation of the financial statements.

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.

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 12, 2008

Management

[Signature]

Management

[Signature]
To Saskatchewan Pork Producers:

We have audited the statement of financial position of Sask Pork as at July 31, 2008 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.

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, 2008 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 12, 2008

Chartered Accountants

800, 119 Fourth Avenue South, Saskatchewan, S7K 5X2, Phone (306) 665-6766, 1-877-500-0778
### Statement of Financial Position

**AS AT JULY 31, 2008**

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>217,678</td>
<td>153,611</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>66,953</td>
<td>29,724</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>327,892</td>
<td>214,753</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>64,647</td>
<td>105,186</td>
</tr>
<tr>
<td><strong>Total Current</strong></td>
<td>677,170</td>
<td>503,274</td>
</tr>
<tr>
<td><strong>Capital assets</strong> (Note 4)</td>
<td>280</td>
<td>1,860</td>
</tr>
<tr>
<td><strong>Restricted investments</strong> (Note 6)</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>1,677,450</td>
<td>1,505,134</td>
</tr>
</tbody>
</table>

| **Liabilities**           |               |               |
| **Current**               |               |               |
| Accounts payable and accrued liabilities | 206,960       | 205,864       |
| Deferred revenue (Note 5) | 49,298        | 11,625        |
| **Total Current**         | 256,258       | 217,489       |

| **Commitments** (Notes 7,8) |               |               |

| **Net Assets**             |               |               |
| Internally restricted (Note 6) - Partnership program | 28,451         | 27,561         |
| - operating reserve        | 1,000,000     | 1,000,000     |
| Invested in capital assets | 280           | 1,860         |
| Unrestricted               | 392,461       | 258,224       |
| **Total Net Assets**       | 1,421,192     | 1,287,645     |

**Approved on behalf of the board**

Joe Kleinsasser  
Director

Tom Johnson  
Director
# SASK PORK

## Statement of Operations

**FOR THE YEAR ENDED JULY 31, 2008**

<table>
<thead>
<tr>
<th></th>
<th>Budget (Note 12)</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Check-off/export service charge</td>
<td>1,523,500</td>
<td><strong>1,516,898</strong></td>
<td>1,601,699</td>
</tr>
<tr>
<td>Government grants <em>(Note 9)</em></td>
<td>312,484</td>
<td>80,880</td>
<td>210,355</td>
</tr>
<tr>
<td>Conference fees</td>
<td>107,400</td>
<td><strong>79,992</strong></td>
<td>100,285</td>
</tr>
<tr>
<td>Reimbursed travel and project sponsorship</td>
<td>36,000</td>
<td><strong>48,175</strong></td>
<td>16,558</td>
</tr>
<tr>
<td>Interest</td>
<td>42,700</td>
<td><strong>41,775</strong></td>
<td>49,315</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>30,671</td>
<td>9,017</td>
</tr>
<tr>
<td>Cull Breeding Swine Program <em>(Note 10)</em></td>
<td>-</td>
<td><strong>949,948</strong></td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2,022,084</td>
<td>1,987,229</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research, including Prairie Swine Centre</td>
<td>428,935</td>
<td><strong>421,237</strong></td>
<td>450,993</td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>465,962</td>
<td><strong>447,151</strong></td>
<td>427,972</td>
</tr>
<tr>
<td>Industry association</td>
<td>332,021</td>
<td><strong>293,482</strong></td>
<td>281,769</td>
</tr>
<tr>
<td>Conferences</td>
<td>106,525</td>
<td><strong>86,113</strong></td>
<td>112,729</td>
</tr>
<tr>
<td>Communications</td>
<td>130,405</td>
<td><strong>114,400</strong></td>
<td>126,853</td>
</tr>
<tr>
<td>Operations/office</td>
<td>96,561</td>
<td><strong>98,641</strong></td>
<td>94,282</td>
</tr>
<tr>
<td>Promotions</td>
<td>85,129</td>
<td><strong>39,235</strong></td>
<td>100,610</td>
</tr>
<tr>
<td>Directors and committees</td>
<td>58,205</td>
<td><strong>29,239</strong></td>
<td>39,423</td>
</tr>
<tr>
<td>Policy and industry development</td>
<td>342,613</td>
<td><strong>67,611</strong></td>
<td>298,818</td>
</tr>
<tr>
<td>Travel <em>(Schedule 1)</em></td>
<td>22,500</td>
<td><strong>19,991</strong></td>
<td>25,086</td>
</tr>
<tr>
<td>Organizational development</td>
<td>41,915</td>
<td><strong>35,797</strong></td>
<td>33,186</td>
</tr>
<tr>
<td>Amortization</td>
<td>3,247</td>
<td><strong>1,580</strong></td>
<td>16,577</td>
</tr>
<tr>
<td>National services</td>
<td>16,900</td>
<td><strong>10,767</strong></td>
<td>14,041</td>
</tr>
<tr>
<td>Bad debts</td>
<td>-</td>
<td><strong>20,483</strong></td>
<td>-</td>
</tr>
<tr>
<td>Reimbursed travel expenses</td>
<td>4,500</td>
<td><strong>40,671</strong></td>
<td>8,449</td>
</tr>
<tr>
<td>Cull Breeding Swine Program</td>
<td>-</td>
<td><strong>888,394</strong></td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2,135,418</td>
<td>2,030,788</td>
</tr>
</tbody>
</table>

**Excess of revenue over expenses (expenses over revenue)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>133,547</th>
<th>(43,559)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(113,334)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Statement of Changes in Net Assets

**FOR THE YEAR ENDED JULY 31, 2008**

<table>
<thead>
<tr>
<th></th>
<th>Invested In</th>
<th>Internally</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Capital Assets</td>
<td>Restricted</td>
<td>Unrestricted</td>
<td>Total</td>
</tr>
<tr>
<td>Balance, beginning of year</td>
<td>1,860</td>
<td>1,027,561</td>
<td>258,224</td>
<td><strong>1,287,645</strong></td>
</tr>
<tr>
<td>Excess of revenue over expenses</td>
<td>(1,580)</td>
<td>890</td>
<td>134,237</td>
<td><strong>133,547</strong></td>
</tr>
<tr>
<td>Investment in capital assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from unrestricted net assets</td>
<td>(Note 6)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>280</td>
<td>1,028,451</td>
<td>392,461</td>
<td><strong>1,421,192</strong></td>
</tr>
</tbody>
</table>
## Statement of Cash Flows
### For the Year Ended July 31, 2008

<table>
<thead>
<tr>
<th>Activity</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash provided by (used for) the following activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess of revenues over expenses</td>
<td>133,637</td>
<td>(43,559)</td>
</tr>
<tr>
<td>(expenses over revenue)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Add items not affecting cash:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>1,580</td>
<td>16,577</td>
</tr>
<tr>
<td><strong>Changes in working capital balances:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(113,230)</td>
<td>31,870</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>40,539</td>
<td>(38,780)</td>
</tr>
<tr>
<td>Accounts payable and accrued</td>
<td>1,097</td>
<td>10,068</td>
</tr>
<tr>
<td>liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>37,673</td>
<td>(18,909)</td>
</tr>
<tr>
<td><strong>Net change in cash during year</strong></td>
<td>101,296</td>
<td>(42,733)</td>
</tr>
<tr>
<td><strong>Investing</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of capital assets</td>
<td>-</td>
<td>(1,283)</td>
</tr>
<tr>
<td><strong>Net change in cash during year</strong></td>
<td>101,296</td>
<td>(44,016)</td>
</tr>
<tr>
<td><strong>Cash resources, beginning of year</strong></td>
<td>183,335</td>
<td>227,351</td>
</tr>
<tr>
<td><strong>Cash resources, end of year</strong></td>
<td>284,631</td>
<td>183,335</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents are comprised of:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>217,678</td>
<td>153,611</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>66,953</td>
<td>29,724</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>284,631</td>
<td>183,335</td>
</tr>
</tbody>
</table>
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.

**Financial instruments**

*Change in unrealized gains and losses on available-for-sale financial assets arising during the period*

Change in unrealized gains and losses on available-for-sale financial assets represent changes in the net assets of the Organization arising from certain transactions and other events with non-owner sources. As a result of adopting these new standards, this new category has been added to net assets on the Statement of Financial Position.

Upon sale or other derecognition of an available-for-sale financial asset the cumulative gain or loss previously recognized in net assets is transferred to investment income on the Statement of Operations.

**Held for trading:**

Any financial instrument whose fair value can be reliably measured may be designated as held for trading on initial recognition or adoption of CICA 3855 Financial Instruments - Recognition and Measurement, even if that instrument would not otherwise satisfy the definition of held for trading. The Organization has classified cash and investments as held for trading. These instruments are initially recognized at their fair value, as approximated by the instrument's initial cost in a transaction between unrelated parties.

Held for trading financial instruments are subsequently measured at their fair value. Net gains and losses from changes in fair value are recognized immediately in excess of revenue over expenses.

**Loans and receivables:**

The Organization has classified accounts receivable as loans and receivables. At adoption this asset is recognized at its fair value as approximated by the instrument's initial cost in a transaction between unrelated parties.

Loans and receivables are subsequently measured at their amortized cost. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments. Net gains and losses arising from changes in fair value are recognized in excess of revenue over expenses upon derecognition or impairment.
2. Significant accounting policies - continued

Other financial liabilities:

The Organization has classified accounts payable and accrued liabilities as other financial liabilities. At adoption, this liability is recognized at its fair value as approximated by the instrument's initial cost in a transaction between unrelated parties.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are discounted over the liabilities expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Net gains and losses arising from changes in fair value are recognized in excess of revenue over expenses upon derecognition or impairment.

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. Capital assets are stated at cost. Amortization is computed using the straight-line method at rates calculated to amortize the cost over their estimated useful lives at the following rates:

- Computer equipment 3 years
- Furniture and equipment 3-5 years
- Leasehold improvements 3 years

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.
2. Significant accounting policies - continued

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

3. Change in accounting policy

Financial instruments

Effective August 1, 2007, the Organization adopted the Canadian Institute of Chartered Accountants’ new recommendations for the recognition and measurement of financial instruments, and amendments to the existing presentation and disclosure standards.

CICA 3855 Financial Instruments - Recognition and Measurement establishes standards for recognizing and measuring financial assets, financial liabilities and derivatives. CICA 3862 Financial Instruments - Disclosures and CICA 3863 Financial Instruments - Presentation discuss the presentation and disclosure of these items. Financial instruments are defined as a contractual right to either receive or deliver cash or another financial instrument to another party.

Amendments to CICA 4400 Not-For-Profit Organizations 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.

The Organization had no items requiring separate disclosure as changes in net assets.

As described in Significant Accounting Policies, Note 2, the Organization recognizes its held for trading and loans and receivables financial assets at their fair value. Prior to this classification, required at the time the Organization adopted the Financial Instruments standards, these items were recognized at their historical cost, adjusted for any permanent impairment and their market value. This change in accounting policy in the current period had no effect on opening assets and net assets. The new requirements were applied prospectively and prior periods have not been restated.

As described in Significant Accounting Policies, Note 2, the Organization’s other financial liabilities are recognized at their amortized cost, using the effective interest method. Prior to this classification, these items were recognized at their historical cost, adjusted for any permanent impairment and their market value. This change in accounting policy in the current period had no effect on opening liabilities and net assets. The new requirements were applied prospectively and prior periods have not been restated.
4. Capital assets

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Accumulated</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Amortization</td>
</tr>
<tr>
<td>Leaseholds</td>
<td>25,601</td>
<td>25,601</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>67,152</td>
<td>66,872</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>33,229</td>
<td>33,229</td>
</tr>
<tr>
<td></td>
<td>125,982</td>
<td>125,702</td>
</tr>
</tbody>
</table>

5. 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.

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred revenue, beginning of year</td>
<td>11,625</td>
<td>30,534</td>
</tr>
<tr>
<td>Amounts received during the year</td>
<td>984,013</td>
<td>64,170</td>
</tr>
<tr>
<td>Amounts recognized during the year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government grants</td>
<td>-</td>
<td>(2,409)</td>
</tr>
<tr>
<td>Cull Breeding Swine Program</td>
<td>(888,110)</td>
<td>-</td>
</tr>
<tr>
<td>Conference fees</td>
<td>(58,230)</td>
<td>(80,670)</td>
</tr>
<tr>
<td>Amounts repaid during the year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deferred revenue, end of year</td>
<td>49,298</td>
<td>11,625</td>
</tr>
</tbody>
</table>

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

- Partnership program | 22,680 | 11,625 |
- Modified barn project | 2,430 | - |
- Cull Breeding Swine Program - Canadian Pork Council | 21,188 | - |
- Café Scientifique | 3,000 | - |

6. 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.
7. 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:

- 2009: 10,000
- 2010: 10,000

8. Lease commitments

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

- 2009: 33,661

9. Government grants

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian Adaptation and Rural Development Saskatchewan</td>
<td>80,880</td>
<td>210,355</td>
</tr>
</tbody>
</table>

In addition, government grants were received under the Cull Breeding Swine Program as described in Note 10.

10. Cull Breeding Swine Program

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saskatchewan Agriculture and Food</td>
<td>409,298</td>
<td></td>
</tr>
<tr>
<td>Canadian Pork Council</td>
<td>478,812</td>
<td></td>
</tr>
<tr>
<td>Canadian Pork Council - Administration Fees</td>
<td>61,838</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>949,948</td>
<td></td>
</tr>
</tbody>
</table>

During the year, the Canadian Pork Council along with Saskatchewan Agriculture & Food provided pork producers funding to dispose of breeding animals and decrease breeding stock in Saskatchewan through the Cull Breeding Swine Program. The Organization entered into an agreement with the Saskatchewan Minister of Agriculture to coordinate processing of sows culled in Saskatchewan under the program.

In addition, the Organization entered into a contract in the amount of $800,000 with the Canadian Pork Council to provide services regarding payments for transportation and slaughter of sows under the program. $500,000 has been received to date under this program, with $478,812 recognized as revenue in the current year. The Organization also received administration fees in the amount of $61,838 under the agreement.
11. Financial instruments

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

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

Credit concentration
As at July 31, 2008, five customers accounted for 73% of accounts receivable, representing the Organization's maximum credit risk exposure. The Organization believes that there is no unusual exposure associated with the collection of these receivables. The Organization manages its credit risk by performing regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable.

Fair value disclosure
The carrying value of cash, investments, accounts receivable and accounts payable and accrued liabilities approximates their fair value due to the short-term maturities of these items.

Interest rate risk
Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Organization is not exposed to significant interest rate risk on its investments.

Liquidity risk
Liquidity risk is that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization enters into transactions to purchase goods and services on credit and lease office equipment and office space from creditors, for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Organization's future net cash flows for the possibility of a negative net cash flow. The Organization manages liquidity risk resulting from accounts payable and accrued liabilities by investing in liquid assets such as cash and short-term investments which can be readily available to repay accounts payable and accrued liabilities.

12. Budget

The budget for 2007/2008 was approved by the Board of Directors on June 20, 2007.
### Schedule of Travel Expenses
FOR THE YEAR ENDED JULY 31, 2008

<table>
<thead>
<tr>
<th>Budget</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>National services</td>
<td>2,000</td>
<td><strong>1,174</strong></td>
</tr>
<tr>
<td>Industry association</td>
<td>10,500</td>
<td><strong>12,875</strong></td>
</tr>
<tr>
<td>Organizational development</td>
<td>-</td>
<td><strong>955</strong></td>
</tr>
<tr>
<td>Policy and industry development</td>
<td>6,000</td>
<td><strong>4,987</strong></td>
</tr>
<tr>
<td>Communications</td>
<td>2,000</td>
<td>-</td>
</tr>
<tr>
<td>Promotions</td>
<td>2,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>22,500</strong></td>
<td><strong>19,991</strong></td>
</tr>
</tbody>
</table>
AUDITORS’ REPORT TO SASKATCHEWAN PORK PRODUCERS

We have audited Sask Pork’s control as of July 31, 2008 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, 2008 based on the CICA criteria of control framework.

Saskatoon, Canada
September 12, 2008

Chartered Accountants
AUDITORS’ REPORT TO SASKATCHEWAN PORK PRODUCERS

We have examined the financial statements of Sask Pork for the year ended July 31, 2008 and have issued our report thereon dated September 12, 2008. We have examined the system of internal control as at July 31, 2008 and have issued our report to you dated September 12, 2008. 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, 2008 and have issued our report to you dated September 12, 2008.

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 12, 2008

Chartered Accountants

MEYERS NORRIS PENNY LLP

SASK PORK ANNUAL REPORT 2007 - 2008
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, 2008:

  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, 2008.

Saskatoon, Canada
September 12, 2008

Chartered Accountant
Payee List & 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 $303,147. Other payments in excess of $35,000 made to a single organization are as follows:

- Friesen’s Meat Processing $75,603
- Prairie Swine Centre $456,237
- Saskatoon Processing $56,644
- Western Prime Meat Packers $297,593
- Larson’s Abattior $227,657
- Prairieland Meat Packers $78,679
- Superior Meats $67,723

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, 2007 - July 31, 2008.

<table>
<thead>
<tr>
<th>Directors</th>
<th>Per Diem *</th>
<th>Expenses</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brad Cramer</td>
<td>$1,200</td>
<td>$632</td>
<td>$1,832</td>
</tr>
<tr>
<td>John Germs</td>
<td>800</td>
<td>59</td>
<td>859</td>
</tr>
<tr>
<td>Ross Johnson</td>
<td>0</td>
<td>671</td>
<td>671</td>
</tr>
<tr>
<td>Joe Kleinsasser</td>
<td>9,225</td>
<td>3,063</td>
<td>12,288</td>
</tr>
<tr>
<td>Daren Laventure</td>
<td>200</td>
<td>147</td>
<td>347</td>
</tr>
<tr>
<td>Jay McGrath</td>
<td>800</td>
<td>499</td>
<td>1,299</td>
</tr>
<tr>
<td>Florian Possberg</td>
<td>1,200</td>
<td>991</td>
<td>2,191</td>
</tr>
<tr>
<td>Judy Ulrich</td>
<td>600</td>
<td>672</td>
<td>1,272</td>
</tr>
<tr>
<td>Shirley Voldeng</td>
<td>950</td>
<td>583</td>
<td>1,533</td>
</tr>
<tr>
<td>Directors Total</td>
<td>14,975</td>
<td>7,317</td>
<td>22,292</td>
</tr>
</tbody>
</table>

| Committee Members    | 0          | 0        | 0      |
| Other Payments       | 0          | 7,178 ** | 7,178  |
| Directors/Committees Total | $14,975 | $14,495 | $29,470 |

* 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 First Vice-Chair.

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

Note:  Aug - Dec/07: Shirley Voldeng held position of Chairman, Joe Kleinsasser held the position of First Vice-Chair
     Jan - July/08: Joe Kleinsasser held the position of Chairman, Ross Johnson held the position of First Vice-Chair
# Project Funding

## Projects Funded from Agriculture Council of Saskatchewan Inc.
### Advancing Canadian Agriculture and Agri-Food Saskatchewan (ACAAFS Program)

<table>
<thead>
<tr>
<th>Project Coordinator</th>
<th>CAAFS Approved</th>
<th>2007-2008 ACAAFS</th>
<th>2007-2008 Sask Pork Contribution</th>
</tr>
</thead>
</table>
| The 'Real Dirt' on Farming School Tours  
ACAAFS Project #S107-A | Kim Browne/ 
Jessica Podhordeski | $3,715 | $3,715 | $1,728 |
| Modified Barn Project  
ACAAFS Project #S56-A | Neil Ketilson | 165,048 | 70,000 | 16,000 |
| Saskatchewan Pork Industry Symposium  
ACAAFS Project #S93-A | Kim Browne | 6,986 | 6,986 | 7,232 |
| **Total** | | $175,749 | $80,701 | $24,960 |

## Research Projects Funded from Hog Check-Off

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Researchers</th>
<th>2007 - 2008 Funding</th>
<th>Project Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prairie Swine Centre Inc.</td>
<td>Various</td>
<td>$411,237</td>
<td>Production based Contract: Jan/06-Dec/10</td>
</tr>
</tbody>
</table>
| Impact of Repeated Applications of Manure and Biogas Production By-Products on Soils and Crops | Jeff Schoenau 
U of S | 10,000 | 30,000 |
| **Total** | | $421,237 | |