



2015-2016 Annual Report



About Sask Wheat

The Saskatchewan Wheat Development Commission (Sask Wheat) was established in June 2013. The Commission, with its producer-elected and directed board, ensures that producers have the resources, leadership, and provincial, national or international representation to strengthen Saskatchewan's competitive advantage and to ensure producers' and Saskatchewan's interests are protected. Check-off dollars administered by the Commission will go towards research and market development initiatives that improve wheat varieties, grow their marketability and provide higher value to producers.

Our Vision

That wheat is a sustainable, profitable and internationally competitive crop capturing the benefits for Saskatchewan farmers and the community.

Our Mission

To provide leadership in identifying and supporting research, market development and advocacy that contributes to profitable and sustainable wheat production for Saskatchewan farmers.



Strategic Priorities

Research

GOAL: Maximize direct financial benefit to Saskatchewan producers through yield gains, improved quality characteristics and agronomic efficiencies.

Advocacy/ Communications

A: Advocacy / Advisory Function
GOAL: To represent the interests of Saskatchewan wheat producers to governments, their respective agencies or representatives, corporations and non-governmental organizations.

B: Communications / Producer Relations
GOAL: To communicate regularly with producers and the public.

Market Development

GOAL: Promote Canadian wheat in a way that increases value, marketability and provides a greater net return to producers.

Administration

GOAL: To facilitate an organizational structure with strong leadership at the board and executive administration level, accountable to Saskatchewan wheat producers and with the flexibility to meet the demands of producers, processors, and consumers, whether domestic or international.



CHAIR'S REPORT

Bill Gehl, Chair



Wheat remains an integral crop in the rotations of Saskatchewan farmers. Spring wheat and durum accounted for nearly 12 million acres in 2016, making wheat the most widely grown crop in the province.

Because of the importance of wheat to Saskatchewan producers, the farmer Board members of Sask Wheat are committed to making producer dollars work to minimize risk, lower the costs of production, and utilize the latest and most progressive technologies to improve the profitability of growing wheat.

With our research program firmly established, Sask Wheat was able to make significant investments in varietal development and agronomic solutions. We were able to increase our commitment to research projects substantially in 2015-2016, committing \$3,087,566 to 19 projects that address issues from weed control, fusarium resistance and stripe rust management to the development of improved varieties of durum through the Crop Development Centre's Durum Breeding Program.

Sask Wheat is fully involved with the major funding programs in Saskatchewan and Alberta, co-funding projects with governments, research organizations, and other provincial commissions to help leverage producer research dollars. Our collaborative approach with other organizations allows for a greater level of oversight to ensure that we are investing producer money on projects that are likely to deliver results that will benefit producers in the long term.

Sask Wheat has also made advancing agronomic research a priority. Sask Wheat participated in a Western Grains Research Foundation inventory of agronomic research capacity in Western Canada. The results showed clear shortfalls in human resources, core operating funds, equipment and technology. We recognize the importance of agronomy and we will continue to invest in quality projects that will benefit Saskatchewan farmers and address these shortfalls.

We will also continue to advocate on behalf of farmers when it comes to transportation, grain handling, and system capacity. Sask Wheat and our transportation coalition partners, the Agricultural Producers Association of Saskatchewan (APAS) and the Saskatchewan Barley Development Commission (SaskBarley), ensured producer voices were heard when the recommendations of the Canadian Transportation Act (CTA) Review were released in March 2016, expressing dismay with the review and calling on the government to consult with producers before making any changes to the CTA.

To their credit, the federal government held consultations with Sask Wheat and other Western Canadian producer organizations, announcing late in the year that extended interswitching and the Maximum Revenue Entitlements (MRE) will be addressed in 2017. The federal government also announced that legislation would be introduced in the first quarter of 2017 that will include reciprocal penalties for inadequate railway services and provide a clear definition of adequate and suitable service. We will continue to push for a full costing review, the maintenance of the MRE and for mandatory reporting on grain handling and transportation system functionality.

This past year we saw wide spread FHB infection across much of the prairies. Unfortunately, there is no single solution to combat fusarium and farmers need to use a wide spectrum of management practices to aide them in combating this problem. Using the most resistant varieties available is a good start. If fungicides are being considered, Sask Wheat offers a risk map to aid in application timing. We will also continue to offer agronomic suggestions on our website to assist producers. SWDC was present at the FHB conference in Ottawa this fall to make sure we are aware of the latest research and possible solutions that are on the horizon.

A key focus of Sask Wheat over the next year is ensuring a smooth transition from two wheat check-offs to one. The transitional Western Canadian Deduction (WCD) is set to end on July 31, 2017. Sask Wheat will be presenting a resolution to producers at the Annual General Meeting to assume the WCD amount as part of the Sask Wheat check-off, with less administrative cost and no net increase in the check-off for producers. Sask Wheat is working with the Alberta Wheat Commission and the Manitoba Wheat and Barley Growers Association to ensure that current activities funded by the WCD experience a smooth transition. These include market development activities under the Canadian International Grains Institute (Cigi) and research activities currently under the Western Grains Research Foundation (WGRF).

Our goal, at the end of the day, is to increase the profitability of growing wheat and strengthen Saskatchewan's agriculture sector. Sask Wheat will continue to work diligently and strategically on behalf of producers and keep wheat production strong.

GENERAL MANAGER'S REPORT

Harvey Brooks, General Manager



The 2015/16 crop year was unique from a number of perspectives. During the summer of 2015, a near historic drought created expectations of lower production and Sask Wheat expected lower carry-in stocks and lower deliveries would occur in 2015/16. Timely moisture and unexpected crop recovery in late summer of 2015 resulted in good yields and high overall production levels. Given the dry summer, we also saw less incidence of disease and relatively high protein in the wheat harvest. So 2015/16 turned out to be a relatively good year, despite some pressure on international wheat prices due to growing world production and stock levels. In addition, a record level of exports was achieved by Canada.

The activities of Sask Wheat for 2015/16 included a strong focus on understanding the role of producers in variety development efforts. The eight western wheat and barley commissions collaborated on a research effort to develop options for involvement of producers in varietal development activities. This resulted in a report by the JRG Consulting Group. This report, "Exploring Options for Producer Involvement in Wheat and Barley Varietal Development", which is posted on our website, formed the basis for consultations with producers by all of the involved commissions. We discussed the developed options at our AGM, the Think Wheat meetings, and on our website, to elicit producer feedback on where they think producers should be involved. We continue to hold these discussions. These discussions are directly related to the upcoming changes to the Western Canadian Deduction (WCD), which will end on July 31, 2017. The \$0.48/tonne WCD was put in place in 2012 as a transitional deduction to support the work of the Canadian International Grains Institute (Cigi) at \$0.15/tonne and the Core Breeding Agreements administered by the Western Grains Research Foundation (WGRF) at \$0.30/tonne. As of August 1, 2017, the wheat and barley commissions in Manitoba, Saskatchewan and Alberta will assume the obligations undertaken by the WCD and will need to assume the WCD levy to finance those efforts. Sask Wheat has been working with the Alberta Wheat Commission (AWC) and the Manitoba Wheat and Barley Growers Association (MWBGA) to get ready to each create a single levy deduction for wheat, with no net increase in levies to producers, which will be dedicated to support Cigi and the research efforts currently supported through the WGRF. This would see the Sask Wheat levy go from \$0.52/tonne to \$1.00/tonne after August 1, 2017 and a motion on this change to a unified levy will be presented to the Sask Wheat AGM in January 2017.

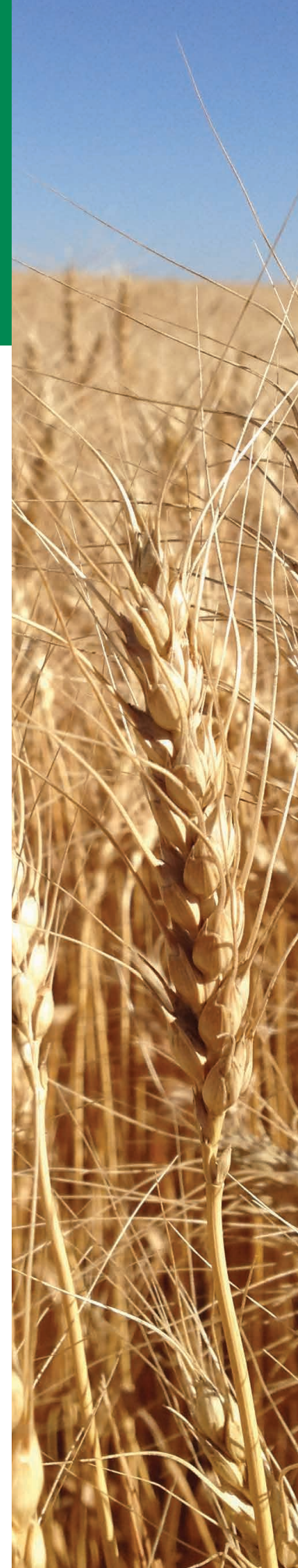
As Sask Wheat continues to grow its research funding portfolio, some successes should be noted. The 2015/16 crop year saw the first ever sequencing of the spring wheat genome. This was completed through the CTAG 2 program supported by Sask Wheat and conducted by a research team headed by Curtis Pozniak of the Crop Development Center (CDC) at the University of Saskatchewan. Shortly after the spring wheat announcement, the complete sequencing of the durum wheat genome was announced in July 2016. These results have been made freely available to the international wheat research community and should allow for more rapid identification of beneficial genetic markers and adoption of genomic assisted selection procedures, providing for more precise breeding strategies by plant breeders.

Sask Wheat was also able to enhance the CDC Durum research program through a partnership between SeCan, Sask Wheat and the CDC that will provide up to \$3.5 million in additional funds over 10 years. This funding is specifically designed to address issues important to the competitiveness of durum wheat production, the most critical of which is FHB resistance.

Sask Wheat was also active in advocating for farmers in the Canadian Transportation Act (CTA) review process, working as part of a coalition with SaskBarley and the Agricultural Producers Association of Saskatchewan (APAS). This coalition has been unique in providing a "pure producer" voice in the transportation discussions. This is critical as the research we have undertaken has demonstrated that producers are uniquely affected when grain handling and transportation capacity is lower than that required by producers. Sask Wheat continues to advocate for the maintenance of the Maximum Revenue Entitlement for rail regulation under the CTA to guarantee fair returns to railways while protecting farmers from uncompetitive pricing practices.

The organizational structure at Sask Wheat is maturing. We have maintained a full staff complement for the past year and, while operating as a "lean office", have demonstrated our capacity to fulfill the strategic plan laid out by the Board of Directors. We have addressed the key areas of research, extension, policy and advocacy in a business plan that is directly tied to the key priorities of the Board. We have developed collaborative arrangements that provide for a Western Canadian and national approach to research efforts.

Looking forward to the next crop year, the competitiveness of world markets will require Canadian producers to find increased productivity and more cost effective links to world markets. Sask Wheat can provide for sustained efforts to advance wheat producers' competitiveness in these areas.



Board of Directors and Staff



Back row (L-R): Scott Hepworth (Assiniboia); Glenn Tait (Meota); Rod Flaman (Edenwold); Ken Rosaasen (Saskatoon); Laura Reiter (Radisson)
Front row: Dan Danielson, Vice-Chair (Saskatoon); Bill Gehl, Chair (Regina)



Harvey Brooks
General Manager



Pat Tremaine
Office Manager



Blair Goldade
Research Program
Manager



Simon Weseen
Policy Manager



Dallas Carpenter
Communications
Manager

RESEARCH

OBJECTIVES

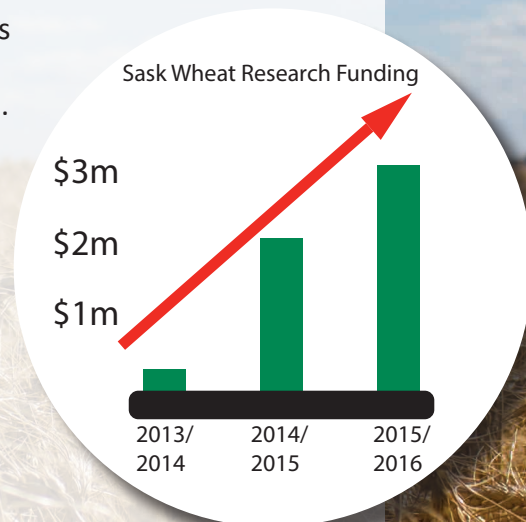
Sask Wheat has producer and profit oriented research as a key priority. The objective of the research program is to build research relationships and identify and invest in research and development initiatives in three main priority areas:

- Variety development – genetics, breeding methods, pre-breeding, breeding, pathology, quality, performance testing
- Production – agronomy and cropping systems, fertility management, weed/disease/pest management, production management
- Post-production – storage, end-use quality, new uses, economic/regulatory analysis, processing and value-added initiatives

In 2015-2016, Sask Wheat further developed partnerships with other research-inclined organizations, such as other producer groups, governments, and private organizations. These partnerships will be critical in leveraging research funding in order to maximize return on producer investment in research.

RESEARCH COMMITMENTS

In the 2015-2016 crop year, the Board of Directors of Sask Wheat committed \$3,087,566 to 19 projects. The research funded by Sask Wheat falls into one of three priority areas: variety development, production and post-production. Ultimately, our research program aims to improve crop management, reduce input costs and environmental impact, and increase yield and quality of grain for Saskatchewan producers.



Funded Projects

Diversifying organic cropping options for the brown soils through intercropping

Term: Three years, beginning in 2016

Funding Amount: \$68,678

Lead Researcher(s): Myriam Fernandez (AAFC)

Funding Partners: Western Grains Research Foundation (WGRF), Saskatchewan Pulse Growers (SPG)

Characterization of multiple rust resistance genes to design an optimal deployment strategy

Term: Three years, beginning in 2016

Funding Amount: \$117,875

Lead Researcher(s): Wentao Zhang (NRC)

Funding Partners: Saskatchewan Ministry of Agriculture - Agriculture Development Fund (ADF)

Funded Projects (continued)

Breeding spring wheat for organic markets

Term: Five years, beginning in 2016

Funding Amount: \$292,603

Lead Researcher(s): Pierre Hucl (U of S)

Funding Partners: University of Saskatchewan (U of S)

Crop response to foliar applied phosphorus fertilizers

Term: Three years, beginning in 2016

Funding Amount:

\$20,010

Lead Researcher(s): Jeff Schoenau (U of S)

Funding Partners:

Western Grains Research

Foundation (WGRF),

Saskatchewan Pulse

Growers (SPG),

Saskatchewan Ministry of Agriculture -

Agriculture

Development Fund

(ADF)



Dr. Randy Kutcher of the Crop Development Centre along with three graduate students lead Sask Wheat directors and staff through a plot tour on University of Saskatchewan fields.

Addressing biological limitations on nutrient cycling in organic cropping systems

Term: Four years, beginning in 2016

Funding Amount: \$124,936

Lead Researcher(s): Bobbi Helgason (AAFC)

Funding Partners: None

Standing strong: Maximizing yield potential by optimizing stem strength and biomass partitioning

Term: Four years, beginning in 2016

Funding Amount: \$338,867

Lead Researcher(s): Allan Feurtado (NRC)

Funding Partners: Saskatchewan Ministry of Agriculture - Agriculture Development Fund (ADF), Manitoba Wheat and Barley Growers Association (MWBGA), Manitoba Agriculture, Food and Rural Development (MAFRD)

Improving weed management for Saskatchewan growers (renewal of ADF Project #20120029)

Term: Three years, beginning in 2016

Funding Amount: \$43,996

Lead Researcher(s): Chris Willenborg (U of S)

Funding Partners: Saskatchewan Canola Development Commission (SCDC), Saskatchewan Flax Development Commission (SFDC)

Improving fusarium head blight management in durum wheat in Saskatchewan

Term: Three years, beginning in 2016

Funding Amount:

\$120,750

Lead Researcher(s):

Randy Kutcher (U of S)

Funding Partners:

Western Grains

Research Foundation

(WGRF), Saskatchewan

Ministry of Agriculture -

Agriculture

Development Fund

(ADF)

New sources of resistance to fusarium head blight in spring wheat

Term: Three years, beginning in 2016

Funding Amount: \$47,917

Lead Researcher(s): Randy Kutcher (U of S)

Funding Partners: Western Grains Research

Foundation (WGRF), Saskatchewan Ministry of

Agriculture - Agriculture Development Fund (ADF)

Discrete element modeling of porosity distribution in grain bulks

Term: Two years, beginning in 2016

Funding Amount: \$59,800

Lead Researcher(s): Hubert Landry (PAMI)

Funding Partners: None

Evaluation of exogenous dsRNA application for species-specific control of fusarium

Term: Two years, beginning in 2016

Funding Amount: \$85,563

Lead Researcher(s): Shawn Clark (NRC)

Funding Partners: Saskatchewan Ministry of Agriculture - Agriculture Development Fund (ADF)

TOR signaling targets to improve photosynthetic efficiency in wheat

Term: Three years, beginning in 2016

Funding Amount: \$100,000

Lead Researcher(s): Raju Datla (NRC)

Funding Partners: Alberta Wheat Commission (AWC), Alberta Innovates Biosolutions (Ai Bio), Global Institute for Food Security (GIFS), Saskatchewan Ministry of Agriculture - Agriculture Development Fund (ADF)

Canadian Wheat-NAM (CAN-NAM): Capturing genetic variation for Canadian wheat improvement

Term: Five years, beginning in 2016

Funding Amount: \$230,000

Lead Researcher(s): Andrew Sharpe (NRC)

Funding Partners: Alberta Wheat Commission (AWC), Manitoba Wheat and Barley Growers Association (MWBGA), Western Grains Research Foundation (WGRF), Saskatchewan Ministry of Agriculture - Agriculture Development Fund (ADF)

Research and development for durum wheat

Term: Five years, beginning in 2016

Funding Amount: \$1,000,000

Lead Researcher(s): Curtis Pozniak (CDC, U of S)

Funding Partners: SeCan

Integrated management of stripe rust in wheat for Alberta (2016-2019)

Term: Three years, beginning in 2016

Funding Amount: \$168,000

Lead Researcher(s): Dean Spaner (U of A)

Funding Partners: Alberta Wheat Commission (AWC), Western Grains Research Foundation (WGRF)

Mitigating herbicide resistance – investigating novel integrated weed management systems

Term: Five years, beginning in 2016

Funding Amount: \$171,333

Lead Researcher(s): Neil Harker (AAFC – Lacombe)

Funding Partners: Alberta Barley Commission (ABC), Alberta Canola Producers Commission (ACPC), Western Grains Research Foundation (WGRF)

Scale up and validation of a low-cost paper-based test for mycotoxins

Term: Three years, beginning in 2016

Funding Amount: \$58,938

Lead Researcher(s): Maria DeRosa (Carleton University)

Funding Partners: Alberta Wheat Commission (AWC), Western Grains Research Foundation (WGRF)

SK Variety Performance Group (SVPG) Performance Trials

Term: One year, beginning in 2016

Funding Amount: \$28,500

Funding Partners: Sask Pulse Growers (SPG), Saskatchewan Oat Development Commission (SODC), Saskatchewan Flax Development Commission (SFDC), Saskatchewan Seed Growers Association (SSGA), Saskatchewan Winter Cereals Development Commission (SWCDC), Saskatchewan Barley Development Commission (SBDC), 2015 Canola Performance Trials, Saskatchewan Ministry of Agriculture

Rail Freight Rates and Grain Export Basis: The US Experience

Term: One year, beginning in 2016

Funding Amount: \$9,800

Lead Researcher(s): Richard Gray, Devin Serfas (U of S)

Funding Partners: None

ADVOCACY and MARKET DEVELOPMENT

TRANSPORTATION

2016 was a busy year for transportation policy in the agriculture sector and Sask Wheat was engaged in advocating on behalf of producers' best interests on many fronts.

In February, the federal government released the results of the Canadian Transportation Act (CTA) Review, also known as the Emerson Report. The report recommended the gradual phasing out of the Maximum Revenue Entitlement (MRE), excluding containerized grain from the MRE calculation, and provisions for the railways to allocate one-third of their railcar fleets for exclusion from the MRE in order to capture "premiums" from shippers who are willing to pay more.

Sask Wheat, with our producer coalition partners (APAS, and SaskBarley), released a joint news release in March expressing disappointment in the CTA report recommendations. A letter was also sent to the Minister of Transport at the same time reiterating the need to protect producers from potentially uncompetitive pricing from the railways.

In the summer of 2016, the federal government announced it would be conducting broad consultations on the CTA Review and the *The Future of Transportation in Canada: Developing a Long-term Agenda for Transportation* initiative. A grain sector roundtable on transportation was held in Regina in August and was attended by Sask Wheat. A second government consultation was held in October in Saskatoon, involving the federal Ministers of Agriculture and Transport and several Western Canadian producer groups.

The Producer Coalition made an additional submission in September, which outlined our concerns with the CTA Review report recommendations and reiterated our position on the need to maintain the MRE and the need for a costing review.

The grain industry is united in keeping the MRE in place to give grain growers shipping price protection.

Sask Wheat will continue to work with our partner organizations to keep transportation and handling issues on the government agenda.



SOIL CARBON INITIATIVE and OTHER SUSTAINABILITY INITIATIVES

Sask Wheat directors and staff have been participating in a “carbon file” initiative being pursued by the Saskatchewan Soil Conservation Association (SSCA) and other Saskatchewan crop commissions. The initiative seeks to create a registry through which growers would hold ownership over carbon sequestered through their farming practices.

In a market for carbon, where emitters of greenhouse gases (GHGs) are subject to a carbon tax or emission reduction limits, it is imperative that those who sequester GHGs from the atmosphere are equally recognized by any carbon pricing mechanism. Recognizing the full emission/reduction balance is equitable for all market participants and provides market-based incentives for emission reductions to occur through the most cost-effective means possible.

Sask Wheat further recognizes that the initiative being pursued by the SCCA is the culmination of many years of scientific analysis that demonstrates the benefits of minimum-tillage farm practices on the soil/atmospheric carbon balance. This research is well documented in publications related to the Prairie Soil Carbon Balance Project, which was funded by the SSCA and the Saskatchewan Pulse Growers (SPG).

In addition, Sask Wheat has been participating in other sustainability initiatives, including the Canadian Roundtable for Sustainable Crops (CRSC) and the development of a National Environmental Farm Plan (NEFP). These initiatives are aimed at responding to greater consumer demand for sustainably produced agricultural food products.



WEBSITE PRICE INFORMATION

This November, Sask Wheat began posting a weekly wheat market outlook report and price information on our website. This information is being provided by Mercantile Consulting Inc.

The objectives are to offer producers wheat market commentary and outlook, provide Saskatchewan elevator bid prices and grade spreads, provide applicable international wheat values relative to Saskatchewan elevator bid prices, and estimate the export basis between FOB (free-on-board) prices for wheat and Saskatchewan elevator bids. Changes in the basis can be useful for indicating unusual circumstances (e.g. logistic issues, stock issues, capacity issues) of inefficiencies in the grain handling and transportation system.

COMMUNICATIONS

CROSPHERE and ANNUAL GENERAL MEETING

The third annual CropSphere conference, held in January 2016, was a tremendous success, with 738 people attending the two-day event. Sask Wheat hosted CropSphere along with SaskBarley, SaskCanola, SaskFlax, SaskOats, and the Saskatchewan Pulse Growers. CropSphere 2016 featured two full days of sessions focusing on the latest news in production, marketing, and research. In a post-event survey, more than 91 percent of respondents said they found the conference valuable and 77 percent said they would attend the conference again next year, when it will be held at Prairieland Park alongside the Western Canadian Crop Production Show.

The Sask Wheat Annual General Meeting was held on the second day of CropSphere. It was well attended with over 120 people filling the room. The meeting included the announcement of a \$3.5 million, 10-year investment by Sask Wheat and SeCan in the Durum Breeding Program of the University of Saskatchewan's Crop Development Centre.

The AGM also included an announcement that Saskatoon will host the 2019 International Wheat Congress. This will be a first-of-its-kind event that will bring together more than 600 wheat scientists to discuss advances in wheat research and the future of wheat in helping avert a global food security crisis by 2050.

WEBSITE and SOCIAL MEDIA

The Sask Wheat website is the main communications vehicle of the Commission. Sask Wheat again hosted daily fusarium head blight risk maps in June and July along with fusarium management resources, which are available year-round.

The website was redesigned based on user input and website analytics. As over half of our website traffic is coming from mobile devices, the homepage was changed to make it easier to read and navigate on mobile phones. External widgets were removed and access to the most popular components, like the newsletter and price information, was improved on the homepage.

Our presence on Twitter continued to expand in 2015-16, expanding from just over 500 followers to nearly 2300. Approximately two-thirds of the followers are Saskatchewan producers. Sask Wheat uses Twitter extensively, promoting the FHB risk maps, newsletter stories, market information and linking to external news of interest to Saskatchewan wheat producers.

SCHOLARSHIPS

The first Sask Wheat essay awards for undergraduate students were awarded at the annual Bean Feed awards dinner of the College of Agriculture and Bioresources in November 2015. The four students who received the \$2,500 Sask Wheat award included one second-year and two third-year crop science majors, along with a third-year agronomy major.

The recipients of these scholarships were selected on academic merit as well as an essay. In their essays, the students were required to describe how an area of research has or could benefit the wheat sector while also describing a current challenge facing the wheat sector and how it may be addressed by research.

The first Sask Wheat graduate scholarship recipients from the College of Agriculture and Bioresources were announced in May 2016. The four recipients are full-time graduate students in the Department of Plant Sciences at the University of Saskatchewan. The recipients were selected based on academic merit as well as the projected impact of their studies on the wheat industry.

SPONSORSHIPS and MEMBERSHIPS

Sask Wheat continues to have memberships in and supports organizations that bring benefits to Saskatchewan wheat farmers and Saskatchewan's agriculture sector. These include:

- Agriculture Council of Saskatchewan
- Agriculture in the Classroom Saskatchewan
- Agricultural Producers Association of Saskatchewan (APAS)
- Canada Grains Council
- Farm and Food Care Saskatchewan
- Healthy Grains Institute

MEDIA COVERAGE

Sask Wheat received significant coverage in 2015-2016, from the announcement of the investment with SeCan in the Crop Development Centre's durum breeding program to the CTA review and issues with grain transportation. Sask Wheat has also become a go-to organization for farm media seeking opinions on several issues.



Wheat's turn to shine

Funding deal will speed research into disease, pest resistant durum

Some focus will be on testing new varieties on the Regina Plains

BY BRIAN CROSS
SASKATOON NEWSROOM

The University of Saskatchewan's Crop Development Centre has announced another major funding agreement to support its plant breeding programs. The CDC has signed a multi-year

funding agreement with the Saskatchewan Wheat Development Commission and SeCan.

The deal will see SaskWheat and SeCan commit as much as \$3.5 million in cash and in-kind contributions over 10 years. The funding will support durum breeding efforts at the CDC and be

aimed at improving early screening and selection activities, expanding varietal testing capacity, enhancing genomics capacity and speeding the development of new durum varieties that offer better yields, improved disease packages and pest resistance. A key component of the funding

ELECTION 2015

Sask. farm groups attempt to elevate transportation issues

Organizations hoped federal candidates would pledge to tackle the issues surrounding grain transportation, but it didn't happen

BY BRIAN CROSS
SASKATOON NEWSROOM

Saskatchewan farm groups are still hoping that grain transportation issues will create at least a faint blip on the radar screens of federal election campaigners. But with less than a week

Canadian grain producers at least \$5 billion during the 2013-14 and 2014-15 crop years, and possibly as much as \$6.7 billion. Gehl said that both down to a financial loss of \$120,000 on every 1,000 acres of farmland over the past two crop years. "That's a tremendous loss to

"Hopefully that's a good signal," he said. "Yes, we got the record crop off to market ... and the railways say they're all caught up, but the short lines and the producer car shippers are still waiting for service." Hall said the TPP trade deal announced by Ottawa Oct. 5 will

site shrinking support in years, there in remarkable payoffs, and investments use even more

BY ANGELA LOVELL

High prices have made some of the advances in canola yields look pretty good in recent years, masking the fact that average Prairie wheat yield increases have been even higher. But with new private and public research investments and recognition that it's not just a necessary part of the rotation, wheat is starting to grab more of the spotlight it deserves.

"Over the last 20 years we've seen a lot of growth in oilseeds and pulses, and now we see a tremendous opportunity for wheat going forward," says Tom Steve, general manager of the Alberta Wheat Commission (AWC). "That's why we are investing over

is. Curtis Pomiak and his team at the Crop Development Centre (CDC) at the University of Saskatchewan led a global initiative which sequenced the bread wheat and durum wheat genomes in 2014. "We're excited about what it means in terms of Canadian capacity for genome-assisted, varietal development," says Harvey Brooks, general manager of the Saskatchewan Wheat Development Commission (SWDC). This genomic research is paving the way for marker-assisted breeding techniques to speed up variety development. It is contributing to the established public and private investment in breeding programs, which includes producer checkoff

EVENTS

Think Wheat

Sask Wheat partnered with the Saskatchewan Ministry of Agriculture to host the initial Think Wheat extension meetings in Prince Albert in February and Regina in March of 2016. Think Wheat was aimed at providing wheat producers with the most up-to-date and relevant information about producing and marketing their crops.

The 110 producers and agronomists who attended the meetings heard from 10 speakers. The agronomy session contained up-to-date information in the areas of: producing high yielding wheat, PGRs and MRLs, spray timing and application, wheat varieties to consider from the 2016 seed guide, and integrated pest management. The marketing sessions provided information on grain grading, the basics of marketing grain, market export basis, and the grain market outlook.



Grade School

Sask Wheat partnered with Cigi and the Canadian Grain Commission (CGC) to run workshops in Yorkton and Swift Current that brought information on grain grading and degrading factors to producers. In addition, Cigi explained the requirements of common export markets and how degrading factors such as fusarium damaged kernels, heat stress and midge damage affect flour and food products. The CGC also explained how the upcoming reclassification will impact several commonly grown varieties of wheat.



December 5, 2016

Independent Auditor's Report

To the Board of Directors of Saskatchewan Wheat Development Commission

We have audited the accompanying financial statements of Saskatchewan Wheat Development Commission, which comprise the statement of financial position as at July 31, 2016 and the statements of operations and net assets and cash flows for the year then ended, and the related notes which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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*PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Basis for qualified opinion

In common with many similar not-for-profit organizations, Saskatchewan Wheat Development Commission derives revenue from producer check-off fees, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Saskatchewan Wheat Development Commission. Therefore, we were not able to determine whether any adjustments might be necessary to producer check-off fees, excess of revenue over expenditures and cash flows from operations for the years ended July 31, 2016 and 2015, current assets as at July 31, 2016 and 2015 and net assets as at August 1, 2015, July 31, 2016, August 1, 2014 and July 31, 2015. Our audit opinion on the financial statements for the year ended July 31, 2015 was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Wheat Development Commission as at July 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

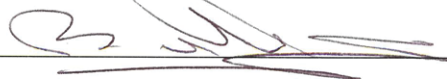
Saskatchewan Wheat Development Commission

Statement of Financial Position

As at July 31, 2016

	2016 \$	2015 \$
Assets		
Current assets		
Cash and cash equivalents	2,078,717	3,322,988
Investments (note 3)	5,212,797	2,000,000
Accounts receivable	497,289	652,017
Prepaid expenses	3,503	25,703
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	7,792,306	6,000,708
Non-current assets		
Investments (note 3)	6,643,884	5,100,000
Tangible capital assets (note 4)	28,225	32,240
	<hr/>	<hr/>
	14,464,415	11,132,948
	<hr/>	<hr/>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	632,276	413,236
	<hr/>	<hr/>
Net assets		
Unrestricted net assets	11,956,839	9,219,712
Internally restricted net assets	1,875,300	1,500,000
	<hr/>	<hr/>
	13,832,139	10,719,712
	<hr/>	<hr/>
	14,464,415	11,132,948
	<hr/>	<hr/>
Operating lease (note 6)		
Commitments (note 7)		

Approved by the Board of Directors



Director



Director

The accompanying notes are an integral part of these financial statements.

Saskatchewan Wheat Development Commission

Statement of Operations and Net Assets

For the year ended July 31, 2016

	Budget (unaudited) (note 8) \$	2016 \$	2015 \$
Revenue			
Producer check-off fees	5,500,000	6,192,960	6,937,374
Refunds	(500,000)	(361,840)	(355,285)
	5,000,000	5,831,120	6,582,089
Interest and investment income	20,000	210,385	55,032
Grants	-	10,000	-
Other income	-	1,470	-
	5,020,000	6,052,975	6,637,121
Expenditures			
Research			
Research projects (note 7)	4,128,500	1,402,427	282,487
Research management and consulting	200,000	4,344	5,426
Market development	175,000	52,982	2,625
Communications and advocacy			
Producer engagement	518,500	399,162	201,726
Policy, advisory and advocacy	199,150	39,950	72,846
Governance			
Directors (note 5)	118,500	106,821	97,178
Election	100,000	81,522	-
Meetings	23,000	11,071	13,433
Other governance	10,000	2,227	3,138
Strategic planning	5,000	-	-
General and administrative			
Wages and benefits	575,000	562,691	369,432
Service contracts	146,000	127,086	108,029
Rent	72,000	60,562	46,157
Other general and administrative	57,300	49,012	44,243
Staff travel	25,000	26,525	16,648
Amortization of tangible capital assets	-	14,166	11,699
	6,352,950	2,940,548	1,275,067
Excess of revenue over expenditures	(1,332,950)	3,112,427	5,362,054
Unrestricted net assets – Beginning of year	9,219,712	9,219,712	5,357,658
Transfer to internally restricted net assets	-	(375,300)	(1,500,000)
Unrestricted net assets – End of year	7,886,762	11,956,839	9,219,712

The accompanying notes are an integral part of these financial statements.

Saskatchewan Wheat Development Commission

Statement of Cash Flows

For the year ended July 31, 2016

	2016 \$	2015 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	3,112,427	5,362,054
Amortization of tangible capital assets	14,166	11,699
	<u>3,126,593</u>	<u>5,373,753</u>
Changes in non-cash working capital items		
Accounts receivable	154,728	298,659
Prepaid expenses	22,200	(25,484)
Accounts payable and accrued liabilities	219,040	(585)
	<u>395,968</u>	<u>272,590</u>
	<u>3,522,561</u>	<u>5,646,343</u>
Investing activities		
Purchase of tangible capital assets	(10,151)	(31,976)
Purchase of investments	(6,756,681)	(7,080,000)
Redemption of investments	2,000,000	-
	<u>(4,766,832)</u>	<u>(7,111,976)</u>
Net change in cash and cash equivalents	(1,244,271)	(1,465,633)
Cash and cash equivalents – Beginning of year	3,322,988	4,788,621
Cash and cash equivalents – End of year	2,078,717	3,322,988
Cash and cash equivalents consist of the following		
Cash balances with banks	1,070,821	802,828
Cashable guaranteed investment certificates	-	1,520,160
Investment savings account	1,007,896	1,000,000
	<u>2,078,717</u>	<u>3,322,988</u>

The accompanying notes are an integral part of these financial statements.

Saskatchewan Wheat Development Commission

Notes to Financial Statements

July 31, 2016

1 Nature of business

The Saskatchewan Wheat Development Commission (the “commission” or “SWDC”) was established by provincial legislation on June 7, 2013. The activities of the commission are funded primarily by a levy on Saskatchewan produced spring wheat, which is collected by buyers at the time of sale.

The mandate of the commission is to provide leadership in identifying and supporting research and market development that contributes to profitable and sustainable wheat production for Saskatchewan farmers.

2 Summary of significant accounting policies

a) Basis of presentation

These financial statements include the accounts of the commission and are presented in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”).

b) Use of estimates

The preparation of financial statements in conformity with ASNPO 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 amount of revenue and expenditures during the reporting period. Actual results could differ from these estimates.

c) Cash and cash equivalents

Cash consists of cash balances with banks and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

d) Tangible capital assets

Tangible capital assets are recorded at cost and amortized over their expected useful lives. Computer equipment is amortized using the declining balance method at a rate of 33%. Office furniture is amortized using the straight-line method at a rate of 20%.

e) Internally restricted net assets

The commission has internally restricted net assets totaling \$1,875,300 comprised of the following: a) Revenue Stabilization Reserve Fund in the event of a crop disaster or revenue-destabilizing event (\$1,000,000) and b) Organizational Reserve Fund in the event of an organizational shut down (\$875,300).

Saskatchewan Wheat Development Commission

Notes to Financial Statements

July 31, 2016

f) Revenue recognition

Producer check-off fees are recognized as product is sold from the producer to the buyer. Refunds are recognized using the accrual method based on actual requests submitted by producers for the crop year and are paid out subsequent to year-end by the commission.

The commission follows the deferral method of accounting for contributions, including grants. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions for expenses of the current period are recognized as revenue in the current period and restricted contributions for expenses of one or more future periods are deferred and recognized as revenue in the same period or periods as the related expenses are recognized.

Investment income is recognized as it is earned. Contributions of materials and services are recognized only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the commission's operations and would otherwise have been purchased.

g) Financial instruments

Financial assets and financial liabilities, consisting of cash and cash equivalents, investments, accounts receivable and accounts payable and accrued liabilities are initially recognized at fair value and subsequent measurement is at amortized cost. The commission does not consider itself to have significant exposure to credit risk, currency risk, interest rate risk, liquidity risk, market risk or other price risk.

3 Investments

Investments consist of guaranteed investment certificates which earn interest at rates ranging from 1.40% to 2.27% and mature in the following fiscal years:

	\$
July 31, 2017	5,212,797
2018	1,802,987
2019	2,022,721
2020	<u>2,818,176</u>
	<u>11,856,681</u>

Saskatchewan Wheat Development Commission

Notes to Financial Statements

July 31, 2016

4 Tangible capital assets

	July 31, 2016		
	Cost \$	Accumulated amortization \$	Net book value \$
Computer equipment	20,342	13,387	6,955
Office furniture	37,267	15,997	21,270
	<u>57,609</u>	<u>29,384</u>	<u>28,225</u>

	July 31, 2015		
	Cost \$	Accumulated amortization \$	Net book value \$
Computer equipment	16,975	6,674	10,301
Office furniture	30,483	8,544	21,939
	<u>47,458</u>	<u>15,218</u>	<u>32,240</u>

5 Related party transactions

During the year ended July 31, 2016 members of the commission's elected Board of Directors received payments for per diems, expenses and communications allowances of \$101,243 (2015 - \$97,178). All related party transactions described above are measured at carrying amounts.

Saskatchewan Wheat Development Commission

Notes to Financial Statements

July 31, 2016

6 Operating lease

On November 1, 2015 the commission entered into a lease agreement with Saskatchewan Opportunities Corporation, otherwise known as Innovation Place, for office space. The term of the lease agreement is 2 years and future minimum monthly lease payments, including occupancy costs, are \$4,890 to the end of the term of the lease on November 30, 2017.

7 Commitments

The total maximum commitment to projects awarded funding as of July 31, 2016 is \$5,394,674 (2015 - \$953,746), of which \$1,713,419 of research expenditures had been incurred as of July 31, 2016 (2015 - \$310,987). The total anticipated maximum commitments for these research projects over the next five years are as follows:

	\$
July 31, 2017	1,388,710
2018	1,164,260
2019	703,290
2020	407,870
2021	17,130
	<hr/>
	3,681,260
	<hr/>

8 Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the commission's board of directors.



December 5, 2016

**To the Board of Directors of
Saskatchewan Wheat Development Commission**

We have audited Saskatchewan Wheat Development Commission's compliance as at July 31, 2016 with the provisions of the Agri-Food Act, 2004 and the Saskatchewan Wheat Development Plan Regulations which pertain to its financial reporting, safeguarding of public resources, spending, revenue raising, borrowing and investing activities. Compliance with the aforementioned legislative and related authorities is the responsibility of the management of Saskatchewan Wheat Development Commission. Our responsibility is to express an opinion on this compliance based on our audit.

Scope

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 Saskatchewan Wheat Development Commission complied with the provisions of the legislative and related authorities referred to above. Such an audit includes examining, on a test basis, evidence supporting compliance, evaluating the overall compliance with the provisions, and where applicable, assessing the accounting principles used and significant estimates made by management.

Opinion

In our opinion, as at July 31, 2016, Saskatchewan Wheat Development Commission is in compliance, in all significant respects, with the provisions of the legislative and related authorities referred to above which pertain to its financial reporting, safeguarding of public resources, spending, revenue raising, borrowing and investing activities.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



December 5, 2016

To the Board of Directors of Saskatchewan Wheat Development Commission

We have audited Saskatchewan Wheat Development Commission's control as of July 31, 2016 to express an opinion as to the effectiveness of its control related to the adequacy of management systems, controls and practices intended to control and safeguard assets.

We used the guidance developed by The Criteria of Control Board of The Canadian Institute of Chartered Accountants (CICA) to make our judgments about the effectiveness of Saskatchewan Wheat Development Commission's control. We did not audit certain aspects of control concerning the effectiveness, economy, and efficiency of certain management decision-making processes.

The Criteria of Control Board of the CICA defines control as comprising those elements of an organization (including its resources, systems, processes, culture, structure and tasks) that, taken together, support people in the achievement of the organization's objectives. Control is effective to the extent that it provides reasonable assurance that the organization will achieve its objectives. Or, stated another way, control is effective to the extent that the remaining risks of the organization failing to meet its objectives are deemed acceptable.

Saskatchewan Wheat Development Commission's management is responsible for effective control related to the objective described above. Our responsibility is to express an opinion on the effectiveness of control based on our audit.

Scope

We conducted our audit in accordance with standards for assurance engagements published in the CPA Canada Handbook – Assurance. Those standards require that we plan and perform an audit to obtain reasonable assurance as to effectiveness of Saskatchewan Wheat Development Commission's control related to the objective stated above. An audit includes obtaining an understanding of the significant risks related to this objective, the key control elements and control activities to manage these risks and examining, on a test basis, evidence relating to control.

Limitations

Controls can provide only reasonable and not absolute assurance of achieving objectives reliably for the following reasons. There are inherent limitations in control, including the possibility of faulty judgment in decision-making, of breakdowns because of human error, of control activities being circumvented by collusion of two or more people and of management overriding control. Second, cost/benefit considerations can and should be taken into account 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 in internal and external conditions, or the degree of compliance with control activities may deteriorate.

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Opinion

In our opinion, based on the limitations noted above, Saskatchewan Wheat Development Commission's control was effective, in all significant respects, to meet the objective stated above as of July 31, 2016 based on the guidance developed by The Criteria of Control Board of the CICA.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Sask Wheat Development Commission 2015-2016 Payee List

Personal Services (threshold \$2,500 except Board of Directors)

Board of Directors (all amounts included)

	Honorariums	Expenses	Total
Bill Gehl	12,528.68	5,769.16	18,297.84
Bill Rosher	1,200.00	1,512.24	2,712.24
Dan R. Danielson	12,246.25	2,054.05	14,300.30
Glenn Tait	8,192.54	5,399.93	13,592.47
Ken Rosaasen	13,436.10	4,144.50	17,580.60
Laura Reiter	13,231.89	4,574.98	17,806.87
Rod Flaman	6,064.35	3,305.09	9,369.44
Scott Hepworth	4,850.00	2,733.14	7,583.14
	<u>71,749.81</u>	<u>29,493.09</u>	<u>101,242.90</u>

Extension (threshold \$5,000)

Agriculture in the Classroom			10,000.00
Canada Grains Council			8,000.00
CropSphere			25,000.00
Evraz Place			8,579.06
Farm & Food Care Saskatchewan			24,000.00
Mercantile Consulting Venture Inc.			6,089.34
Prairie Certified Crop Advisor Board			7,500.00
SeCan			9,100.00
University of Saskatchewan			125,000.00
Weather Innovations Consulting LP			22,000.00

Research & Development (threshold \$5,000)

Agriculture and Agri-Food Canada			124,435.00
Carleton University			21,563.00
Genome Prairie			25,000.00
National Research Council of Canada			225,127.00
Prairie Agricultural Machinery Institute			54,855.00
Receiver General for Canada			42,185.00
Saskatchewan Variety Performance Group			28,500.00
The Governors of University of Alberta			56,000.00
University of Manitoba			26,546.00
University of Saskatchewan			798,215.63

Media & Communication (threshold \$5,000)

Canada Post			100,411.19
Delaney Seiferling Consulting			5,376.00
Farm Business Communications			8,610.00
Jeff's Crestwear (promotional items)			9,439.86
Saskatoon Fastprint (newsletter)			56,891.22
The Western Producer			18,605.53

Market Development (threshold \$20,000)

Healthy Grains Institute			52,500.00
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Supplier Payments (threshold \$20,000)

Agriculture Council of Saskatchewan Inc.			114,096.02
Innovation Place			61,266.15

Other Payments (threshold \$20,000)

\$0.00





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