



WHEAT REPORT

PULLOUT →



CHAIRMAN'S MESSAGE



Kent Erickson
Chairman

As the chairman of the board of directors of the Alberta Wheat Commission (AWC), as well as a wheat producer, I am working with two perspectives: my accountability to the long-term support of the wheat industry in Alberta, and the best interests of my family's farm.

But with AWC's strategic priorities, these two perspectives work together. Take transportation, for example—one of the age-old challenges we face in the wheat industry. For producers, this can be a frustrating topic because it's a step removed

from us individually. But with AWC's support through investment, as well as advocating for the grower, we can look forward to progress.

The "step removed" characteristics of the transportation issues come into play after the grower has made a grain sale. When the transportation system is hampered, it impacts producers' ability to market their grain. Since the logistical responsibilities belong to someone else, it can seem like there's little chance of creating change in the process. Long-term solutions are needed so growers can increase capacity, and Canada can increase its share of the world market.

AWC is working to bring the grower's voice to these solutions.

One way we are doing this is through the investment of producer funds into a long-term study, *Enhancing the Competitiveness of the Agriculture Supply Chain Initiative*.

Spearheaded by Pulse Canada, the purpose of this study is to provide tools to hold railroads accountable for their service, as well as study the supply chain to find real solutions for the future. The project's main focus will build on industry capacity to obtain more predictable and reliable service, identify critical opportunities for improvement in the agriculture supply chain, and measure performance to determine where efforts are best placed.

An efficient and effective transportation system is vital to the growth of Canadian agriculture, and that is why studies like this one are important steps to creating change. The Alberta Wheat Commission is proud to be working toward solutions by investing in work on behalf of our growers. But our role extends beyond investment—we recognize the stake that producers have in keeping the supply chain functioning smoothly, and thus our advocacy always includes the grower's opinions and solutions.

A handwritten signature in black ink, appearing to read "Kent Erickson".

GENERAL MANAGER'S MESSAGE



Tom Steve
**General
Manager**

Have you heard the story of the farmer who finds a genie in a bottle in his field? The farmer picks up the bottle and the genie appears offering two wishes to be granted one year apart. The farmer immediately says, "This harvest I want the price of wheat to be \$9.00/bu and my yield to be 100 bu/ac." "DONE," says the genie, and disappears in a poof. The following year, the genie appears and asks

the farmer for his second wish. Smiling shyly, the farmer says, "I'd like 100 bu/ac yield on my wheat and \$9.00/bu." The genie exclaims, "but that's what you wished for last year!" "I know," says the farmer, "but when wheat got to \$9.00/bu, I held out for \$9.50."

Often, growers market based on emotion rather than using a strategic marketing plan that fits their operational needs. Our story illustrates the need for effective price discovery. The wheat market offers confusion even for a veteran marketer.

The confusion begins with wheat futures based on U.S. delivery points and currencies. Add lacking information about sales volumes, or where demand is coming from, and assessing whether now is a good time to sell becomes even more challenging.

Better access to information for marketers and growers alike is a recognized need for action. Market information is available but accuracy is questionable and timing is often too late to be useful.

Canadian growers are disadvantaged compared to growers south of the 49th parallel because of Americans' access to weekly price and volume reporting.

The AWC is in the early stages of a project that will address market information gaps. This project will work to bring greater transparency to the market for western Canadian growers, and will be applicable to wheat as well as all other flat priced or futures based commodities.

The more information we can provide growers, the better the decisions that can be made, making for a stronger industry. AWC is proud to be taking the lead on this initiative, and we are working hard with our sister organizations in other commodities and provinces to bring value to our growers.

Tom Steve

WHEAT WORLD

**GROWTH.
INNOVATION.
RESULTS.**

Follow the Alberta Wheat Commission on Twitter (@albertawheat) and Facebook (Alberta Wheat Commission).



SAVE THE DATES

Regional meetings make a great forum for producers to come together to share ideas and information, tackle industry challenges and take in sessions with respected speakers.

The Alberta Wheat Commission is partnering with Alberta Barley and the Alberta Pulse Growers to ensure that regional meetings bring the greatest possible value to our producers.

Check www.albertawheat.com for regular updates.

Alberta Wheat Commission Regional Meetings

| Date | Region | Location |
|---------|----------|----------------|
| Nov. 12 | Region 5 | Westlock |
| Nov. 13 | Region 5 | Grande Prairie |
| Nov. 17 | Region 4 | Camrose |
| Nov. 19 | Region 2 | Three Hills |
| Nov. 20 | Region 1 | Bow Island |
| Nov. 25 | Region 3 | Lacombe |

Elections:

This year, the Alberta Wheat Commission will be holding elections in Regions 2 and 4, for 2 directors and 3 regional representatives.

MARKET CENTS



Jeff Jackson
Markets
Manager

Western Canadian growers are renowned for their resilience. Every spring, they invest significant dollars with no guarantee of any return. While growers can control how they manage their land and cash flow, as well as cropping and agronomic decisions, many additional factors that determine their profitability are beyond their control—weather, world markets and currency fluctuation, for example.

For other factors, while not having control, per se, growers can still influence outcomes. Using the strength of numbers, producer groups like the Alberta Wheat Commission (AWC) can influence policy outcomes that are a step removed from individual operations. Policy can significantly influence profitability and is an area where grower influence is not only needed, but also encouraged.

In reality, policy is the government's role, but government must look to industry to direct it. Producer voices need to be heard as part of the wheat industry. As Kent Erickson said in his Chairman's Message, as a producer-funded and -governed organization, AWC is a strong voice for growers for policy related to wheat.

There are two notable initiatives that AWC is working on to advocate for growers and influence policy for the

betterment of industry and growers: improving transportation and reducing trade barriers.

Transportation is an issue not directly connected to growers, yet it still exerts influence on growers' abilities to market grain effectively. This past season saw the marketing efforts of many growers impeded by rail service that was notably inadequate. We saw the effects that poor service from the transportation industry had on grower profitability, as well as the future growth of the agriculture industry.

AWC's grower directors recognized a need for long-term improvement in transportation long before the transportation nightmare of 2014. At the AWC board meeting in 2013, the decision was made to help fund a study, *Enhancing the Competitiveness of the Agriculture Supply Chain Initiative*, focusing on increasing capacity for the growing demand for Canadian agricultural products. This is a step toward a transportation system based not on last year's capacity, but on demand going forward. We are efficiently leveraging AWC dollars with other grower groups, as well as the federal government, to achieve the best results to help grow capacity and meet growing demand.

Another important factor is trade barriers. Again, this represents an area where, while beyond the control of an individual grower, the grower's voice can still influence policy changes.

I'm sure we all appreciate the energy put in by the current government to reduce tariff trade barriers in many key markets, such as South Korea and the European Union. Despite these efforts, non-tariff trade barriers that can reduce the growth of the Canadian market still exist. One example is the potential for gaps in maximum residue limits (MRLs) for pesticide and herbicide active ingredients.

What is the potential risk? Let's use

the example of lentils imported into the EU. In 2010, a shipment of lentils into the EU was found to contain glyphosate residue. "No issue," you may think to yourself, "we follow the label and the residue is within accepted standards." While that may be true for North America, there was no standard limit set for glyphosate residue in lentils for the EU. The consequence is that, where no limit is set, the tolerance defaults to zero until the governing authority sets an appropriate limit. The result was significant disruption in lentil trade into the EU for more than a year.

We saw the effects that poor service from the transportation industry had on grower profitability, as well as the future growth of the agriculture industry.

Could this happen to wheat? The reality is that it could, and the subsequent disruptions in trade, while not likely permanent, could impede grower profitability and hamper our reputation and growth internationally. AWC saw the need to proactively collaborate with other commodity groups on this issue before difficulties arose. The work is just beginning, but some MRL gaps have already been noted. Our strategic goals in this area are to reduce the risk to Canadian cargo and enhance growers' access to the world market.

Effectively leveraging your AWC dollars with other commodity groups with which we share common problems, as well as with the federal government, makes sense. Speaking on behalf of growers on issues that affect your bottom line is our job. Positively influencing policy for the success of growers is our goal.

SPOTLIGHT ON RESEARCH



Lauren Comin
**Research
Manager**

The Alberta Wheat Commission (AWC) research program is structured to help support our strategic priority of investing in genetic and agronomic research initiatives that will bring value to our membership—the wheat producers of Alberta. In the 2013–14 year, AWC committed to 13 new research projects. Of these projects, five fall under the category of “genetics,” seven fall under the category of “agronomics,” and one project bridges both categories. More information on these projects can be found on the AWC website at www.albertawheat.com/research.

A large portion of AWC’s research investments are made through the Agriculture Funding Consortium (AFC), a group of commissions and other funders that review proposals from across Canada. This process begins in the early fall, with final funding decisions made in the spring.

When proposals are reviewed by the AFC, their objectives and out-

comes are compared to AWC’s priorities. Decisions are made by a committee of directors and regional representatives. For the 2014–15 crop and funding year, AWC invited members to submit the concerns they would like to see addressed through the research program via *Wheat’s Up?*, AWC’s quarterly newsletter. These concerns have helped to shape our research priorities for the upcoming funding cycle.

Submitted concerns included: fusarium resistance and prevention in all classes; effectiveness of seed treatments and variable seeding rates; fertility management; nitrogen management; quality issues in hard red spring wheat; ergot resistance and prevention; improved leaf disease resistance in all classes; non-chemical treatment alternatives for pests (wheat midge, wireworm, etc.); and resistance to abiotic stresses (especially drought, flood and cold).

These concerns will be shared with the research community to encourage work in these areas. This does not preclude work being funded in other areas—all worthwhile projects will be reviewed. AWC encourages continued involvement from its membership and welcomes producers to submit further concerns to info@albertawheat.com.

The research program looks forward to sharing information on new projects that help to address issues faced by Alberta’s wheat producers.

MEET THE AWC STAFF



Tom Steve
General Manager

Tom Steve has certainly led a diverse career. He’s moved around from broadcasting to politics and even a rock ‘n’ roll band back in the ‘70s. But he never intended to wind up back in agriculture – exactly where he started in the first place.

With his Saskatchewan farming heritage, covering ag stories in the media was a natural fit, and started his shift back to his roots.

Tom covered major events such as the debates over the future of the Canadian Wheat Board, the Crow Rate and the construction of inland grain terminals. But he officially returned to the ag industry in 1996 with the Western Canadian Wheat Growers in Saskatchewan.

Throughout his agribusiness career, Tom has held a leadership role with Agricore United, has led the grower relations program with Viterra, and most recently, he led the Saskatchewan Wheat & Barley Development Commissions as their General Manager.

Tom has worked with farmers and farm leaders throughout Western Canada and is a valuable player in the ag business. Here at AWC, staff feel lucky he chose a path leading to our organization over rock ‘n’ roll.



Variety trials at Lakeland Agricultural Research Association test plots in St. Paul.

BARLEY REPORT



**Alberta
Barley**

CHAIRMAN'S MESSAGE



Matt Sawyer
Chairman

Welcome to the October issue of *GrainsWest*, and my final message to you as the chairman of Alberta Barley.

First of all, I'd like to say that it's been an honour to serve Alberta's barley farmers, and I've been very grateful for the opportunity. As I move on to the next phase of my life, I will always recall my time as chairman with fond memories. I'm proud of the work we've done together, and I'm excited to see what the future holds for this great organization.

As I reflect on my time here, one of the most important things I've learned is that nothing is more critical to the success of a commission than the trust it builds with its members.

The way we establish and deliver on that trust is by showing you, the farmer, how we are spending your money. At Alberta Barley, we take no other responsibility more seriously than that of investing your provincial check-off dollars.

I've said it many times before, but it still rings true: what we do would not mean anything without the support of Alberta's barley farmers.

Our members' interests determine everything we fund. That is why we believe in grassroots democracy, and constantly solicit opinion on our priorities and direction. We have heard your voice, and are spending money

in the areas that you believe in.

For this reason, the majority of our dollars go towards research and market development. These are the areas that establish and secure the agricultural future of the barley industry. In order to create a brighter future for ourselves, we have to invest in it.

Over the next couple of pages in this update, you will read about Alberta Barley's finances, including details of our financial management structure and how we allocate funds for important initiatives like trade missions. As you'll see from these updates, we take every opportunity to be transparent and open about everything we do. That's how you build trust, and that's how we plan to keep yours.

Thank you for letting me serve you all. I look forward to connecting with you down the road.

Sincerely,



GENERAL MANAGER'S MESSAGE



Lisa Skierka
General Manager

Over the past few years, the staff at Alberta Barley have worked diligently to provide greater accountability and clarity to our farmer members.

Under the leadership of our board of directors, and in conjunction with our finance and audit committee, we have developed extremely strong best practices and accounting standards. However, our accuracy and

accountability would mean very little if we were not open and straightforward about the work we do, and the model we do it under.

In the past three years, we have gone from a staff of six, supported by contractors, to a staff of 17 who handle the majority of our projects and priorities in house.

This seems like a lot of people, but that's where our model gets interesting: three of our accounting staff are shared employees with the Alberta Wheat Commission (AWC), as are the two staff who work on *GrainsWest* magazine. We also share staff with the Barley Council of Canada (BCC) and the Western Canadian Deduction (WCD), while running two major federal grants totaling more than \$11 million. No one in our office does just one job—instead, we look at supporting projects and priorities as sensibly as possible.

We do this while also supporting the Canadian Agri-Food Trade Alliance, the Feed Coalition and Grain Growers of Canada—three groups we work with closely in order to better represent your interests regionally, nationally and internationally.

Our top financial team also supports the AWC, the BCC, the Feed Coalition, *GrainsWest* and the WCD. Most recently, they have taken on our AgriMarketing Program grants, as well as the national barley research cluster.

Questions and comments are always welcome, as we want our work to make good financial sense to you. That said, with refund requests decreasing to five per cent for the past fiscal year, it looks like the word is already out.

TRADE MISSIONS

Building Markets and Relationships

Canadian agriculture depends on international trade—in fact, nine out of 10 farms across Canada rely on export markets.

With that in mind, it's important that organizations like Alberta Barley serve current markets and work to establish relationships in new and emerging ones.

"Trade missions allow us to gain valuable knowledge about export markets and increase opportunities for farmers," explained Alberta Barley Region One director-at-large Glenn Logan, who attended the Gulfood



From left to right: Shiori Naruke, Itochu Co.; Jay Han, Food and Bio Processing Division of Alberta Agriculture and Rural Development (AARD); David Anderson, Alberta Japan Office – AARD; Linda Malcolmson, Canadian International Grains Institute (Cigi); Linda Whitworth, Alberta Barley Commission and Barley Council of Canada; Chad Fleck, Embassy of Canada in Japan; Elaine Sopiwnyk, Cigi; Tsuneto Sasaki, Embassy of Canada in Japan; Lana Gudmundson, International Relations and Marketing Branch of AARD in Japan, on May 26, 2014.

trade show in Dubai, United Arab Emirates, in January of this year.

While this seems like a simple process on paper, establishing relation-

ships and contracts with international partners takes many trips between countries and requires an effective use

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FINANCE UPDATE



**Syeda
Khurram
Finance and
Human
Resources
Manager**

Here in the finance department, our number-one priority is always to responsibly and accountably handle your check-off dollars, while giving you the most “bang for your buck” when it comes to your valuable investment. As a not-for-profit organization run by farmers, for farmers, it is our obligation to keep you informed of how your check-off dollars are being put to work to fuel important barley research and market development.

To that end, I would like you to rest easy knowing that our team of accredited professionals and financial experts are continuously working hard to add value to barley production, and we are proudly accountable for every dollar spent.

We have been running the Western Canadian Deduction (WCD) program successfully for the last two years now. In just the past year, we have seen a decrease in refund requests as this temporary program started earning the respect of farmers. This demonstrates the excellent communication we have had with farmers and grain dealers from across Western Canada. Through active engagement, we continue to talk openly with farmers about the importance of the WCD program and the three organizations the WCD supports.

This success echoes Alberta Barley's efforts provincially. Over the past three years, our refunds have decreased

from eight per cent in 2011 to five per cent in 2014. I believe this is because all of our external communications initiatives are focused on demonstrating that by supporting farmer-focused research, supported by a strong market development plan, we are moving our industry forward. The reduced refund rate is a testament to how effectively we have communicated that value.

Our finance committee continues to meet three times each year. For the past two years, this committee has initiated and completed a successful annual spot audit to ensure the accuracy and transparency of the financial information that is presented to our board of directors. During the spot audit, committee members arrive at the office with a list of items for review, from credit card statements to research contracts. It is the accounting department's responsibility to have the organization's paperwork in order at all times, so we pull the documents and provide them to the committee members to review. I would recommend a spot audit to any not-for-profit organization that wants to have the best possible financial processes in place.

The finance committee's membership includes chair and Region Four director Bernie Klammer, Region One director Greg Stamp, Region Two delegates Shawn Gorr and Doug Miller, General Manager Lisa Skierka, and myself (finance and human resources manager Syeda Khurram) as the staff lead. This year's spot audit was successfully performed in March, reflecting our commitment to producing transparent financial information for our members.

Over the past two months, the FYE 2014 audit was ongoing while at the same time we were implementing the budget for the 2015 fiscal year.

Our goal for the upcoming fiscal year is to invest in people. Here at Alberta Barley, the professionals in our

finance department continue to prove that they are capable of great things. In addition to the Western Canadian Deduction, we have been able to successfully take on responsibilities related to the AgriInnovation Program and the AgriMarketing Program. By keeping these functions in-house, we have been able to more efficiently handle check-off dollars, protecting farmers' money and ensuring it is spent wisely.

As of Oct. 1, we have also taken management of the Alberta Barley, Alberta Wheat Commission and Western Canadian Deduction levies in-house. After working with Levy Central out of Saskatoon for the past couple of years, we realized that we could simply provide this service at a lower cost by doing it from our own offices.

As a not-for-profit organization run by farmers, for farmers, it is our obligation to keep you informed of how your check-off dollars are being put to work.

Our financials are a living document of Alberta Barley's performance. Each dollar and each cent tells the story of our work on your behalf. We take the responsibility of investing your check-off dollars very seriously, and this is reflected in the care and diligence we exercise while allocating those dollars to meet your goals and expectations. I am proud to say that we have great board members, great committee members and great staff in place to work for you and to ensure that our actions reflect the organization's vision and mission.

I look forward to continuing to invest my financial expertise and leadership skills in Alberta Barley in order to raise barley's profile and make the industry more profitable and sustainable for the future.



GoBarley, continued from page 2

of limited resources. This is why Alberta Barley works to minimize trade mission costs while maximizing the opportunities for barley farmers.

Or, as Logan put it, “When we go on trade missions, we work to give barley farmers the biggest bang for their buck.”

At Alberta Barley, this is accomplished by leveraging farmer investments with funding from other resources. These valuable resources include government programs (through initiatives such as *Growing Forward 2’s* AgriMarketing Program) and other organizations, including the Canadian International Grains Institute (Cigi).

For example, the AgriMarketing Program helped fund a trade mission to the Seoul Food trade show in South Korea in May 2014. This paid off, as Caitlan Carver, public relations coordinator for Alberta Barley and the Barley Council of Canada, attended the show with the aim of gathering market intelligence for barley opportunities in Korea.

“It takes years of work to develop those relationships,” said Carver, who has received many inquiries about Canadian barley following the trip. “This is why introductory trips like this are critical. It is so important to start early.”

STANDARD TRADE MISSION COSTS

January 2014, Gulfood show in Dubai, United Arab Emirates*

| | |
|---|----------------|
| Two flights (staff member and board member) | \$3,900 |
| Two per diems (includes all food and hotel costs) | \$5,600 |
| Two event registrations | \$100 |
| Total | \$9,600 |

March 2014, ExpoANTAD in Guadalajara, Mexico*

| | |
|---|----------------|
| Two flights (staff member and board member) | \$1,400 |
| Two per diems (includes all food and hotel costs) | \$4,000 |
| Two event registrations | \$300 |
| Total | \$5,700 |

*Alberta Barley covers half of these costs; the remainder is funded through the AgriMarketing Program.

Since the Seoul Food show occurred during seeding this past spring, we were not able to send a farmer representative. Thinking outside the box, Carver decided to bring the trade show back home by producing a video on-site. The video can be viewed online at GoBarley.com.

As you’ll see in the video, now is the perfect time for Canadian organizations to invest in trade missions to emerging markets such as South Korea.

With the anticipated implementation of the Canada–Korea Free Trade Agreement (CKFTA) on the horizon, it is imperative that organizations like Alberta Barley have an established presence there. The CKFTA is expected to result in considerable benefits for the beef and pork industries. Canada’s barley industry will reap the rewards of this, as over 80 per cent of harvested barley goes toward feed production for livestock.

Canadian malting barley is also popular in Korea, and is known for its high quality.

The potential boom for the hullless or “food” barley market also makes South Korea an important destination for trade missions.

“South Korea is the gateway to the rest of Asia,” added Carver. “Once a product becomes popular in South Korea, a domino effect takes place in other Asian countries where demand continues to grow.”

MEET THE STAFF



Syeda Khurram
Finance and Human Resources Manager

Syeda Khurram is the finance and human resources manager for Alberta Barley, the Alberta Wheat Commission (AWC) and the Barley Council of Canada.

Since joining Alberta Barley in 2011, Khurram has successfully implemented numerous organizational procedures and policies, including a human resources system for Alberta Barley and the AWC. In addition to her day-to-day finance work, Khurram also manages the Western Canadian Deduction, and is the treasurer for the *GrainsWest* Publications Society.

As a child, Khurram dreamed of becoming an investigator. This dream combined with her love of math led her to York University in Toronto, ON, where she studied accounting and finance. Since graduating with a bachelor’s degree in 2006, she has worked in a variety of positions of increasing seniority. Her next goal is to complete an executive MBA.

In her free time, Khurram enjoys reading, listening to classical music and spending time with her husband and their five-year-old son.