



Alberta
Barley



2017-18 ANNUAL REPORT

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Vision

A vibrant and innovative industry that unlocks the entire potential of barley.

Mission

To advance the interests of Alberta barley farmers through leadership and investment in innovation and development.

Value Proposition

- ✓ Your farm, your voice
- ✓ Farmer-focused research
- ✓ New markets, new opportunities
- ✓ Raising barley's profile
- ✓ Prudent money management

Objectives

- 1. Drive development of a sector wide barley strategy to create a vision for the next five years**
 - Value chain alignment is critical to establish sector wide targets for the next five years and further into the future.
- 2. Instigate development of a national research plan for barley**
 - Focus research and maximize positive outcomes from research investments
- 3. Facilitate the adoption of new malt barley varieties**
 - Improve net returns to farmers
 - Maintain the Alberta malt quality advantage through breeding and adoption
- 4. Develop barley value proposition for the livestock sector**
 - Improve demand for barley, leverage opportunities as improved market access internationally grows demand for Alberta beef and pork
- 5. Improve on record of engagement with Alberta barley growers**
 - Demonstrate value added by Alberta Barley
 - Improve feedback mechanisms for stakeholders
- 6. Support strengthening of the Barley Council of Canada**
 - Stronger message and more efficient use of resources on national initiatives
- 7. Support agricultural policy development initiatives**
 - Engage with provincial and federal governments on policy topics that affect Alberta barley growers



CHAIR'S MESSAGE

Jason Lenz

This time of year allows us to reflect on the past growing season. We consider what we have accomplished and where we could do more. What we know is that it was certainly a year of extremes on our farming landscape. We dealt with both a severe drought in many parts of the province and once again faced a prolonged harvest that diminished crop quality and profitability. Through all of this we remain resilient, persistent and optimistic on next year's crop and how we can become more efficient and profitable. This same passion and persistence are also shown in the boardroom at Alberta Barley. Our dedicated and knowledgeable Board of Directors made some significant and forward-thinking decisions that will continue to guide this organization and allow it to continue to do what it is mandated to do: 'Grow profitability of Alberta's Barley growers and promote the best Barley in the world.'

One of those decisions was to fully integrate the management and staff of both Alberta Barley and the Alberta Wheat Commission. While this was a welcomed and appreciated change for our staff, it certainly allowed for significant cost savings and overall efficiency of what was already a very capable and hard-working group. We must thank Tom Steve for his leadership and guidance throughout this integration and to our staff for showing such great flexibility and ability to take on a new challenge within this new structure.

As one of the leading organizations in the ag sector, we will continue advocating for improvements throughout our own value chain but also to work collaboratively with our industry partners to improve the bottom line for all our industry stakeholders. This work is being done by the Canadian Barley Roundtable and Barley Working Group. This work will identify industry partners who will lead the important functions needed by the barley industry. Once this process has been completed, it will enable the industry to put the 'action' in the Barley 'Getting to Growth Action Plan'. Getting to Growth lays a comprehensive roadmap that will serve to continue building a value proposition for Canadian barley – from farmer through to end-user. You can read more about this on page 12.

One of the targeted efforts within the action plan involves continued investment in research. Alberta Barley is already taking an active role in contributing to this vital industry function. As a farmer, I always look forward to seeing new varieties come to market that could result in improved agronomics and higher yields. This year, we were proud to see several new Alberta Barley-funded malt barley varieties registered through the Growing Forward 2 Barley Cluster with work taking place at the Field Crop Development Centre (FCDC) Lacombe, the Crop Development Centre (CDC) in Saskatoon and at the AAFC Station in Brandon Manitoba.

With GF2 ending, Alberta Barley also participated in strategy development for the new barley cluster under the Canadian Agriculture Partnership (CAP) program which will take place from 2018-23. We look forward to seeing projects funded that range from variety development of malt and feed barley, agronomic management, pathology, and strengthened end-use. More information about Alberta Barley's role in supporting our research community can be found on page 8.

As always, we will make it a priority to extend information about these, and other Alberta Barley-funded projects. Farmers can look forward to reading about this topic in our brand new 'Spotlight on Research' publication that will be released in January as an insert in our joint newsletter, *The Grain Exchange*. You can read more about both of these new initiatives on page 26.



What we know is that it was certainly a year of extremes on our farming landscape.”

Policy Advocacy remains one of our key priorities. We consistently press for farm policy that aligns with your goals to increase profitability and sustainability. We do this through direct interaction with all levels of government, often alongside our Team Alberta partners – the Alberta Wheat Commission, Alberta Canola and Alberta Pulse Growers. One of the major political wins for our sector this year was the passing of Bill C-49, the Transportation Modernization Act, which paves the way for a more competitive and reliable rail transportation system in Canada. Alberta Barley has pressed for rail reform for many years alongside our industry partners. Bill C-49 includes reciprocal penalties and improved longhaul interswitching – competitive measures that will hold the railways to account – both of which Alberta Barley long advocated for.

Better Canadian rail transportation directly serves Canadian exports. And on that note, we look forward to seeing both the United States-Mexico-Canada [USMCA] agreement and the Comprehensive and Progressive Trans-Pacific Partnership [CPTPP] come into effect, both of which offer significant market opportunities for Canadian barley. As part of the NAFTA renegotiations that led to the USMCA, I was extremely proud to represent Canadian barley farmers in a hearing held by the House of Commons Standing Committee on International Trade where I emphasized the continued need for open access to key international markets as the cornerstone of farmer and value-added processors' success. Alberta Barley saw the renegotiation as a unique opportunity to advocate for improvements to the trading relationships between the three nations.

This is a short snapshot of some of the areas that I am particularly proud of the work being done by Alberta Barley. Please read through this annual report as I know it will provide you with a comprehensive look at the work our new management team is leading under our board's direction.

As I enter my final year as a director for Alberta Barley, I too, look back at the challenges we have met head on, the stability we have created and more importantly the benefit that this will show back to barley producers in the long run. I personally want to thank my fellow directors, our engaged delegates and once again, our passionate staff for accomplishing everything we set out to do that benefits Alberta's barley farmers. There's still a lot more work to do for us to maintain our status as one of the best barley growing regions in the world and I firmly believe we have the organization that will lead the way.

Thank you and I look forward to seeing you at the Prairie Cereals Summit in Banff on December 12-13.



GENERAL MANAGER'S MESSAGE

Tom Steve

In September of 2017 I was honoured to be asked by the boards of Alberta Barley and the Alberta Wheat Commission to embark on something truly ground-breaking. Following a change in leadership at Alberta Barley we started discussing the idea of amalgamating the management teams of the two commissions.

You'll read more about the process we developed later in this annual report and I am proud to say it has been an overwhelming success. Where we previously had two commissions with somewhat different cultures in our shared office we now have a unified team.

Increasingly our major program areas – research, government relations & policy, markets, communications, grower relations & extension – are operating on a single platform. The Prairie Barley Summit is now the Prairie Cereals Summit and we have launched a joint newsletter, the *Grain Exchange*. The majority of our press releases on policy issues are a collaboration.

We still have separate brands and initiatives that are barley or wheat specific, but by joining forces we have so much more capacity to put producer check-off dollars to work.

Integrating the management teams has also resulted in significant synergies and cost savings for both commissions as our overall staffing requirements have been reduced.

Of course, an undertaking like this requires a commitment from everyone and we certainly had that from day one.

I would like to thank a few people who were instrumental in our success. First, our CFO and Director of HR Syeda Khurram who helped me design and execute the integration process. In addition, our Executive Committee of Chairs and Vice Chairs of the two commissions – Jason Lenz and Dave Bishop of Alberta Barley, Kevin Auch

[whose term ended in February 2018], Kevin Bender and Gary Stanford of AWC. Your vision and support truly made this experiment possible.

I would also like to thank the staff in the office for their cooperation and patience throughout the integration process. It is a pleasure to come to work in an office environment where everyone is committed to our shared success.

So, what are the major priorities in the world of Alberta Barley?

Capitalizing on growing market potential and rebuilding barley acres in the province is at the top of our list. In this annual report you will read about Getting to Growth: A western Canadian barley action plan. We are already experiencing growing demand from China and ratification of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) has the potential to restore access to the Japanese market.

We are also examining the structure of the barley value chain and looking for efficiencies through a process initiated by Alberta Barley and the Saskatchewan Barley Development Commission. The process grew out of the fact that we have a number of barley organizations in Canada that in some cases could be doing a better job of coordinating their efforts and eliminating overlap.

Expect to hear more about this project in the coming year.

The success story of the Craft Brewing Industry in Alberta and the linkage to the farmers who grow the best barley in the world also remains high on our priority list.

After years of declining acres and lacklustre markets we may be on the cusp of a barley renaissance and we are determined to be poised to take advantage of it. Thanks to all – directors, staff, barley producers and our many industry partners - for helping us make it a reality.

BOARD OF DIRECTORS



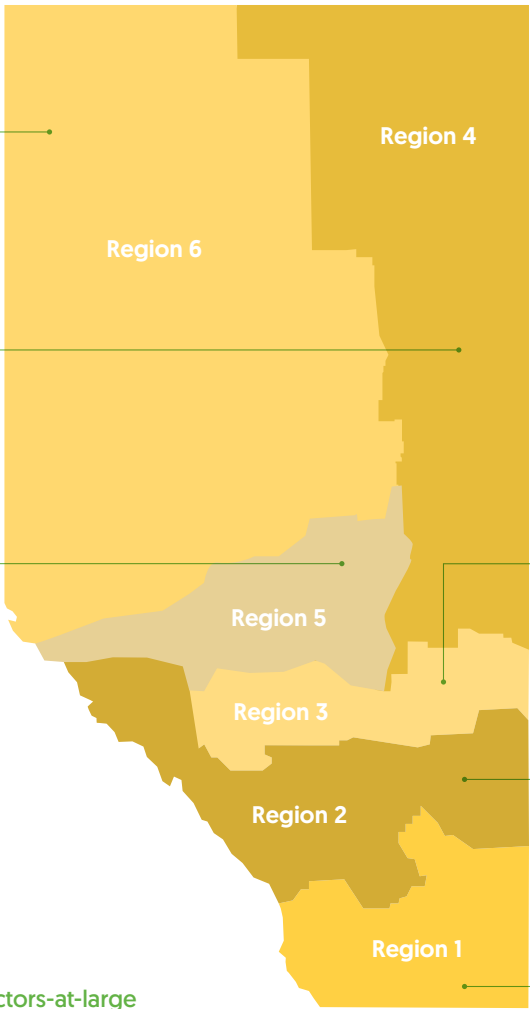
Brent Konstapel



Neil Gorda



Bryan Adam



Jason Lenz
Board Chair



Jeff Nielsen



Dave Bishop

Directors-at-large



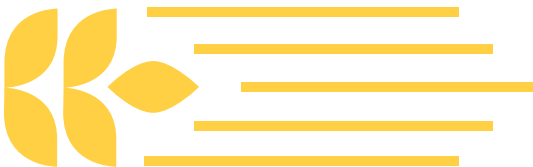
Brian Sewell
Director-at-large



Shane Debock
Director-at-large



Terry James
Director-at-large



ALBERTA WHEAT AND BARLEY COMMISSIONS JOIN TOGETHER UNDER INTEGRATED MANAGEMENT STRUCTURE

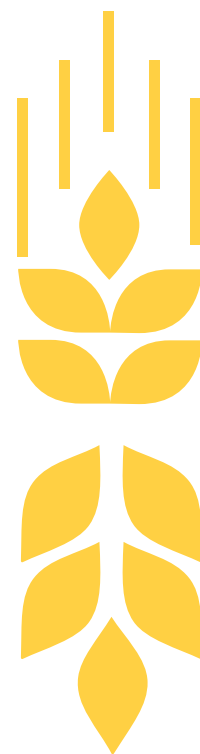
The 2017-18 year marked a significant step forward for the Alberta Wheat and Barley Commissions' "Better Together" mantra. In the fall of 2017, both boards approved a project to assess the feasibility of amalgamating their management teams over a four-month trial period. As part of this project, Alberta Barley appointed Tom Steve as interim general manager in addition to his role as Alberta Wheat Commission's general manager, creating a new shared leadership structure reporting to both boards.



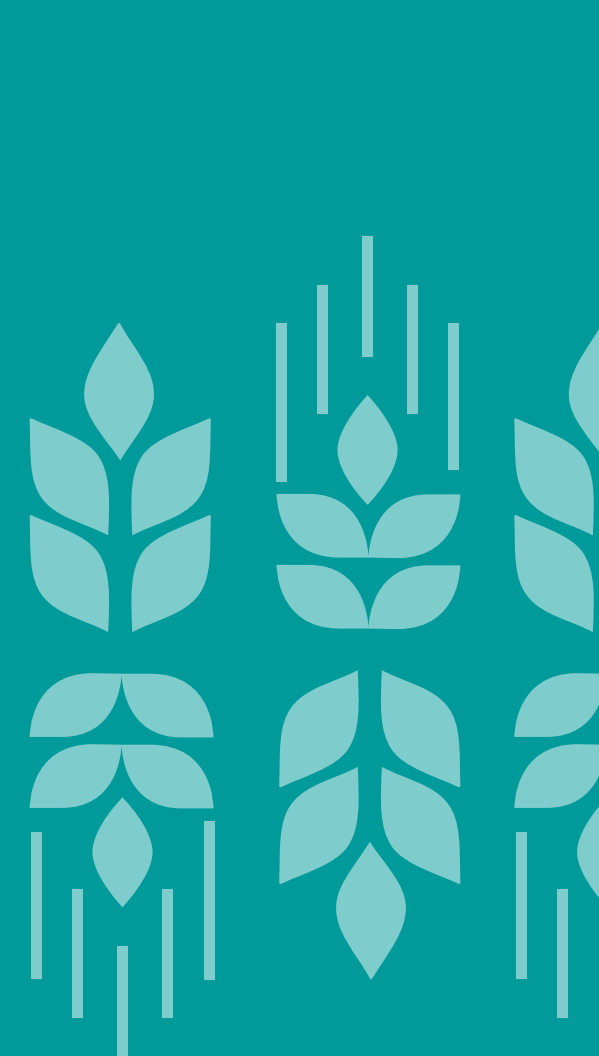
The move was aimed at streamlining the commissions' collaborative relationship and increasing efficiencies to better serve Alberta's wheat and barley farmers. The integrated management structure was the logical next step since the commissions had been sharing an office space, as well as finance, HR and administrative staff – not to mention significant projects and initiatives – for several years leading up to the transition.

Following the successful pilot project, both boards officially approved the shared management structure and the plan was formally announced at the Alberta Wheat Commission AGM in January 2018 as well as through a joint press release. After the complete development of the shared structure, staff officially started in their shared roles in June 2018.

From the conception of this project through to the implementation of the new operating model, the work was led by an executive committee consisting of the chairs and vice-chairs of the commissions, as well as the general manager and chief financial officer and director of human resources. The executive committee oversaw the due diligence process throughout, resulting in the development of measures of success. Overall, the executive committee determined that the new model would result in administrative cost savings of seven per cent which translates to \$350,000 in annual savings for Alberta's wheat and barley farmers.

With the new model formally in place, the commissions are now fully functioning as a shared management team operating under a culture of collaboration and excellence on behalf of wheat and barley farmers.





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RESEARCH

Investing in research to create high performing varieties and advanced agronomic practices

Preserving barley as a competitive crop in Alberta through innovative agronomic and genetic research is a top priority of the commission and is therefore Alberta Barley's largest annual investment. Investments into research projects focusing on breeding for higher yield, better disease resistance, improved agronomic performance and better end-use quality will drive the barley industry forward. Venturing into new and improved agronomic management practices to support superior genetics will also contribute to barley's success. Research directly impacts farmers resulting in higher return on investment and profits for Alberta barley producers, ultimately increasing barley acres.

Closing Growing Forward 2

2017-18 was significant for the research portfolio as we saw the wrap up of the five-year Growing Forward 2 (GF2) AgriInnovation Project in March, 2018. The goal of the GF2 barley cluster project was to accelerate the development of all barley classes through the adoption of best practices in technology, crop management, breeding and genetic techniques, and the development of new value-added market applications. For more information and results of the 27 projects included in GF2, refer to our website at www.albertabarley.com.

GF2 highlights

The Crop Development Centre (CDC) Saskatoon received support for registration of four malting barley varieties:

- CDC Fraser (TR12135)
- CDC Goldstar (TR13812)
- CDC Copper (TR14150) and
- TR15155

The Field Crop Development Centre (FCDC) in Lacombe registered the malting variety Lowe, while TR16629 is in its final year of testing and support for registration is anticipated in 2019.

Marker testing technology, known as Single Nucleotide Polymorphism (SNP), was developed for distinguishing two-row malting barley varieties. This advancement will help in barley varietal purity testing services.

Two new hulless food barley varieties, CDC Ascent and HB12321, were registered by the Crop Development Centre (CDC) Saskatoon.

Gearing-up for the Canadian Agriculture Partnership

With the GF2 program nearing its close we began to strategize for the next five-year barley cluster from 2018-23 under the Canadian Agriculture Partnership (CAP). The objective of the CAP programming is to accelerate the pace of innovation by providing funding and support for pre-commercial science activities and cutting-edge research that benefits the agriculture and agri-food sector and Canadians as stated by Agriculture and Agri-Food Canada (AAFC).

On behalf of the industry funders, the Barley Council of Canada (BCC) serves as the administrator of the CAP National Barley Cluster. The application process began back in 2016. Projects within the barley cluster range from variety development of malt and feed barley, agronomic management, pathology, and end-use. Selected proposals were incorporated into the final application to the CAP program.



Ag Funding Consortium

In addition to cluster projects, Alberta Barley also funds independent projects under the Agriculture Funding Consortium that specifically target and will benefit Alberta barley growers.

Determining the critical traits associated with lodging in a set of elite breeding lines and Canadian barley varieties.

Principal Investigator: Dr. Joseph Nyachiro



**Alberta Barley contributed \$35,000 to a total of \$175,500
in industry funding
Timeline: 2018-2021**

The overall objective of this three-year project is to identify the critical varietal traits associated with lodging in a set of elite breeding lines and Canadian barley varieties. With the focus being on western Canada's barley growers and narrowing the scope to the most select varieties, the goal is to identify the lodging traits that hinder farmers' profitability. This project is a collaborative effort with FCDC in Lacombe and InnoTech Alberta researchers.

Direct funding through Alberta Barley

Besides the Agriculture Funding Consortium, Alberta Barley also directly funds projects when new research priorities arise.

Plant Growth Regulators for cereal crops

Principal Investigator: Dr. Linda Hall



**Alberta Barley contributed \$15,717 to a total of \$203,717
in industry funding
Timeline: 2018-2019**

Cereal height has proven to be an important trait closely linked with yield. The taller the crop, the more susceptible it is to lodging, therefore jeopardizing a strong yield and ultimately profitability. A shorter crop height has become a sought-after varietal feature in Alberta as there are many highly productive agriculture environments where crops tend to thrive and grow, yet yield is jeopardized due to lodging. For this project, the objective is to reduce barley lodging through the application of Plant Growth Regulators (PGRs), an agronomic technique that will support a short-straw crop.

EXTENSION INITIATIVES

Alberta Barley invests in grower extension initiatives to provide farmers with numerous resources and tools focused on Alberta crop production. Alberta Barley, along with the Alberta Wheat Commission, Alberta Pulse Growers and Alberta Canola, provides core funding to Applied Research Associations [ARAs] throughout the province for extension events and activities that are beneficial to farmers. This year, Alberta Barley supported two soil health workshops; one organized by North Peace Applied Research Association [NPARA] with speakers including the well-known Gabe Brown and the other workshop organized by Lakeland Agricultural Research Association [LARA]. Alberta Barley also supported LARA hosting two farm succession planning workshops in Smoky Lake County and Bonnyville, as this is a topic of interest to our farmer-members.

Demonstration sites & plots

Alberta Barley has two demonstration plots showcasing superior barley varieties in diverse environments under different management practices. This allows us to display their advantageous traits through crop walks and plot tours. Alberta Barley is able to accomplish this through partnering with ARAs.



Oyen, AB

- Fertility trial on malt and feed barley
- Partnered with Chinook Applied Research Association [CARA]

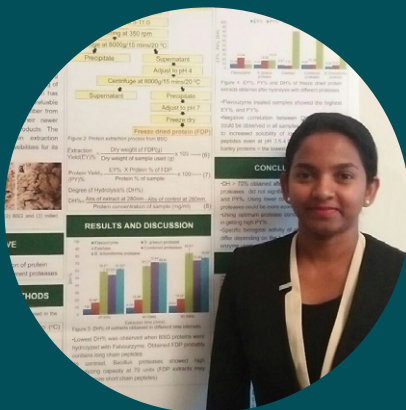
The main objective of this trial was to use different fertilizers on malt and feed barley to analyze their effect on yield and end-use quality.



Manning, AB

- Local variety performance trials on malt and feed barley
- Partnered with North Peace Applied Research Association [NPARA]

This trial analyzed the agronomic performance of the varieties including disease resistance, estimated yield and stand strength.



The Alberta Barley scholarship

Every year Alberta Barley awards up-and-coming scientists with \$6,000 worth of scholarships to pursue their academic goals. Applicants submit their projects and the Alberta Barley research committee selects the recipient based on the projects having potential to make a significant impact on Alberta barley producers.

The 2018 recipient of the Alberta Barley scholarship is Ranithri Abeynayake from the University of Alberta (U of A). Ranithri obtained a BSc. in Food Science and Technology and MSc. in Food and Nutrition from University of Peradeniya, Sri Lanka. She is currently studying for her MSc. in Agriculture, Food & Nutritional Science. Her research focuses on development of bioactive peptides from brewers' spent grain. This project is expected to bring significant economic benefits to barley growers, brewers and the nutraceutical and feed industries.



With an increase of barley acres comes the confidence and supply to ensure Alberta can seize the opportunity of growing global barley demand.”



The next chapter: growth

Alberta's barley sector is at a fork in the road. With barley acres decreasing, yet global opportunities increasing, our industry has identified that now is the time to commit to growth as a unified value-chain. Where does research come in? Research is at the forefront of the Getting to Growth strategy as discussed on page 12-13. Getting to Growth explains that our industry must push for variety acceptance and innovation in our agronomic traits to ensure not only that barley remains a viable option for grower profitability but also to see acres grow. With an increase of barley acres comes the confidence and supply to ensure Alberta can seize the opportunity of growing global barley demand.

ALBERTA BARLEY MARKETS

Strengthening existing barley markets and growing new potential

Getting to Growth: A western Canadian barley action plan

Getting to Growth is a western Canadian barley action plan that outlines the strategic path for advancing the barley industry both domestically and internationally. Initiated by Alberta Barley, the plan was developed collaboratively with stakeholders across the barley value chain with the goal of increasing global competitiveness. The barley value chain rallied behind the need to ensure barley remains a viable and profitable option for farmers to ensure supply, while simultaneously ensuring that end-use market demand continues to grow.

The development of the action plan involved two key activities:

- 1 The development of a market analysis and,
- 2 The creation of a framework outlining three core objectives for growth in our sector along with strategies and tactics to achieve these goals.

Market analysis – where are we now

Through Getting to Growth consultations, we recognized that in Western Canada we have ideal growing conditions to produce high quality barley. Our product is strongly valued amongst our diverse end-users from brewers and maltsters to livestock producers both domestically and internationally. However, we face industry obstacles such as slow turnover of malting varieties driven by sustained demand for older varieties and competitive pressures from other crops due to declining agronomic performance of these varieties. Furthermore, we identified priority opportunities that we can seize and from there, build a roadmap aimed at long-term growth.



Our product is strongly valued amongst our diverse end-users from brewers and maltsters to livestock producers both domestically and internationally.”

Growth trends – where are we going

An upward trend in global demand for high quality barley, particularly in China, potential to recapture market share in Latin America and other Asian markets, growth in the craft/all beer market in North America and continued value for barley supply and price by domestic livestock feeders are just a few of the many opportunities we aim to seize.

As a united value chain, the barley industry agreed that in order to maximize our industry's growth, it's essential to focus on simultaneously advancing three key industry areas: **supply, demand and acceptance.**



Supply: Bolster industry investment and focus on agronomic development to increase seeded acres.



Demand: Strengthen our ability to serve existing markets and develop new markets in both feed and malt sectors.



Acceptance: Develop an integrated variety acceptance strategy to advance the transition and acceptance of new barley varieties and focus research dollars accordingly.

Alberta Barley is excited to continue to work with our partners in implementing this action plan as well as communicating it to farmers. We are confident that through this robust strategy outlined in *Getting to Growth*, our industry will see progress resulting in profitability amongst the barley value chain. Farmers can review the full action plan by downloading a copy of *Getting to Growth* at www.albertabarley.com.



Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

On October 25, 2018, Alberta Barley welcomed the news that Bill C-79 passed in the House of Commons and Senate, allowing for the Canadian ratification of the CPTPP. Once ratified, the CPTPP has the potential to unlock significant international trade opportunities for Canadian barley farmers through the reduction or elimination of tariffs and quotas for feed, food and malt barley.

With Bill C-79 now in place, Canada could ratify by the end of the year locking in a full year's head start on the reduction or elimination of tariffs. It would also secure Canada's place as one of the first six countries to join the agreement ensuring Canada is among the first wave of countries to enjoy preferential market access.

Once the CPTPP is in place, Canadian barley exports through this agreement could total an additional 400-500 thousand tonnes and \$100 million in increased revenue through direct exports and through domestic feed and malt processing demands to countries in the CPTPP zone.

The agreement would offer a mechanism to regain Canada's market share in Japan after seeing a 75 per cent loss between 2012 and 2015 due to Australia's free trade agreement with Japan. Removal of tariffs on beef imports to Japan would also stimulate the domestic feed barley market.

How did Alberta Barley get involved?

- ✓ Alberta Wheat and Barley Commissions developed an industry-wide support letter to Premier Notley encouraging the Government of Alberta's support for the CPTPP.
- ✓ Alberta Barley expressed our support to Minister Chrystia Freeland through a Team Alberta correspondence and meetings with Ministry staff.
- ✓ As part of Team Alberta, Alberta Barley issued a joint submission to Global Affairs Canada as part of their Consultation on Canada's approach to trade.
- ✓ The Alberta Wheat and Barley Commissions submitted a joint letter to Prime Minister Trudeau encouraging the Government of Canada to move forward on the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).
- ✓ Alberta Barley directors, along with several other Alberta crop commission directors, met with Trade Minister Francois-Philippe Champagne at a roundtable in Calgary to provide farmer feedback on the trade deal.
- ✓ The Alberta Wheat and Barley Commissions issued a press release the day the CPTPP was signed in Chile pressing for quick passage in the House of Commons to ensure Canada could be among the first group of countries included when the trade deal takes effect.
- ✓ The Alberta Wheat and Barley Commissions welcomed the passage of Bill C-79 with a press release thanking the House of Commons and Senate for their quick action on this file.

At the time of writing, signatory countries that have ratified or are close to ratifying the CPTPP include Mexico, Japan, Singapore, Australia and New Zealand. The full potential of this agreement also includes Peru, Malaysia, Vietnam, Chile, and Brunei Darussalam. Together, countries within the CPTPP zone represent a market of 500 million people and 13.6 per cent of the global GDP.





NAFTA Renegotiations welcome the United States Mexico Canada Agreement (USMCA)

The renegotiation of NAFTA offered the opportunity to make improvements to Canada's trading relationship with the U.S. and Mexico and could facilitate even more cross border movement of barley and other grains. Throughout the NAFTA renegotiations, Alberta Barley advocated on behalf of barley farmers, communicating the continued need for open access to key international markets as the cornerstone of farmer and value-added processors' success. The U.S. and Mexico are among the most important of barley export markets with the U.S. being the second largest market for Canadian barley and the U.S. and Mexico respectively being the first and third largest markets respectively for Canadian malt. Alberta Barley saw the renegotiation as a unique opportunity to advocate for improvements to the trading relationships between the three nations.



How did Alberta Barley get involved?

- 1 We participated in the federal government's consultation on the renegotiation and modernization of NAFTA through a submission that advocated for the following:
 - **Duty-free access:** advocated for continued free flow of tariff free goods throughout NAFTA countries.
 - **Sanitary and Phytosanitary (SPS) regulations:** these measures were aligned through NAFTA, meaning that the three countries are able to choose their own level of appropriate protections through SPS measures provided they are based on scientific principles and a risk assessment and do not result in unfair barriers to trade. Alberta Barley advocated for SPS regulations to stay in place while also offering further recommendations that could improve these measures.
 - **Other non-Tariff Barriers:** advocated for measures to remain in place that protect member countries against non-tariff barriers that could restrict the flow of trade.
 - **Rules of origin:** advocated for measures that ensure that only NAFTA countries are able to benefit from the agreement's duty-free access.
- 2 Jason Lenz, Alberta Barley Chair, appeared in front of the House of Commons Standing Committee on International Trade where he further emphasized the value that this trade deal would have for Canadian barley farmers including the measures above.



NAFTA becomes the United States-Mexico-Canada (USMCA) Agreement

October 1, 2018 marked the successful conclusion of the NAFTA renegotiations. With this conclusion, the United States Mexico Canada Agreement (USMCA) now replaces NAFTA, securing continued access for Canadian barley to the U.S. market where exports average roughly 183,000 tonnes per year. Alberta Barley welcomed the new agreement with a joint press release with the Alberta Wheat Commission and shared insights from the barley industry's perspective to various media outlets.

Western Canadian Barley Chinese Delegation Tour

With increasing interest in Canadian malting barley from Chinese customers – currently Canada's largest export market for malt barley – the Canadian Malting Barley Technical Centre (CMBTC) saw an opportunity to host a tour to showcase the Canadian crop to a delegation of Chinese buyers. Alberta Barley co-sponsored the tour with SaskBarley, which included 15 representatives from six of China's largest malting and brewing companies, including Tsingtao, China's second largest brewer. The tour was not only an opportunity for these buyers to make connections throughout the Canadian barley value chain but also provided the invaluable experience of seeing Canadian barley growing practices first-hand.

The Alberta leg of the tour consisted of a visit to Alberta Barley director Jeff Nielsen's farm, then on to Banff where the delegates met with local brewers and sampled some Canadian product made with locally grown barley.

In recent years, China's purchases have been primarily AC Metcalfe and CDC Copeland so this tour was an opportunity for the buyers to see newer varieties such as AAC Synergy, CDC Bow and AAC Connect. The Getting to Growth action plan outlines the need to see better variety acceptance from our global customers in order to increase profitability for Canadian growers. This tour was an excellent opportunity to move forward with this aspect of the action plan by directly showcasing new varieties to potential purchasers.



Alberta Barley co-sponsored the tour with SaskBarley, which included 15 representatives from six of China's largest malting and brewing companies, including Tsingtao, China's second largest brewer."





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A Message from the Canadian Malting Barley Technical Centre

By: Peter Watts, Managing Director

The 2017-18 marketing year was an exciting one for the CMBTC and its members as ideal harvest weather in 2017 led to an excellent quality crop. With ample supplies, strong demand from China combined with Canada's domestic malting industry requirements of 1 million tonnes led to over 2.5 million tonnes of malting barley being selected last year, an all-time record.

With the crop in the bin, the CMBTC departed for China in November to provide a quality overview of the newly harvested barley. Over the course of 10 days, we visited the majority of China's largest malting and brewing companies including maltsters Supertime, COFCO and Xingxe, as well as breweries Tsingtao and Beijing Yanjing. The timing was excellent as China was in the midst of its largest purchasing spree of Canadian malting barley in history. We also had the opportunity to profile promising new Canadian barley varieties such as AAC Synergy, CDC Bow and AAC Connect.

Back at the CMBTC, the robust export program contributed to an extraordinarily busy year with the pilot malt house and brewery running almost nonstop. In addition to evaluating the quality of the new harvest each year and the majority of cargoes shipped overseas, the CMBTC works with its members, including breeders and seed companies, to micro malt and evaluate new variety lines under development, helping ensure only the best varieties move on to become eligible for registration.

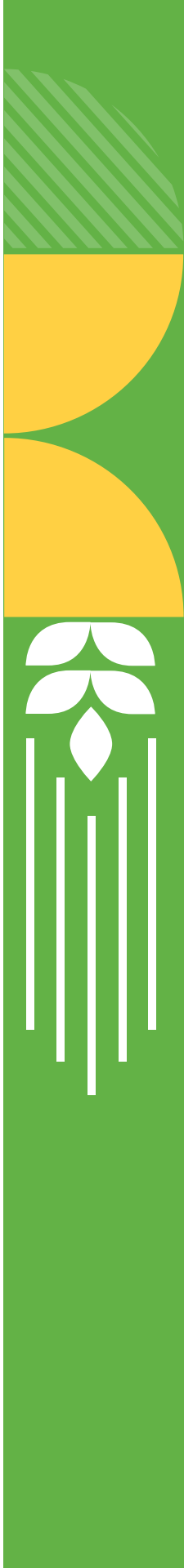
In addition to our staple functions, the CMBTC had two applied research projects on the go. The first looked at which strains of fusarium were linked to processing problems such as beer gushing, and how to mitigate DON growth during malting. The second project studied the flavour profiles of existing and new barley varieties and the impact on the final product – beer. We compared the “heirloom” variety Harrington alongside stalwarts AC Metcalfe and CDC Copeland, with new varieties AAC Connect, CDC Bow and Lowe. Understanding the flavour characteristics of these barley varieties will better enable Canada to market new varieties in the future.

Looking back on 2017-18, the salient features were the fantastic quality of the crop and the significant uptick in demand for Canadian malting barley from China, pushing our market share up from 20 to 35 per cent in a single year. It made for a positive year and has us feeling very optimistic about the future.

The Canadian Malting Barley Technical Centre (CMBTC) is an independent, not-for-profit research facility established in 2000 that provides technical services and marketing support to stakeholders in the Canadian malting barley value chain including breeders, farmers, seed companies, processors, exporters, maltsters and brewers.



It made for a positive year and has us feeling very optimistic about the future.”





Conseil de
l'orge du
Canada



Barley
Council of
Canada

A message from the Barley Council of Canada

By: Phil De Kemp, President

Over the course of the past year, the Barley Council of Canada (BCC) has accomplished a great deal towards enhancing profitability for the entire barley value chain.

This has included a proactive strategy aimed at bringing our world-class barley and value-added products to market. Chief among our target markets is China, where we have capitalized on momentum established in years' past towards progress in reaching their feed industry.

Over the past two years, we have partnered with Beijing Wahmix Bio-Tech Co. Ltd., an industry-leading company specializing in feed enzyme research and development, production, and application in China, to advocate for the use of Canadian high-protein feed barley in China's feed mill industry. This past November, BCC President Phil de Kemp traveled to Beijing as part of a delegation hosted by the Hon. Minister of Agriculture and Agri-Food Lawrence MacAulay. There we signed a *Letter of Intent for Strategic Cooperation* between the BCC and Wahmix to promote the sales of Canadian feed barley into China. In April 2018, de Kemp returned to Beijing with Dr. Eduardo Beltranena, a well-known research and nutrition specialist from the University of Alberta and Government of Alberta, to host a number of seminars with major Chinese feed mill companies on how to use and incorporate Canadian barley in their livestock rations.

We are pleased to report that this initiative has already begun to bear fruit. After the Wahmix group presented to our board in June 2018, the BCC hosted a follow-up trade mission with their representatives the following month. Through our collaborative spirit, we partnered with the Saskatchewan Flax Development Commission and Pulse Canada to give our Wahmix visitors a sense of the size and scope of Canadian farms and processing. This partnership resulted in the sharing of BCC's business development contacts with our fellow commodity groups for the purposes of building relationships with the Chinese delegation. The trip also consisted of a trip to Lethbridge, AB to meet with some of Agriculture and

Agri-Food Canada's leading barley and beef researchers and visit Kasko Cattle Co. Ltd.'s feed lot to see our barley feed in practice.

Here at home, the BCC has maintained our focus on the future by officially applying to the National Farm Products Marketing Council to become a Promotion and Research Agency. This would enable the BCC to receive a modest check-off [proposed to be \$0.25 per tonne/barley and \$0.32 per tonne/malt] to be paid by the industries that import and export these commodities in and out of Canada. Our board of directors has determined that this is the most effective way to balance the financial model between industry and producer contributions so that the BCC can focus on long-term market and research objectives.

On the research and innovation side, the BCC has developed and submitted, on behalf of the provincial barley commissions [AB, SK, MB], Western Grains Research Foundation (WGRF), Brewing and Malting Barley Research Institute (BMBRI) and Canadian Field Crop Research Alliance (CFCRA), a project application titled, "National Barley Cluster" to the federal Canadian Agriculture Partnership (CAP) AgriScience Program – Clusters. This project is in the final stages of approval.

The BCC has always prioritized industry cooperation and this past year was no different. We are an active participant and board member in the newly-revitalized Canada Grains Council. We are also active as a board member on the Canadian Agri-Food Trade Alliance, where we will continue to push the federal government to pass legislation and implement the Comprehensive and Progressive agreement for Trans-Pacific Partnership as quickly as possible. The BCC remains a steering committee member of the Canadian Roundtable for Sustainable Crops, and a member of Canadian Roundtable for Sustainable Beef – which we engage in to lead, develop and facilitate sustainability communication among the agriculture industry and with consumers and the public.

On the food side, Alberta Barley's three-year AgriMarketing Program funded project, "Developing Markets for Food Barley – Phase 2" came to an end on March 31, 2018. This project was administered by the BCC on behalf of Alberta Barley. Over the past year, new material was added to the website (www.gobarley.com), including information developed for the food manufacturing and food service industries. The *GoBarley* recipes, materials, and messaging was seen or heard over three-million times through a variety of print, online and television media sources over the past year. Canadian consumers are incorporating food barley into their diet more and more!

POLICY AND GOVERNMENT RELATIONS



TEAMALBERTA

**Serving as the farmer voice on key
provincial and national policy issues**

Team Alberta is a collaboration of Alberta Barley, Alberta Canola, Alberta Pulse Growers and the Alberta Wheat Commission. Team Alberta works to advance policy issues that impact Alberta's crop sector both provincially and nationally. Together, Team Alberta combines resources to strengthen the voice of Alberta's crop sector through advocacy, promotion of sustainability, ensuring long-term market access and providing policy input to government. Many of Team Alberta's collaborative initiatives are referred to below.

Team Alberta outreach missions

Team Alberta participates in two outreach missions to Parliament Hill in the spring and fall of each year. Through these missions to our nation's capital, Team Alberta representatives meet with federal officials, providing a unique opportunity for government representatives and farmer directors to discuss the impact of policy decisions at the farm gate. Key topics during the most recent outreach initiative included the need for a predictable and open trade environment, access to modern, innovative and sustainable farming tools and the continued need to ensure accountability and capacity of Canada's railways. In the fall of 2017, Team Alberta also participated in a provincial outreach mission where we further advocated our position on these topics.



**Access to innovative
farming tools**



**Improved access
to key markets**



**Tools that support
the variable nature
of farming**

Fusarium Head Blight (FHB) Working Group

The Alberta Industry-led FHB working group is a collaboration of industry groups, including Alberta Barley staff and directors, that are advocating for the removal of *Fusarium graminearum* (Fg) from the Agricultural Pest Act of Alberta. The act currently has a zero-tolerance policy for any seed or grain that detects any level of Fg. The zero-tolerance policy puts Alberta farmers at a serious disadvantage since they are unable to access genetics from other provinces if there is any detection of Fg presence. The Working Group's position is that removal from the Pest Act would:

- ✓ Allow for a more integrated approach to fusarium management through best management practices.
- ✓ Enable fusarium related research in the province.
- ✓ Ensure Alberta farmers have the same access to new varieties as farmers across the prairies.

How is Alberta Barley involved?

As part of the FHB working group, Alberta Barley has participated in a number of Ministerial roundtable consultations as well as other governmental meetings as part of our on-going engagement with the provincial government on this file. In addition, Alberta Barley submitted a formal response to the public consultation survey that the government conducted regarding FHB management in Alberta. Alberta Barley, as part of the Working Group, continues to press for a proactive approach to fusarium management in the province and has advocated that the status quo is not an option considering the continual spread of FHB throughout the province to-date.

Looking ahead, Alberta Barley will continue to participate in discussions through the FHB working group and otherwise looks forward to further discussing policy options.

Alberta Barley, as part of the Working Group, continues to press for a proactive approach to fusarium management in the province.”

Pest Management Regulatory Agency (PMRA) re-evaluations

Over the course of 2018, the PMRA undertook several special re-evaluations of various pest management tools. The re-evaluations included several neonicotinoid end-use products, two of which have been proposed for cancellation related to supposed risk to aquatic invertebrates, including thiamethoxam and clothianidin. The decision on imidacloprid is still forthcoming. It is estimated that anywhere between 17-30 per cent of cereal crops across the prairies have received a neonic seed treatment, known by trade names such as: Stress Shield, Nipset and CruiserMax, and all are used to protect against wireworm in cereal crops.

Proposed cancellations also included other widely used crop protection products including Lambda-cyhalothrin (Matador), also used to control wireworm and strychnine, which is used to control Richardson's ground squirrels (gophers).

How did Alberta Barley get involved?

As part of Team Alberta, Alberta Barley has been working alongside several industry groups to provide feedback on these proposed decisions through a submission to Health Canada's 90-day public consultation. Alberta Barley has long advocated for the need for scientific rigor in such decision-making as a means to uphold the reputation of our regulatory system and to ensure the competitiveness of our farmers in accessing tools to protect their crops. Team Alberta's submission points out that not only do these decisions threaten the tools farmers have at their disposal to protect the quality, yields and competitiveness of crops from pests, but also that these tools are targeted, cost effective, and are more environmentally sound and safer for the applicator than earlier technologies.

With consultations wrapping up, Alberta Barley will continue to advocate through Team Alberta for farmers' ability to retain these tools to ensure they are not left without alternatives or are forced to return to using older technologies that may have unintended consequences.

Rail Transportation – Bill C-49

2018 was a historic year for grain transportation reform with the passing of Bill C-49, the *Transportation Modernization Act* on May 23. This news was several years in the making with Alberta Barley being involved through countless submissions, press releases and testifying before the Senate Standing Committee, all pressing for a reformed transportation system that farmers can rely on to get their product to Canada's global customers in a timely fashion. Alberta Barley was instrumental in working with partners, especially through Team Alberta, in seeing our industry's concerns recognized throughout these years.

Throughout the final months before Bill C-49 passed, Alberta Barley was pressing for a number of provisions to be included or amended in the proposed legislation. This included shippers' ability to negotiate reciprocal penalties in service level agreements with the railways and access to interswitching, all with the intent to improve accountability and ensure better service for shippers. Alberta Barley worked closely with industry groups to highlight the need for grain-specific amendments at the senate level to ensure more competitive rail provisions which were ultimately included in the legislation.

What's next with Bill C-49 now passed?

With Bill C-49 now law, Alberta Barley is working with the Alberta Wheat Commission to weigh in as regulations within the legislation are implemented. Regulatory development is expected to extend into 2021.

The commissions are advocating for:



Reporting structures on rail transportation that ensure enough information is available earlier to better allow for the identification of potential grain transportation delays and issues.



Continued government investment in rail infrastructure to expand Canada's capacity to move grain to our global customers in a timely fashion.



The railways to have appropriate proactive winter contingency plans in place with winter being the most important time for grain movement in Canada.



2018 was a historic year for grain transportation reform with the passing of Bill C-49, the Transportation Modernization Act on May 23.”



Alberta Farm Sustainability Extension: Prepare your farm for the future

In April 2018, Team Alberta launched a new online tool aimed at preparing farm operations for the future. Called the Farm Sustainability Readiness Tool, farmers can self-assess current management practices and determine ways to improve the long-term sustainability of their operations. Farmers can use the tool to gain familiarity with current and upcoming sustainability measures and assess how their farm compares, while also identifying areas for improvement. The tool further provides farmers with information resources and recommendations for improvements. Through this platform, farmers can assess three areas of sustainability: environmental, economic and social.

In response to growing market pressures related to sustainable sourcing throughout the value chain, Team Alberta designed the Farm Sustainability Readiness Tool to determine and enhance readiness at the farm gate. The tool is aligned with three of the most comprehensive and internationally recognized sustainability benchmarks: The International Sustainability and Carbon Certification PLUS (ISCC PLUS) the Sustainable Agriculture Initiative (SAI) Farmer Self-Assessment 2.0 and Unilever's Sustainable Agriculture Code (ULSAC). By aligning the Farm Sustainability Readiness Tool with these three programs, farmers who complete the self-assessment through the online platform will likely be compliant with these programs, as well as any other sustainability programs that may enter the Canadian marketplace.

Farmers can learn more about the tool and complete a self-assessment by visiting farmsustainability.com.

Business Risk Management (BRM) Program review

When the federal government launched its new policy framework known as the Canadian Agricultural Partnership (CAP), the rollout included changes to the existing BRM suite of programs including AgriStability and AgriInvest. The government further announced that it would be administering a formal review of these programs and would be seeking input from the agricultural sector to improve the programs to ensure they work better for farmers. As part of the review, the government formed an expert advisory panel which in-turn made its recommendations to ministers at the Federal-Provincial-Territorial meeting in the summer of 2018.

The ministers have expressed commitment to working with the recommendations and consider their implementation. As such the review process is still on-going. Alberta Barley and the Alberta Wheat Commission are leading a joint committee, that includes farmers from across all crop commodity groups, aimed at providing the Alberta perspective to the national process. One of the committee's tasks is to collaborate with the Grain Growers of Canada on a survey that seeks Alberta farmers' input on the BRM programs. The committee will be engaged in the development phase of the survey and will be further engaged to analyze the outcomes, and will act as a focus group for potential program changes and their associated costs. With the BRM program review still on-going, Alberta Barley looks forward to engaging farmers and communicating the outcomes.



Team Alberta designed the Farm Sustainability Readiness Tool to determine and enhance readiness at the farm gate.”



A message from the Grain Growers of Canada

By: Jeff Nielsen, President

As Canadian grain farmers' Ottawa-based advocacy organization, GGC represents 65,000 grain farmers through our 16 national, provincial and regional grower group members. We act as your eyes and ears on policy challenges and engagement opportunities with the federal government. Our work supports that of our members by providing a forum for discussion and a united voice to present to government. Decision-makers know that GGC represents Canadian grain farmers and we are proud to bring the voice of Alberta growers to meetings, submissions and events.

This past year has been a challenging and productive one. In late 2017 the Board recognized that something needed to be done to address important gaps in GGC's membership and mandate. That is why in January 2018 GGC launched a strategic review process aimed at ensuring that we were meeting the needs of our membership and of grain farmers across Canada. Through engagement with current and prospective members we developed a path forward that is focused on advocating for the federal government to make decisions that support the competitiveness and profitability of grain growers across Canada. That renewed mandate has found support across the country and I am proud to welcome three new members, Saskatchewan Pulse Growers, Grain Farmers of Ontario, and Producteurs de grains du Quebec to the GGC family. That means that going forward GGC will have the membership and resources needed to influence policy and regulatory decisions on behalf of Canada's grain farmers.

Looking ahead, I expect the strategic review, including a new governance structure, to be concluded at GGC's fall board meeting in November 2018.

In addition to the strategic review, spring 2018 saw the successful execution of the inaugural National Grain Week. Directors and staff from GGC members took part in meetings with representatives from Parliament and the government. We held a total of 37 meetings in addition to a reception, media lunch and roundtable with officials at Agriculture and Agri-Food Canada. Key messages focused on economic growth challenges and opportunities including trade, transportation, business risk management programming, and the Pest Management Regulatory Agency .

Feedback on the event has been strong from members and government and we look forward to making this an annual tradition.

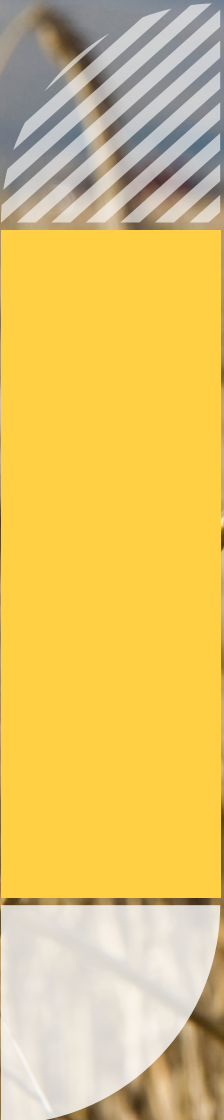
Of significance to Alberta's barley growers, GGC was heavily engaged on resolving the grain transportation issues we faced this past shipping season as well as the passage of Bill C-49, the *Transportation Modernization Act*. Through lobby efforts and the execution of a detailed communications plan, we were able to get the message out that permanent solutions were needed to fix the imbalance in the shipping industry. We collaborated closely with members and staff at Alberta Wheat and Barley Commissions and your voices were heard loud and clear in Ottawa.

Thank you for your continued support of GGC and all the best with the coming year.





Through engagement with current and prospective members we developed a path forward that is focused on advocating for the federal government to make decisions that support the competitiveness and profitability of grain growers across Canada.”



COMMUNICATIONS & EVENTS

Communicating return on investment to farmers

The Grain Exchange

As a collaborative initiative, the Alberta Wheat and Barley Commissions produced their first edition of *The Grain Exchange* in October 2018. The quarterly newsletter, available in both paper and online formats, contains content based on relevant industry news, upcoming events and seasonal agronomy advice. Since the newsletter content often pertains to both wheat and barley producers, this joint initiative eliminates duplication of work and offers cost-sharing between commissions. This provincial newsletter will also reap the benefits of a large distribution list from both wheat and barley subscribers.

Developed alongside the joint newsletter was new branding for Alberta Barley's own exclusive Spotlight on Research publication, a regular insert in the Grain Exchange newsletter. Through this publication, Alberta Barley will feature the latest projects and updates in barley research and innovation in an annual edition. Another edition of Spotlight on Research will be a shared feature between the Alberta Wheat and Barley Commissions and will showcase the grower extension department.

Combine to Craft

With a booming craft beer sector both domestically and internationally, the demand for high quality barley is growing. Combine to Craft is Alberta Barley's marketing campaign that tells the story of Alberta grown barley production and defines our unique attributes in order to drive the recognition and demand for our barley. Many local brewers, distillers and their customers already

recognize the value of Alberta grown barley. Combine to Craft's goal is to heighten this awareness and have brewers recognize Alberta-grown barley as the mark of excellence for premium craft beverages and source it directly from our maltsters and farmers.

When communicating the value proposition, we tell the Alberta Barley story where it all begins with the farmer. Alberta farmers grow barley that is world-renowned for quality. Alberta boasts prime growing conditions rooted in rich soil that has the nutrients needed to grow premium malt barley. Additionally, Alberta farmers are family-driven and passionate about sustainable farming practices as stewards of the land, and they're proud of the crops they produce. These factors contribute to a product that is sought after by maltsters, and furthermore by brewers who market to the end consumer.

Combine to Craft was launched over a year ago and the following deliverables have been since completed:

- ✓ A website (www.combinetocraft.com) and logo have been developed.
- ✓ Relationships have been developed with the Alberta Small Brewers Association (ASBA), ATB Financial, several craft brewers, Canada Malting, Rahr Malting, Red Shed Malting and Origin Malting & Brewing.
- ✓ A strong event presence at numerous beer festivals and tradeshow around Alberta.
- ✓ Integration of the Alberta Barley logo on Tool Shed Brewery's cans.
- ✓ Farmer, maltster and brewer profiles were developed to highlight the Alberta Barley story in this sector.
- ✓ Combine to Craft hosted an event at the National Environmental Farm Plan Summit in Ottawa.



Combine to Craft communicates the value proposition of Alberta grown barley in craft beverages to the entire brewing value chain and to support opportunities for business connections.

Events & Education

Alberta Barley participates in numerous events around the province to educate and engage with producers and consumers alike. Alberta Barley contributes to events that support current industry issues, challenges or provide opportunities for barley farmers. The following includes highlights from our busy event schedule this past year.

Calgary Stampede 2018

At the largest outdoor show on Earth in July, Alberta Barley revealed a brand-new interactive booth display that provides information on barley's many attributes and end uses. Given the global stage and family-focused attendance of this event, Alberta Barley saw value in creating a booth for a kid-friendly atmosphere. This interactive design led to optimal engagement with families from around the world.

Calgary and Edmonton International Beerfest

As a Combine to Craft initiative, Alberta Barley is highly involved in the provincial beer festivals that have exponentially grown over the years. We attended beerfest events throughout the province with a booth space and we also hosted a malting panel. The malting panel consisted of expertise from across the brewing value chain – a farmer, maltster and brewer. This engaging exercise offered attendees a well-rounded insight into the local brewing sector.

Next Level Farming

In collaboration with the Alberta Wheat Commission and the Alberta Pulse Growers, Alberta Barley hosted regional meetings rebranded as Next Level Farming. Next Level Farming offers a conference-style meeting that includes commission updates and industry intel ranging from market insights, regional agronomy expertise and farm management tips. This past year, the keynote speaker was a representative from DOT Technologies – the company behind the world's first driverless tractor.

Science of the Six Pack

Partnered with ATB, Alberta Barley participated in Science of the Six-Pack, an event that takes place annually in both in Lethbridge and Red Deer. Science of the Six Pack is where science meets craft; and to cap it off, a friendly competition to determine the champion of the six-pack.

Tradeshows

Alberta Barley recognizes the value in being present at numerous tradeshows around the province. Tradeshows present prime opportunities for staff, directors and delegates to engage with barley farmers from all over Alberta. AgExpo in Lethbridge, Agri-Trade in Red Deer and FarmTech in Edmonton are the prevalent tradeshows where farmers can find Alberta Barley stationed with a booth. At FarmTech in 2018, Alberta Barley hosted the "Choose Your Own Adventure" panel where young farmers told their stories about their diverse paths in the agriculture industry.



Prairie Barley Summit

Alberta Barley's annual Prairie Barley Summit in December has become a renowned agriculture event in Western Canada. Held in the heart of the Rocky Mountains at the Fairmont Banff Springs hotel, farming families travel far and wide to attend our one-day conference. Alberta Barley also hosts its Annual General Meeting (AGM) during the conference as a closed event for management, directors and delegates.

Last year's Prairie Barley Summit conference included insightful speakers such as Laura Dauphin who provided intel on the current standing of the NAFTA re-negotiations. Further highlights from the conference included the new addition of the Policy Discussion Panel with Alberta Barley directors and delegates. During last year's event, this session took the form of a fireside chat between Agriculture and Forestry Deputy Minister Bev Yee and Alberta Barley Chair Jason Lenz. The discussion included investment in research, fusarium head blight (FHB) policy, climate change policy, farm safety and business risk management. There was constructive engagement from this session as farmers had questions and concerns on how current policy issues impact their farms and livelihoods.

At the Prairie Barley Summit we also featured the "Choose Your Own Adventure" panel discussion as young farmers shared their background and diverse paths in their agriculture careers. Aside from the conference happenings, guests were able to get off-site by registering for the local pub tour visiting multiple Banff breweries and pubs.

Last year's Prairie Barley Summit had a record attendance of 200 guests and 160 participated in the beer tour.



Introducing the Prairie Cereals Summit

In this new era of collaboration between Alberta Barley and the Alberta Wheat Commission (AWC), December 13, 2018 will mark the inaugural Prairie Cereals Summit (PCS), a joint event between the two commissions. This initiative that grows the previously branded Prairie Barley Summit, results in significant cost-savings to farmers as combined resources are leveraged. Alberta Barley will continue to host their AGM at the event and barley producers can expect the PCS to retain many of the same great agenda items. The Alberta Wheat and Barley Commissions expect to further grow the event that already has a well-established reputation as a go-to meeting for the industry, government and producers.



GrainsWest

Connecting Farmers, Food and Ideas

GrainsWest is the quarterly print publication of the Alberta Wheat and Barley Commissions

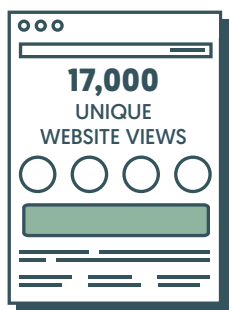
Committee

The GrainsWest Publications Society (GWPS) operates as an autonomous, incorporated body, registered through the provincial government. *GrainsWest* has two sub-committees within its corporate structure—one business and one editorial. Alberta Barley chair Jason Lenz is the current president of the business committee.

Both committees are composed of directors from both Alberta Barley (Bryan Adam, Jason Lenz and Jeff Nielsen) and the Alberta Wheat Commission (Todd Hames, Cole Siegle and John Wozniak). *GrainsWest* staff include associate editor Ian Doig and sales and design lead Tommy Wilson. Alberta Wheat and Barley Commissions' general manager Tom Steve continues to serve as publisher. Doig serves as the GWPS secretary and Syeda Khurram, CFO and HR Director, is the Society's treasurer.



CANADIAN FARM WRITERS' FEDERATION
GOLD AWARD FOR
BEST FEATURE PHOTO



TOP ONLINE STORY:
PUSHING FOR
BETTER RAIL
TRANSPORTATION
FOR PRAIRIE GRAIN



CANADIAN FARM WRITERS' FEDERATION
GOLD AWARD
FOR BEST
FEATURE STORY



142 TWEETS
TOP TWEET:
FARMERS ARE CONCERNED
ABOUT FEDERAL
PESTICIDE REVIEW



DELIVERED TO 20,000 HOMES



FINANCE, GOVERNANCE AND HUMAN RESOURCES

Due diligence, accountability, transparency

Our finance department is in place to oversee the process of ensuring check-off dollars receive the best return-on-investment. Our well-established governance model and protocols ensure due diligence, accountability and transparency throughout our finance department and extending throughout our organization.

Audit and Finance Committee

The core objective and priority for the audit and finance committee is sound financial planning, governance planning, budget planning, and advocacy planning to ensure farmers' check-off dollars are spent carefully and with full responsibility by developing effective and measurable priorities and strategies.

Alberta Barley's financial policies and value to stakeholders through core programming has resulted in our refund rate remaining consistently between four and six per cent. Alberta Barley's commitment to regularly communicating with farmers and grain dealers has been the major factor in keeping our refund rates the lowest they have ever been.

Alberta Wheat and Barley Commissions' shared finance team continues to manage the financial portfolios of both commissions, Barley Council of Canada, GrainsWest Publications Society and AgSafe Society in an effort to minimize duplication of work and create financial efficiencies with check-off dollars.

Building a value proposition that works for farmers



Creating Value

Developing strategic goals and priorities in the interest of growing profitability for farmers.



Enabling Value

Executing initiatives in alignment with strategic goals and priorities with guidance from our farmer board of directors and committees.



Preserving Value

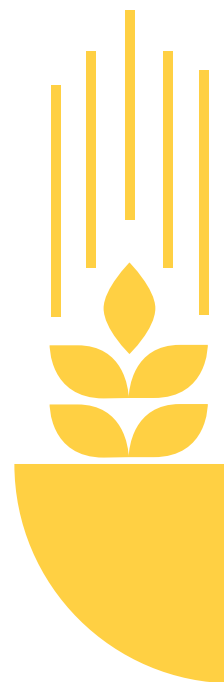
Regular meetings with our farmer board of directors to ensure on-going initiatives consistently demonstrate sustainable return on investment at the farm gate.

Management and measurement of risk by implementing and monitoring effective internal control systems and risk management protocols.



Reporting Value

Executing relevant and useful internal and external business reporting and communications.



Relicensing of the check-off database

In 2014, the Alberta Wheat and Barley Commissions recognized an opportunity to transition their check-off collection from a third-party program to an in-house operation. The transition created significant cost-savings for farmers and also proved to be a more efficient system. The new database also reduced the administrative burden on grain buyers and removed duplication of work.

In 2018, the commissions were approached by a number of Manitoba-based grower groups who were looking to implement similar in-house efficiencies. This included Manitoba Canola Growers, Manitoba Corn Growers, Manitoba Flax Growers Association Manitoba Pulse & Soybean Growers and the National Sunflower Association of Canada.

The commissions entered into a five-year agreement with these organizations to relicense and implement the database for their use for a \$30,000 re-licensing fee. These organizations have since reported that using the software developed by the Alberta Wheat and Barley Commissions has increased their accuracy and has significantly reduced the time spent manually entering producer data.

Western Canadian Deduction Closure

With approval on its final annual report from federal agriculture minister Lawrence MacAulay, 2018 marked the conclusion of the Western Canadian Deduction [WCD]. Over its five years in operation, Alberta Barley successfully administered this transitional check-off program on behalf of all western Canadian wheat and barley commissions.

The WCD was in place to fund research, innovation and market development for the wheat and barley industry through a refundable levy of \$0.48 per tonne for wheat and \$0.56 per tonne for barley except in the case of barley grown in Alberta for which the amount was \$0.04 per tonne.

Throughout its five years delivering the program, Alberta Barley diligently managed the cash-flow of this check-off of almost \$64 million in total with an administration fee of less than five per cent. As a result, the WCD program returned over \$500 thousand to its recipients – the Western Grains Research Foundation, the Canadian International Grains Institute and the Canadian Malting Barley Technical Centre. For more information, please visit www.wheatbarleycheckoff.com.

With the WCD now wrapped-up, these investment areas are now being funded by the provincial commissions through a single check-off. For Alberta Barley, the check off is now \$1.20 per tonne.



Throughout its five years delivering the program, Alberta Barley diligently managed the cash-flow of this check-off of almost \$64 million in total with an administration fee of less than five per cent.”



A close-up photograph of green wheat stalks, showing the developing grain heads and long, slender leaves. The background is a soft-focus green field.

FINANCIAL STATEMENTS



Management's Responsibility

To the Members of Alberta Barley Commission:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not for profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains 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 financial statements.

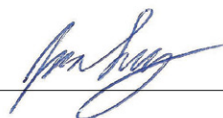
The Board of Directors is composed entirely of Directors who are neither management nor employees of the Commission. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management. The Board is also responsible for recommending the appointment of the Commission's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

November 6, 2018



Director



Director

Independent Auditors' Report

To the Members of Alberta Barley Commission:

We have audited the accompanying financial statements of Alberta Barley Commission, which comprise the statement of financial position as at July 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended, and 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.

Auditors' 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 auditors' 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.

Basis for Qualified Opinion

In common with many similar organizations, the Commission derives revenue through "check-off" fees received from barley producers, the completeness of which could not be satisfactorily verified during our audit. Accordingly, our verification of these revenues and related accounts receivable and deferred revenue was limited to the amounts recorded in the Commission's records and we were unable to determine whether any adjustments might be necessary to check-off fee revenue, excess of revenue over expenses, assets and net assets.

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 Alberta Barley Commission as at July 31, 2018, 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.

Calgary, Alberta
November 6, 2018

The logo for MNP LLP, featuring the letters 'MNP' in a large, bold, handwritten-style font, followed by 'LLP' in a smaller, all-caps, sans-serif font.

Chartered Professional Accountants

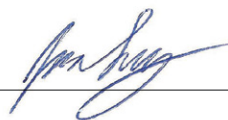
Statement of Financial Position

For the year ended July 31

		General Operating Fund		Restricted Fund		Total	
	Notes	2018	2017	2018	2017	2018	2017
Assets							
Current							
Cash		506,191	1,018,030	–	–	506,191	1,018,030
Restricted cash - Western Canadian Deduction	13	–	–	–	2,184,008	–	2,184,008
Short-term investments	4	641,901	529,175	–	–	641,901	529,175
Accounts receivable	3, 5	604,096	653,507	–	603,938	604,096	1,257,445
Prepaid expenses		40,129	46,541	–	–	40,129	46,541
		1,792,317	2,247,253	–	2,787,946	1,792,317	5,035,199
Capital assets	6	83,630	122,112	37,315	47,194	120,945	169,306
Long-term investments	4	1,000,364	1,095,039	–	–	1,000,364	1,095,039
		2,876,311	3,464,404	37,315	2,835,140	2,913,626	6,299,544
Liabilities							
Current							
Accounts payable and accruals		534,117	939,845	–	–	534,117	939,845
Grant commitments	7	–	–	30,920	36,419	30,920	36,419
Deferred revenue	8	1,268,219	1,389,935	–	–	1,268,219	1,389,935
Deferred revenue - Market Study	14	–	62,534	–	–	–	62,534
Deferred revenue - Shochu project		–	–	23,692	23,692	23,692	23,692
Deferred related to capital assets contributions	9	–	–	37,315	47,194	37,315	47,194
Funds held on behalf of Western Canadian Deduction	13	–	–	–	2,184,008	–	2,184,008
		1,802,336	2,392,314	91,927	2,291,313	1,894,263	4,683,627
Net Assets							
Restricted		–	–	(54,612)	543,827	(54,612)	543,827
Unrestricted		1,073,975	1,072,090	–	–	1,073,975	1,072,090
		1,073,975	1,072,090	(54,612)	543,827	1,019,363	1,615,917
		2,876,311	3,464,404	37,315	2,835,140	2,913,626	6,299,544



Director



Director

Statement of Operations

For the year ended July 31

		General Operating Fund		Restricted Fund		Total	
	Notes	2018	2017	2018	2017	2018	2017
Revenue							
Check-off fee revenue	8	2,837,143	2,347,332	—	—	2,837,143	2,347,332
Check-off refunds	8	(139,838)	(127,885)	—	—	(139,838)	(127,885)
Western Canadian Deduction administrative fees	13	89,899	604,107	—	—	89,899	604,107
Shochu project revenue	3	—	—	9,879	11,114	9,879	11,114
AgriMarketing Program revenue		25,946	61,353	—	—	25,946	61,353
AgriInnovation Program revenue		43,588	1,035,453	—	—	43,588	1,035,453
GrainsWest revenue		37,153	44,482	—	—	37,153	44,482
Sponsorships		78,211	67,968	—	—	78,211	67,968
Market study revenue	14	77,534	37,466	—	—	77,534	37,466
Miscellaneous income		1,280	8,289	—	—	1,280	8,289
		3,050,916	4,078,565	9,879	11,114	3,060,795	4,089,679
Operating Expenses							
Salaries, benefits, and contractors		373,456	432,493	—	—	373,456	432,493
Research expenses		292,038	281,980	—	150,000	292,038	431,980
Western Canadian Deduction expenses	13	399,623	434,282	—	—	399,623	434,282
Market development expenses		85,229	68,507	—	—	85,229	68,507
Market study expenses	14	127,787	37,466	—	—	127,787	37,466
General and administrative		429,260	328,468	—	—	429,260	328,468
Communication/Government relations		98,810	43,459	—	—	98,810	43,459
Shochu project expenses	3	—	—	—	1,235	—	1,235
Marketing and events		311,456	272,815	—	—	311,456	272,815
Policy development expenses		130,345	117,642	—	—	130,345	117,642
Directors fees and expenses		66,797	43,752	—	—	66,797	43,752
Professional fees - lawsuit		—	—	—	575	—	575
Staffing and recruiting		—	581	—	—	—	581
AgriMarketing Program expenses		52,191	124,154	—	—	52,191	124,154
AgriInnovation Program expenses		437,068	1,155,453	—	123,770	437,068	1,279,223
GrainsWest expenses		154,125	168,061	—	—	154,125	168,061
		2,958,185	3,509,113	—	275,580	2,958,185	3,784,693
Excess (deficiency) of revenue over expenses before other items		92,731	569,452	9,879	(264,466)	102,610	304,986
Other items							
Interest income		52,967	27,556	—	—	52,967	27,556
Unrealized gain on investments		3,370	16,387	—	—	3,370	16,387
Barley Council of Canada contribution	10	(243,239)	(60,000)	—	(130,000)	(243,239)	(190,000)
Western Canadian Deduction allocation	13	(512,262)	—	—	—	(512,262)	—
		(699,164)	(16,057)	—	(130,000)	(699,164)	(146,057)
Excess (deficiency) of revenue over expenses		(606,433)	553,395	9,879	(394,466)	(596,554)	158,929

Statement of Changes in Net Assets

For the year ended July 31

	<i>Unrestricted</i>	<i>Restricted</i>	<i>2018</i>
Net assets, beginning of year	1,072,090	543,827	1,615,917
Excess (deficiency) of revenue over expenses	(606,433)	9,879	(596,554)
Transfer from restricted funds (<i>Note 15</i>)	608,318	(608,318)	—
Net assets, end of year	1,073,975	(54,612)	1,019,363

	<i>Unrestricted</i>	<i>Restricted</i>	<i>2017</i>
Net assets, beginning of year	1,068,782	388,206	1,456,988
Excess (deficiency) of revenue over expenses	553,395	(394,466)	158,929
Transfer to restricted funds (<i>Note 15</i>)	(550,087)	550,087	—
Net assets, end of year	1,072,090	543,827	1,615,917

Statement of Cash Flows

For the year ended July 31

	2018	2017
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	(596,554)	158,929
Unrealized gain on investments	(3,370)	(16,387)
Amortization of capital assets	34,925	40,159
Loss on disposal of capital assets	18,595	–
Amortization of deferred capital contributions	(9,879)	(9,879)
	(556,283)	172,822
Changes in working capital accounts		
Accounts receivable	653,349	(127,735)
Prepaid expenses	6,412	(6,360)
Accounts payable and accruals	(405,728)	158,734
Grant commitment	(5,499)	(11,750)
Deferred revenue	(184,250)	119,062
Deferred revenue – Shochu project	–	(1,235)
	(491,999)	303,538
Financing		
Funds held on behalf of Western Canadian Deduction	–	123,034
	–	123,034
Investing		
Purchase of capital assets	(5,159)	(5,143)
Purchase of investments	(550,760)	(10,244)
Proceeds on sale of investments	536,079	–
Funds held in trust for Western Canadian Deduction	–	(123,034)
	(19,840)	(138,421)
Increase (decrease) in cash	(511,839)	288,151
Cash, beginning of year	1,018,030	729,879
Cash, end of year	506,191	1,018,030

Notes to the Financial Statements

For the year ended July 31

1. **Incorporation and nature of the organization**

The Alberta Barley Commission (the "Commission") is a nonprofit, producer funded commission formed on August 1, 1991 under the Province of Alberta's Marketing for Agricultural Products Act. It is registered as a not-for-profit organization and, thus, is exempt from income taxes under 149(1)(l) of the *Income Tax Act* ("the Act"). In order to maintain its status as a registered not-for-profit organization under the Act, the Commission must meet certain requirements within the Act. In the opinion of management these requirements have been met.

The Commission's mandate is to give Alberta barley producers an organization for developing new markets and products for barley and for influencing the direction of research dedicated to barley production.

2. **Significant accounting policies**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Revenue recognition

The Commission uses the deferral method of accounting for contributions. Restricted contributions related to grants are recognized as revenue in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the Restricted Fund.

Unrestricted contributions are recognized as revenue of the Unrestricted Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted investment income is recognized as revenue in the Unrestricted Fund when earned.

Financial instruments

The Commission recognizes its financial instruments when the Commission becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Handbook Section 3840 *Related Party Transactions*.

At initial recognition, the Commission may irrevocably elect to subsequently measure any financial instrument at fair value. The Commission has not made such an election during the year.

The Commission's financial assets and liabilities are subsequently measured at amortized cost.

Financial asset impairment

The Commission assesses impairment of all its financial assets measured at cost or amortized cost. An impairment of financial assets carried at amortized cost is recognized in the excess of revenue over expenses when the asset's carrying amount exceeds the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

2. Significant accounting policies *(continued)*

The Commission reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. Where an impairment charge is subsequently reversed, the carrying amount of the financial asset is increased to the revised recoverable amount to the extent that it does not exceed the carrying amount that would have been determined had no impairment charge been recognized in previous periods. The amount of the reversal is recognized in the excess of revenue over expenses in the year the reversal occurs.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the following methods at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Computer equipment	declining balance	20%
Equipment for Shochu project	straight line	10 years
Furniture and fixtures	declining balance	20%
Promotional equipment	declining balance	33%

Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Commission's capital assets related to the Shochu project. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for notforprofit organizations 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 year.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue over expenses in the years in which they become known.

3. Shochu project

The Shochu Barley Commercialization project ("Shochu project") is funded by the Alberta Barley Commission, Sanwa Shurui Co., Ltd. and Alberta Crop Industry Development Fund (ACIDF). The purpose of this project is to develop a value chain with key farmers to supply this premium barley market with "Grown in Alberta" Shochu barley which consistently meets Shochu specifications for the enduser.

As the funds received by the Commission were solely for this project, any funds not spent were segregated and reported as deferred revenue. When the appropriate expenditure is made, the corresponding amount is recognized as revenue in the same year in which the expense is made. Funding received for capital asset purchases is recorded as deferred capital contributions and amortized on the same basis as the related cost. During the year ended July 31, 2018 amortization of deferred capital contributions amounted to \$9,879 (2017 – \$9,879).

The remaining funds for this project are held in a separate bank account and the use of this cash is considered to be restricted in that it can only be used for this project. The Shochu project completion date was March 31, 2016, all deferred revenue relating to this project remains deferred pending agreement for its use.

4. Investments

Investments include corporate bonds with yields to maturity between 1.583% and 3.350% (2017 – 2.15% and 5.75%) and maturity dates between December 2, 2018 and September 13, 2021 (2017 – September 26, 2017 and October 9, 2020). Investments are stated at their market value. It is the intention of the Board to hold all investments until maturity. Investments maturing within the next fiscal year have been reclassified as shortterm investments.

5. Accounts receivable

	2018	2017
Check-off fees receivable	196,334	371,475
Agri-Marketing Program	59,517	61,353
Agri-Innovation Program	149,529	542,585
Western Canadian Deduction	–	61,242
Alberta Wheat Commission	121,097	106,813
Barley Council of Canada	35,035	26,336
Other receivables	42,584	87,641
	604,096	1,257,445

6. Capital assets

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Computer equipment	153,835	109,103	44,732	60,229
Equipment for Shochu project	98,791	61,476	37,315	47,194
Furniture and fixtures	134,578	97,547	37,031	59,096
Promotional equipment	23,985	22,118	1,867	2,787
	411,189	290,244	120,945	169,306

Amortization expenses of \$34,925 (2017 – \$40,159) and \$18,595 (2017 – \$nil) loss on disposal of assets is included in general and administrative expenses.

7. Grant commitments

When funding for a research grant is approved by the Commission, the full amount is recorded as an expense in operating expenses and accrued as a liability. Expenditures related to grants are then charged as a reduction to the grant liability. The amount shown as grants payable is the amount of funding allotted to various programs that is yet to be spent. The funds to cover these liabilities are in the Commission's cash, short-term investments and long-term investments accounts.

8. Deferred revenue

The Commission receives revenues in the form of check-off per tonne when barley is delivered. The buyer of the barley then remits this check-off fee to the Commission. As the Commission relies only on the buyers' remittances, the Commission cannot accurately determine its revenue until collected.

To estimate check-off fees receivable, the Commission examines the remittances received early in the next year and determines which remittances are for barley purchased in the current year. This amount is then recorded as check-off fees receivable.

As there is no reliable cost effective method of reasonably determining the amounts of additional remittances receivable, they are not recorded in these statements.

Check-off fees received are recorded as deferred revenue until the charge is no longer eligible to be refunded to the producer after the six month period of eligibility. Accordingly, these statements recognize as income only those fees received not eligible for refund. Fees that are still eligible for refund are recorded as deferred revenue.

9. Deferred contributions related to capital assets

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	2018	2017
Balance, beginning of year	47,194	57,073
Less: Amounts recognized as Shochu project revenue during the year	(9,879)	(9,879)
Balance, end of year	37,315	47,194

10. Barley Council of Canada

Included in expenses in the statement of operations is \$243,239 (2017 – \$190,000) provided to Barley Council of Canada for operating purposes.

As at July 31, 2018, the Commission has \$35,035 (2017 – \$26,336) due from Barley Council of Canada included in accounts receivable.

11. Commitments

On September 1, 2015, the Commission occupied leased premises subject to minimum annual lease payments until the termination of the contract at August 31, 2020. The lease agreement is a joint agreement with the Alberta Wheat Commission which is responsible for one-half of the below payments:

2019	162,000
2020	162,000
Thereafter, to August 31, 2020	22,500
	346,500

12. Financial instruments

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

13. Western Canadian Deduction

Effective August 1, 2012, the Commission was charged with the responsibility for administering the Western Canadian Deduction, a levy charged on wheat and barley sold in Alberta, Manitoba, northern British Columbia, and Saskatchewan. The levy was to be distributed to recipient organizations; Canadian International Grains Institute ["CIGI"], the Canadian Malting Barley Technical Centre ["CMBTC"] and the Western Grains Research Foundation ["WGRF"] which are identified under a Memorandum of Understanding with the Government of Canada. In order to compensate the Commission for costs associated with administering the levy, the Commission earned a 5% administration fee, which for the year ended July 31, 2018 amounted to \$89,899 [2017 – \$604,107].

In order to administer the levy, the Commission operated separate bank accounts for the sole purpose of handling the receipts and disbursements as well as maintaining a guaranteed investment certificate. As July 31, 2018, these accounts had a balance of \$nil [2017 – \$2,184,008]. During the year-ended July 31, 2018, the Commission expensed \$399,623 [2017 – \$434,282] of costs associated with the administration of the fund.

The federally mandated five-year program came to an end following the 2016/17 crop year. With the end of the program, each provincial wheat and barley group will continue to collect levies on behalf of their farmers to invest in research, development and innovation programs.

The Commission managed the cash flow of Prairies check-offs for five years and delivered the program in less than the 5% administration fee and as a result, disbursed unspent administration fee of \$512,262 [2017 – \$nil] to the recipients organizations: WGRF, CIGI and CMBTC.

14. Market study project

The Market Study project is funded by the Commission and Alberta Crop Industry Development Fund ["ACIDF"]. The purpose of this project is to seek opportunities and diversification in the Western Canadian barley sector. The Commission has initiated a process that seeks to bring together the entire barley value chain - feed, food, and malt to develop a market development strategy that will position the sector for growth and drive more value from farmer to end-user.

In prior years, the Commission received \$115,000 from Alberta Crop Industry Development Fund ["ACIDF"]. As the funds received by the Commission were solely for this project, any funds not spent were segregated and reported as deferred revenue. When the appropriate expenditure is made, the corresponding amount is recognized as revenue in the same year in which the expense is made.

15. Interfund transfers

During the year, cash was transferred between the Unrestricted Fund and the Restricted Fund to meet the Commission's operating requirements.

16. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.







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