

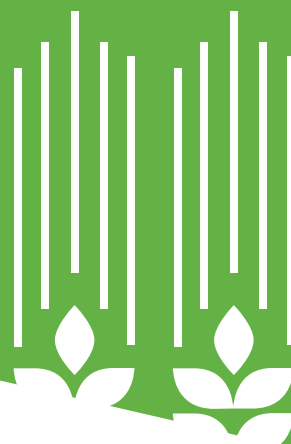


2018 ANNUAL REPORT



Alberta
Barley

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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 a 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 our 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

David Bishop



This was another significant year of growth for Alberta Barley. I'm pleased to report that after a year with our integrated staff between Alberta Barley and the Alberta Wheat Commission [AWC], we continue to uncover synergies and efficiencies in this new management model. Not only was it a great year within the organization, but also beyond our doors.

This past year we saw substantial commodity growth for our Alberta-grown barley. Our commodity is in a growth state thanks to the steady pace of barley grain and malt exports, as well as a strong domestic feed and malt market. Planted acres in 2019 for Canadian barley are sitting at about 7.4 million acres, the largest forecast since 2012. And of course, Alberta is responsible for about half of those acres. This increase can be attributed to booming exports to the Asian region, especially China.

Despite the uncertainty amongst political landscapes and market conditions, Alberta Barley perseveres under any given circumstance and in this year's case, we capitalized and grew our commodity on a global scale. Industry collaboration is key when achieving these major strides and Alberta Barley is always at the forefront. This year we saw the restructuring of our national barley organization, the Barley Council of Canada [BCC]. Alberta Barley was a catalyst for change and brought forward solutions to benefit the entire barley value-chain. Alberta Barley also hosted the first-ever Made in Canada tour where we showcased Alberta's barley breeders, farmers and maltsters to international brewers. This tour was a first of its kind and a collaborative effort with value-chain partners.

Team Alberta also made significant headway as a strong presence with government on policy matters that mean most to farmers. Through Team Alberta's work we have a strong unified voice that continues to advance the interests of Alberta farmers at the provincial and federal government

levels. We saw this impactful work in motion this past spring during Alberta's provincial election. Another example of our influence at the government level is through our membership with Grain Growers of Canada, which you can read more about on page 25.

Alberta Barley continues to invest heavily into the research and innovation of barley genetics, breeding, agronomics and end-use application. We will continue this work through the new five-year barley cluster under the Canadian Agricultural Partnership [CAP]. In October 2018 we hired a new position to better extend agronomic research and resources to farmers. Jeremy Boychyn joined the commissions as the research agronomy extension specialist, and further we launched the joint agronomy newsletter with AWC, The Growing Point. You'll see Jeremy at numerous events around the province throughout the year, so I encourage you to pick his brain and quiz him on all things agronomy and commission-funded research.

This is just a snapshot of the promising things we have to reflect on from this past year. I look forward to you getting the full comprehensive review from this report. With barley acres growing and our commission gaining momentum, I believe this is only the beginning of our growth. I would like to thank our general manager, Tom Steve, for his continued leadership throughout the amalgamation and to my fellow board members for their guidance and direction. Thank you to all, it's been another promising year.

Cheers,

Dave Bishop



Alberta Barley continues to invest heavily into the research and innovation of barley genetics, breeding, agronomics and end-use application.”





Thanks to a highly skilled management team and dedicated staff, we found the right formula and the key to our success has been a high degree of communication and collaboration.”





General Manager's Message

Tom Steve

I'm certain this will be the last time I write about the management integration of Alberta Barley and Alberta Wheat in the annual report. This grand experiment we started in September of 2017 was completed in 2018 and I couldn't be prouder of the results.

Having been through a few mergers and staff integrations in my working career, this one was completed in record time – within a year – and we didn't need an army of consultants to tell us how to do it.

That said, when the boards asked me to test drive the idea of a single management team for the two commissions in September of 2017, it seemed like a daunting task.

How would we balance the competing demands of two boards serving two commodities that serve very different markets?

Barley in Alberta is 80 per cent destined for the feed market. By comparison, 80 percent of our wheat goes to the milling market and mostly for export in 100-car unit trains. Depending on where you farm, the domestic feed, ethanol and fractionation markets are solid options for wheat, but the overwhelming majority is exported.

Thanks to a highly skilled management team and dedicated staff, we found the right formula and the key to our success has been a high degree of communication and collaboration.

Fortunately, while we reduced our total staff complement in the integration process, we didn't have to let anyone go, thanks in large part to staff who moved on to pursue other opportunities in the ag industry.

In 2018-19 we achieved \$410,000 in cost savings through the integration of the management team, with most of the savings attributable to salaries.

Among the highlights of 2018-19 were:

1. A full year of operation under the combined management structure;

2. Taking a leadership role in the restructuring of the barley value chain, including a renewed mandate for the Barley Council of Canada (BCC); and
3. The continued growth of our research extension program, which would not have been possible without the combined resources of Alberta Barley and AWC.

The restructuring of BCC was an especially rewarding highlight of 2018-19 because it was several years in the making. The producer groups – most notably Alberta Barley and Sask Barley - have been carrying over 80 per cent of the financial load of BCC since its inception.

In the new barley value chain model we have not only reduced Alberta Barley's financial obligations to BCC but have fully leveraged the expertise of key industry stakeholders including the Canadian Malting Barley Technical Centre (CMBTC), the Brewing and Malting Barley Research Institute (BMBRI) and Cereals Canada. Each of these groups will provide enhanced services to support industry growth. CMBTC will lead the malting barley variety acceptance strategy and be the main provider of market development and technical support for both feed and malt. BMBRI will lead the development of a national barley research strategy while Cereals Canada has been contracted to provide market access and communications services.

BCC will serve in an overall industry leadership role while drawing on the technical expertise of the other value chain members.

I would like to thank my team as well as the directors, delegates and regional reps of Alberta Barley and Wheat for their support over the past year. It is a privilege to work with you.

Tom Steve

Research

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

Alberta Barley has a long-standing commitment to preserving barley as a competitive crop in Canada. Through numerous innovative research projects, Alberta Barley strives to enhance barley genetics and agronomic management practices.

Agriculture Funding Consortium

1. Development of a biosensor for Fusarium Head Blight forecasting in cereals
 - Dr. Xiujie Susie Li, InnoTech Alberta [Vegreville, Alberta]
2. Development of a multiplex RT-immunoPCR assay and biosensor for the early detection of airborne fungal spores in cereal crops
 - Dr. Claudia Sheedy, Agriculture and Agri-Food Canada [Lethbridge, Alberta]
3. Beneficial insects in Prairie crops: quantifying the value and vulnerability of biological pest control
 - Dr. Haley Catton, Agriculture and Agri-Food Canada [Lethbridge, Alberta]
4. Managing malt genetics for feed end-use: increasing barley profitability by challenging traditional end-use boundaries
 - Laurel Thompson, Lakeland College [Vermilion, Alberta]
5. Adapting innovative solutions for increased barley profitability in Alberta: expanding malt cultivar end-use using PGR and N management
 - Laurel Thompson, Lakeland College [Vermilion, Alberta]
3. Phenotyping barley breeding lines and germplasm for disease resistance
 - Dr. Kelly Turkington, Agriculture and Agri-Food Canada [Lacombe, MB]
4. CropSNP: Ultra low-cost genotyping in barley and soy
 - Dr. François Belzile, Laval University (Quebec City, QC)
5. Barley pathogen variation and surveillance: implications for managing disease via host resistance and fungicides
 - Dr. Kelly Turkington, Agriculture and Agri-Food Canada [Lacombe, AB]
6. Developing barley germplasm with improved resistance to fusarium head blight and other biotic stresses for Western Canada at Agriculture and Agri-Food Canada's Brandon Research and Development Centre
 - James Tucker, Agriculture and Agri-Food Canada [Brandon, MB]
7. Enhancing competitive value of barley in swine diets
 - Dr. Ruurd Zijlstra, University of Alberta [Edmonton, AB]
8. In-crop management strategies to reduce the impact of fusarium head blight in barley
 - Dr. Kelly Turkington, Agriculture and Agri-Food Canada [Lacombe, AB]
9. The influence of preceding legumes and nitrogen management on malt barley yield and quality across Canada
 - Dr. Aaron Mills, Agriculture and Agri-Food Canada [Charlottetown, PE] and Dr. Breanne Tidemann, Agriculture and Agri-Food Canada [Lacombe, AB]

Canadian Agriculture Partnership (“Barley Cluster”)

1. Breeding two-row malt, feed and food varieties
 - Dr. Aaron Beattie, University of Saskatchewan [Saskatoon, SK]
2. Breeding malting and food barley cultivars for Western Canada at Agriculture and Agri-Food Canada's Brandon Research and Development Centre assisted by new technologies
 - Dr. Ana Badea, Agriculture and Agri-Food Canada [Brandon, MB]



With the ending of the WCD in 2017, the prairie barley commissions are collaborating to negotiate the next core breeding agreements to ensure the continued funding of public barley breeding in the Prairies.”

Recently completed projects

1. Identification of forage potential using a forage evaluation spreadsheet of current and recently registered cereal varieties selected for other purposes
 - Dr. Vern Baron, Agriculture and Agri-Food Canada [Lacombe, AB]
2. Improving yield and sustainability of feed and fodder barley through targeted research in nutrient and water use efficiency
 - Dr. Yadeta Kabeta, Field Crop Development Centre [Lacombe, AB]
3. Plant Growth Regulators for cereal crops
 - Dr. Linda Hall, University of Alberta [Edmonton, AB] and Dr. Sheri Strydhorst, Alberta Agriculture and Forestry [Barrhead, AB]

Core breeding agreements

Significant variety development has historically been funded by the Western Grains Research Foundation (WGRF) via funds obtained from the Western Canadian Deduction (WCD). With the ending of the WCD in 2017, the prairie barley commissions are collaborating to negotiate the next core breeding agreements to ensure the continued funding of public barley breeding in the Prairies. Negotiations with the University of Saskatchewan and Agriculture and Agri-Food Canada are ongoing and agreements are expected to be signed in December 2019 and March 2020, respectively.



Alberta Barley Scholarship

Alberta Barley prioritizes succession planning for barley research leaders. The research committee selects recipients based on their project's potential beneficial impact on barley growers. This year, three graduate students from the University of Alberta were awarded the Alberta Barley Scholarship.



Recipient: Joaquin Sanchez-Zannatta

Project: Enhancing the competitive value of barley in swine diets



Recipient: Dilini Adihetty

Project: Variation in the genetic structure, virulence and fungicide sensitivity of western Canadian *Cochliobolus sativus* populations



Recipient: Carmen Roman

Project: Barley productivity and greenhouse gas emissions [N_2O , CH_4 and CO_2] as affected by biosolid application as a nutrient source



Spotlight on Research

Included as an insert in *The Grain Exchange*, our *Spotlight on Research* publication takes a deep dive into five Alberta Barley-funded research projects. Throughout the publication, farmers will discover cutting-edge work that will improve barley's competitiveness and viability through genetic and agronomic innovation. The goal of *Spotlight on Research* is to demonstrate how this research will result in better returns for farmers.



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Markets

Strengthening existing markets and growing new potential.

Made in Canada Tour

In July 2019, Alberta Barley partnered with the Canadian Malting Barley Technical Centre [CMBTC] to hold the Made in Canada Tour: an event that showcased Alberta's grain-to-glass value chain to a contingent of Canadian and American brewers. The event was co-sponsored by the Saskatchewan Barley Development Commission and the Brewing and Malting Barley Research Institute [BMBRI].

With the strong existing market for malt made from Alberta-grown barley, we designed this tour as an opportunity to encourage variety acceptance by educating maltsters and brewers from across North America on the benefits of using new barley varieties. It was also an opportunity to work toward building stronger relationships throughout the barley value chain from plant breeders to farmers to maltsters and brewers.

The Made in Canada tour featured short visits to an array of farms to view new malt barley varieties, a local malting outfit – Red Shed Malting – and the Field Crop Development Centre [FCDC], a research facility in Lacombe, to view pipeline varieties in its breeding program.

To emphasize how well these new varieties can be brewed, Alberta Barley commissioned a custom beer using the new variety AAC Connect from a local brewer. During the tour, our guests tasted this one-of-a-kind brew to get an idea of the quality and profile the variety has to offer.

This tour was a great success and Alberta Barley looks forward to holding it every other year in the future.





The Made in Canada event brought together the entire barley value chain from plant breeders to farmers, to maltsters, and brewers.

Rail transportation

Following the passage of Bill C-49 – a historic turning point for the grain sector – the agriculture industry has been pleased to see record grain movement from the railways with total movement sitting at 54.3 million metric tonnes at the time of writing. But with major grain transportation backlogs still in recent history, Alberta Barley has remained involved with the subsequent regulatory development of this legislation through our involvement with the Crop Logistics Working Group [CLWG]. Consisting of commodity groups and industry, the CLWG provides specific recommendations to the federal agriculture minister aimed at improving grain transportation. Over the last year, Alberta Barley has engaged with the federal government on grain transportation consultations covering the topics of infrastructure, data reporting, congested regions, and capacity mapping.

The main message Alberta Barley and other commodity and industry groups are conveying through this effort is that additional rail capacity is still needed for grains. Improved capacity will help ensure movement continues to keep up with growing yields.

Alberta Barley further conveyed this message during an October 2018 presentation at the Rail to Ports conference as part of a panel that included commodity shippers. Specifically, we provided insights into our industry's challenges in accessing adequate rail transportation services and highlighted efficiency issues at our ports.

Market Access

Blocked access to Saudi Arabia

In August 2018, Saudi Arabia announced that it would be suspending Canadian imports. For Canadian feed barley, Saudi Arabia is an important export market with approximately 135,000 tonnes annually in shipments, but there is potential for much higher volumes given that the country is the largest importer of feed barley in the world. In response to this news, through the media, Alberta Barley called for a strong government-wide approach to resolving this trade dispute, which includes all agencies and departments focused on keeping markets open for Canadian farmers. Alberta Barley continues to press for aggressive action on all non-tariff trade barriers which at the time of writing also includes canola imports into China, peas into India, and durum into Italy.

Trade Deals

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

At the end of October 2018, the Canadian government finished the ratification of the CPTPP. Shortly after, Australia ratified the agreement and the six-member ratification requirement for implementation was met. This started a 60-day countdown, bringing the CPTPP into effect on December 30, 2018.

The CPTPP levels the playing field between Canada and Australia for feed barley exports to Japan. Prior to the agreement, a bi-lateral agreement between Australia and Japan that was signed in 2015 resulted in Australia dominating the feed barley market in Japan with 93 per cent market capture. As a result, Canadian feed barley exports to Japan fell to just 66 thousand tonnes in 2015 from over 500 thousand tonnes in 2012.

With the CPTPP now in effect, Canadian farmers have realized improved market opportunities for feed barley into Japan. Regaining this market is worth approximately \$100 million in increased revenue through direct exports, and through domestic feed and malt processing demands to countries in the CPTPP zone. Canadian barley has also experienced increased demand within domestic markets since Canadian beef exports are one of the largest projected export gains.

Advocating on behalf of Canadian barley farmers: How Alberta Barley got involved

- **We pressed for Canada to be part of the CPTPP:** Through a joint letter with the Alberta Wheat Commission to prime minister Justin Trudeau, Alberta Barley pointed out that Canadian feed barley exports to Japan had already fallen by 26 per cent as a result of falling behind in other trade deals. We also noted that Japan had clearly stated its disinterest in a bi-lateral agreement meaning that Canada's participation in the CPTPP would be the only option to regain our share in this important market.
- **We pressed for quick action in ratifying the CPTPP:** Through a joint press release with the Alberta Wheat Commission, Alberta Barley outlined the need for Canada to be part of the first wave (first six) ratifying members to ensure Canada would not lose out on export opportunities. Canada has benefited by recovering market share previously lost to Australia, who had signalled that they will move forward quickly with ratification upon signing the agreement, and capturing market held by the United States and Black Sea regions.

United States-Mexico-Canada Agreement (USMCA)

Replacing the North American Free Trade Agreement (NAFTA), the USMCA is important to Canadian producers as it provides tariff-free access for Canadian barley into the U.S. and Mexico. The U.S. is the second largest market for Canadian barley with roughly 200,000 tonnes exported annually. USMCA negotiations are now complete and there was a ceremonial signing by world leaders on November 20, 2018 at the G20 meeting in Argentina. Although the agreement is signed, Canada and the U.S. still have not ratified the agreement at the time of writing. Although open market access has been maintained throughout the negotiation period, Alberta Barley looks forward to seeing a conclusion of this agreement.





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Feed barley prices featured on PDQ

The Alberta Wheat Commission runs a free information service that provides cash grain market pricing based on regional price averages using daily price information from more than 90 per cent of the grain elevators in Western Canada. PDQ also provides basis levels, futures market closing prices, local weather, and foreign exchange rates. This year, PDQ included weekly Alberta feed barley prices, including regional feed barley prices for the first time ever. Barley farmers are encouraged to visit www.pdqinfo.ca for average daily prices across three Alberta regions, and to sign up for daily pricing emails for their region.



A message from the Canadian Malting Barley Technical Centre

Peter Watts, Managing Director

For the second year running, Western Canada harvested an excellent quality malting barley crop in 2018. While conditions were generally hot and dry, sufficient precipitation during the growing season, combined with good weather during the majority of harvest, led to one of the highest selection rates for malting barley in recent years. With ample supplies, Canada was able to execute another large sales program with malting barley exports reaching 1.3 million tonnes, just shy of the previous year total, but well above the long term average. As a result the 2018-19 season was extraordinarily busy at the Canadian Malting Barley Technical Centre [CMBTC] with respect to cargo evaluations [a.k.a. CQCs] with 38 pilot malting and brewing trials completed on barley shipments to China between September and March 31.

One of the major highlights of the 2018-19 year was the *China New Crop Tour* executed August 11-15 with 15 representatives from seven of China's largest malting and brewing companies including Tsingtao, Supertime, Hyaline, Xingze, COFCO, JSFEC and Hailar. This tour was conducted in collaboration with grain industry partners [Cargill, Richardson, Viterro and ADM] and with support from the Alberta and Saskatchewan barley grower commissions.

In November of 2018, Dr. Yueshu Li, the CMBTC's Director of Operations, travelled to China to present at the World Beer Conference in Shanghai which provided a fantastic opportunity to promote the suite of promising new varieties such as AAC Synergy, CDC Bow, AAC Connect and CDC Fraser, with all major players from China's malting and brewing industry in attendance. During the trip, Dr. Li also visited Canada's major malting barley customers to discuss new crop quality and gain insights into trends in China's malting and brewing sectors. One of the major trends is the "premiumization" of the Chinese beer market with consumers shunning low quality, inexpensive products in favour of higher quality options. This has ramifications for Canada as the industry requires Canada's high quality barley for making premium beer, partially explaining the uptick in demand in recent years.

In the area of market development, the CMBTC engaged with its partners in China and continued to facilitate production trials with new varieties. With the support of Viterro, 250 tonnes of each AAC Connect and CDC Bow from the 2018 crop were shipped to the city of Dalian in northeast China for malting and brewing production trials. This was the fourth consecutive year that the CMBTC coordinated production trials with new Canadian varieties in China. As a result of this program, several companies in China have approved new Canadian varieties AAC Synergy, CDC Bow and AAC Connect for commercial purchase.



2018 CMBTC China New crop Tour - August 11-15

In terms of applied research, the CMBTC had a number of projects on the go in 2018-19 including the following:

- Barley quality and process factors that result in malt with Premature Yeast Flocculation [PYF].
- Examination and definition of flavours and aromas and their precursors in malting barley cultivars.
- Screening of new varieties for Dimethyl Sulfide [DMS] and precursors [DMSP].
- Evaluation of new Canadian varieties according to South American malting and brewing process conditions.
- Maintaining a competitive edge in China: understanding quality needs of the Chinese brewing sector.
- Optimizing protein blending ratio of high protein and low protein barley to minimize its negative impact on malting and brewing performance.
- Evaluation of suitability of Canadian barley in Baiju production in China.
- 2018-19 was also a busy year for the Malt Academy education program: five courses were held during the year (two, three-day and three, one-week), with over 50 participants in attendance.
- Three new members joined the CMBTC in 2018-19: Supertime Malting and Dalian Xingze Malting from China, as well as the U.S. Brewers Association.
- The CMBTC also started issuing a weekly crop progress update during the growing season, circulated in English and Chinese.
- The CMBTC received new laboratory equipment, and is on its way to conducting full in-house wet chemistry services to conduct malt analysis.

Additional highlights from 2018-19:

- As part of quality assessment (cargo quality, new crop control and new varieties) as well as for market development and research, the CMBTC ran 84 pilot malting, 380 micro malting and 61 brewing trials.

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.





Barley Council of Canada Update

Over the past year, the Barley Council of Canada (BCC) continued to work towards enhancing profitability for the entire barley value chain while undergoing a comprehensive strategic review. This review was inspired by discussions at the Barley Industry Round Table and Working Group, which considered the needs of the entire value chain and how each barley organization supports these needs.

BCC activities included a proactive strategy aimed at bringing Canada's world-class barley and value-added products to market. Among our target markets is China. We continued to partner 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 milling industry. In October 2018, at Wahmix's invitation, then BCC President Phil de Kemp returned to China with Dr. Tim McAllister, a well-known research and ruminant nutrition and microbiology specialist from Agriculture and Agri-Food Canada [AAFC], to host a seminar with major Chinese feed mill companies on how to use and incorporate Canadian barley in their sheep and goat rations. This trip built on our previous work in China by connecting us with producers and users of feed for ruminant animals, in addition to those of swine and poultry species we'd previously targeted. While the strategic review was taking place from fall 2018 through early summer 2019, additional market development activities were paused.

On the research and innovation side, BCC received, and is administering, the National Barley Cluster 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). The National Barley Cluster is a five-year (starting April 1, 2018), \$10.2 million research project under the Canadian Agricultural Partnership that matches a \$6.3 million investment from AAFC into the future of barley research in Canada with a \$3.9 million investment from the Canadian barley industry. Our overarching goals for the cluster research are to accelerate the development of barley varieties through the adoption of best practices in technology, agronomic methods, crop management, and breeding and genetic techniques, and to investigate and develop value-added market applications so that the entire Canadian barley value-chain remains competitive and profitable.

With the conclusion of the strategic review, we announced a new partnership with Cereals Canada, coming into effect August 1, 2019. We are also collaborating more closely with BMBRI on research and with the Canadian Malting Barley Technical Centre [CMBTC] on market development. Moving forward, our relationships with other barley value chain organizations will continue to evolve to best serve the needs of our members and the entire barley value chain.

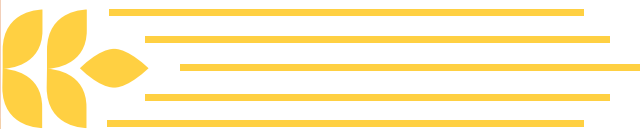
I joined BCC as its Executive Director in July 2019 upon Phil de Kemp's retirement and look forward to working with BCC members and others across the value chain to advance our common goals.



Barley Council of Canada restructuring

In a joint effort with other provincial commissions, Alberta Barley played a key role in the restructuring and realignment of the Barley Council of Canada (BCC) organization. Alberta Barley led the process in developing a value-based membership funding model to effectively manage the costs that create value for barley farmers. The proposed governance structure and the membership funding model met the expectations of industry as well as farmers, resulting in greater alignment throughout the value-chain from the producer to the end-use customer.

Alberta Barley is proud to have been a key player in this process and a catalyst for change in sustaining the future of BCC.



Policy and Government Relations

Advancing key provincial and national policy issues for farmers.



Team Alberta

Team Alberta represents a working collaboration between four of Alberta's crop commissions: Alberta Barley, Alberta Canola, Alberta Pulse Growers and the Alberta Wheat Commission. We work together with the aim to provide input to provincial and federal policy makers, ensure long-term access to promote the sustainability of the crop sector, and advocate on behalf of farmers while enabling grass roots advocacy by our farmer members.

Learn more about Team Alberta by visiting our new website, launched in October 2019, at www.teamalbertacrops.com.



Provincial Advocacy

Provincial Election

Leading up to the 2018 provincial election, the Alberta Wheat and Barley Commissions took an active role in facilitating engagement between farmers and major political parties.

Priority issues

Throughout the campaign period and following the election, we have advocated for four key priority issues:

- 1 **Market Access:** Each of the crops we represent are facing market access issues with canola into China, durum into Italy, pulses into India and barley into Saudi Arabia. We are looking to the provincial government to work with the federal government to resolve these issues. We are also looking to the Alberta International Trade offices that can assist in market information and provide support for businesses and trade in key markets.
 - 2 **Regulatory Barriers:** Our sector sees opportunities to engage in reductions of regulatory barriers to allow for increased growth and business opportunities. This could address, for example, issues like outdated regulations concerning fusarium head blight.
 - 3 **Sustainability, Climate Change and Carbon Tax:** Government needs to increase recognition of the key role that farmers play in carbon sequestration.
 - 4 **Competitiveness through Innovation:** Government needs to focus on a plan forward for research funding that will drive innovation and build our competitiveness as a sector. Research innovation is critical to gaining competitive advantages.
- **Two candidates debates:** Debates were held at Prairie Cereals Summit and the Barley Power Hour during FarmTech. Both debates included current agriculture minister Devin Dreesen who faced up against candidates of other political parties.
 - **Community Action Network:** This initiative was launched as a pre-election effort to facilitate a direct link between farmers and their elected officials. This effort proved successful and the Alberta Wheat and Barley Commissions will maintain the action network to ensure the lines of communication remain open with both federal and provincial elected officials.
 - **Team Alberta Breakfast:** This event takes place annually during both AgriTrade in Red Deer and AgExpo in Lethbridge. The 2018 event featured Alberta Counsel, who gave projections and insights leading up to the provincial election. The 2019 breakfast included remarks from agriculture minister Devin Dreesen and insights following the federal election from Erin Gowriluk, Executive Director of the Grain Growers of Canada.
 - **The Grain Exchange:** For farmers who missed the 2018 Team Alberta breakfast, a written version of Alberta Counsel's election projections and insights was featured in the commissions' quarterly newsletter, *The Grain Exchange*.

Our strategy leading up to the provincial election

Our strategy ensured that parties were aware of the priority issues that farmers face and our recommendations on the best path forward. This included:

New government elected

Following the provincial election, the commissions have focused efforts on developing relationships with the new government. In doing so, Team Alberta was the first stakeholder group to meet with agriculture minister Devin Dreesen where they discussed the priority issues as outlined above. Since that time, the commissions have had a number of meetings with the minister and welcomed him to Alberta Barley's board meeting in July.

MELT Training

In response to the NDP government's new rules that ramped up Class 1 license training requirements by introducing Mandatory Entry Level Training (MELT), Team Alberta advocated for government consultation with the agriculture sector and for a reasonable deadline to be established.

Team Alberta was concerned that the original March 1 deadline would cause unintended consequences for farmers who are dependent on seasonal labour that requires a Class 1 license since much of that labour is hired and trained immediately prior to seeding. Additionally, capacity issues at training facilities made the courses difficult to get into.

In response to these changes, Team Alberta met directly with the transport ministry to express our concerns. We also issued a press release that outlined the unintended consequences that would ensue and pointed farmers to government information that explained the new system.

Team Alberta's advocacy efforts were successful, resulting in new rules that would allow farmers to apply for an extension to become MELT compliant. Successful applicants would have until March 1, 2021 to comply with the new requirements. Following this announcement, the government further lengthened the time period that farmers could apply for the extension, giving farmers until November 30, 2020 to apply.

Even with the new rules that allow farmers to apply for an extension to complete the training, the commissions still have concerns that capacity shortages at training facilities may still make it challenging to meet the extended deadline. Further, concerns continue to exist regarding the cost and time required for testing. We continue to work with the current government to try and resolve the backlog for training and consider models that might be more applicable to agriculture without sacrificing safety.

Farm Freedom and Safety Act Consultations

One of the conservative government's campaign promises during the provincial election was to repeal Bill 6, *The Enhanced Protection for Farm and Ranch Workers Act* and replace it with the Farm Freedom and Safety Act. Some of the changes considered include: exempting small farms from employment standards, allowing for choice of market insurance or Workers' Compensation Board (WCB) as long as basic employment standards of coverage are met, as well as allowing for flexibility in meeting workplace standards in recognition of the unique needs of farming operations.

The Alberta Wheat and Barley Commissions were active in promoting the consultation dates and locations and encouraging farmers to participate in the government's online survey. The commissions also submitted a letter to the minister in support of our positions during the consultations, the intention of the changes and the need to retain basic safety standards.

We have also expressed the need for continued support of AgSafe Alberta – a farmer-driven organization that provides a valuable service and contributes to a culture of on-farm safety.



Team Alberta's advocacy efforts were successful, resulting in new rules that would allow farmers to apply for an extension to become MELT compliant."



FHB Working Group

The Alberta Wheat and Barley Commissions continue to lead the Fusarium Working Group, a value-chain collaboration, in advancing the modernization of fusarium head blight (FHB) management in Alberta. The working group was formed from a 2017 AWC resolution to see FHB removed from the Alberta Agricultural Pest Act.

The commissions engaged in discussion with the new government on the matter, specifically Minister Dreeshen, Minister of Agriculture and Forestry. Minister Dreeshen encouraged the commissions to further engage with the industry at large in order to work toward consensus for the proposed change. The Fusarium Working Group has begun

meeting with Ag Service Boards, municipalities and counties to gain a broader understanding of the interpretation and implementation of the current regulations across the province and to measure the desire for change.

In the new year, the working group will continue to advance a communications strategy and broadly engage with stakeholders across the province to build on a collaborative approach to the issue. During this time and while the FHB problem around the province grows, the commissions will continue to keep farmers informed on how they can best manage FHB in their fields and be an advocate for much needed change in FHB management in the province.

Federal Advocacy

Outreach missions to Ottawa

Outreach missions are a bi-annual occurrence and are a Team Alberta effort whenever possible. Through these missions to our national'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. We will continue to encourage our farmer directors to engage with their elected Members of Parliament in our continued effort to grow our community action network.

One of the highlights of the April 2019 outreach mission to Ottawa was Team Alberta's meeting with the Honourable Bernadette Jordan, minister of rural and economic development. Minister Jordan is Canada's first-ever minister of this file, and her ministry's focus is on designing an economic development strategy for rural Canada. Team Alberta was encouraged by her plan to improve rural broadband internet service, a major issue for rural farmers.

Federal Election

As with the provincial election, the Alberta Wheat and Barley Commissions were active leading up to the federal election to ensure farmers had access to the information they needed before heading to the polls. This involved communications with both MP candidates and party leaders to ensure they were aware of the priority issues affecting farmers.

Priority issues

Throughout all election communications, Team Alberta's priority topics included global trade, the carbon tax, business risk management programs, pesticide regulations, the Canadian Grain Commission [CGC] surplus and calls for CGC reform.

Our strategy leading up to the federal election

- ✓ **Election questionnaire:** Team Alberta distributed a questionnaire to all major parties that asked them to explain how they would address our priority issues. Responses were received from all four parties prior to the federal election and can all be found at www.teamalbertacrops.com.
- ✓ **Information to Alberta MP candidates:** Team Alberta prepared an overview of the priority issues and included farmer testimonials.
- ✓ **Federal debates:** Grain farmers who represent Team Alberta filmed videos that were sent to media prior to the federal debates with the goal of seeing our priority issues addressed on air.
- ✓ **Before the vote:** Federal platform analysis: the commissions analyzed all major party platforms and summarized the areas that applied to the crop sector. The analysis also summarized the responses to the election questionnaire. The analysis was sent via email to all subscribers of both the AWC and Alberta Barley mailing lists.



As with the provincial election, the Alberta Wheat and Barley Commissions were active leading up to the federal election to ensure farmers had access to the information they needed before heading to the polls.”



Past Alberta Wheat Commission chair, Kevin Bender (left) and past Alberta Barley chair, Jason Lenz (right) pictured with Member of Parliament, Blaine Calkins (middle), who represents their Red Deer-Lacombe riding, during a fall outreach mission in 2018.



Post-election strategy:

With the election now behind us – and results that show Alberta’s perspective will be needed more than ever – at the time of writing the commissions are working to set up an outreach mission to The Hill to further convey our priority issues and the actions needed from our government.





Pest Management Regulatory Agency (PMRA) Engagement

In response to the PMRA's proposed re-evaluation decision that would eliminate almost all agricultural uses of chlorpyrifos – the active ingredient in Lorsban – the commissions prepared a submission that pointed out the challenges farmers would face with both wheat midge eggs and adult populations, as well brown wheat mite. Lorsban is the only known option for controlling these pests, and products containing chlorpyrifos are the best option for controlling cutworm populations in wheat and barley crops.

The submission went on to express our concerns with the continued flaws that exist within the PMRA evaluation process itself. Our submission pointed out that PMRA decisions not only fail to include cost-benefit analysis factors, but also that they are made on an overly conservative basis that doesn't differentiate between regional application and usage patterns.

At the time of writing, the commissions are still waiting on outstanding final decisions, notably related to the neonicotinoid seed treatments. We will continue to monitor these decisions and keep farmers informed.

Team Alberta Grain Conditioning Study

In 2019 Team Alberta launched a grain conditioning study to assess on-farm energy consumption and efficiency of grain drying and conditioning systems. The study consists of monitoring and analyzing numerous farmer participant's grain drying and conditioning systems in Alberta. The three-year study is funded through the Canadian Agricultural Partnership [CAP].

The data obtained from the grain conditioning study will be a critical source of information for Alberta farmers regarding efficiencies, implementation or expansion of grain conditioning systems. Information gained will also be used for advocacy purposes such as improving programs and policies that seek to reduce the cost burden associated with on-farm grain conditioning in Alberta.

Team Alberta began recruiting farmer volunteers in the spring of 2019 and had a successful uptake with over 40 participants beginning in July.



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A message from the Grain Growers of Canada

Erin Gowriluk, Executive Director

2018-2019 marked an exciting time at Grain Growers of Canada (GGC). First off GGC acquired new members [ensuring representation in every province]. This means that GGC is better positioned than ever before to deliver on its commitment to bring a united farmer voice to the nation's capital!

GGC also adopted a new policy development process which invites all members, regardless of whether or not they hold a seat at the board table, to actively participate in policy development through four issue-focused committees.

2019 also marked the start of my tenure as the organization's Executive Director. While I'm new to the role, I'm not new to GGC. As one of the founders of "Team Alberta," I served as Policy & Government Relations Manager with the Alberta Wheat and Barley Commissions before moving to Ottawa for an opportunity with one of GGC's industry partners, Syngenta.

Canadian grain growers are caught in the global trade crossfire. Commodities such as soybeans, wheat, barley, pulses, and canola are either directly hit by trade restrictions or have had to endure the economic ripple effects of trade wars between other countries. This is happening at a time when the realized net farm income of agricultural producers fell 45.1 per cent in 2018 to \$3.9 billion, the largest percentage decrease since 2006.

Equally disconcerting is the rise of non-tariff barriers (NTBs) in an increasing number of countries that represent significant export market opportunities for Canada's grain growers. Increasing competition and a move

towards non-tariff trade barriers are making it more difficult for farmers to compete on the international market. Farmers need more predictable, reliable access to export markets in order to maximize their economic potential.

The Government of Canada can play a critical role in fostering an environment of competitive liberalization and stronger rules-based trade on the global stage. While commendable, the government's work to reform the WTO's governance structure and dispute resolution mechanism should be complemented by a cogent trade strategy. The government must ensure commercially viable access to export markets both in terms of tariff improvements as well as an improved trading environment.

GGC has and will continue to encourage the Federal Government to work with industry to develop a comprehensive strategy to address the market access challenges facing Canada's agriculture sector. This means working with the government as a "willing partner" to mitigate trade risks for grain growers.

The core pillars of the strategy include, but are not limited to, the following:

- Building technical capacity in Canadian missions' abroad, international organizations [i.e. Codex] to adequately recognize and address the needs of grain growers.
- Leveraging free trade agreements, international partnerships, forums, etc. to enhance market access opportunities.
- Addressing ongoing barriers to Canadian agricultural exports, notably missing or misaligned maximum residue limits.
- Harnessing the progressive elements of CETA, CUSMA and CPTTP to facilitate Canadian grower access to plant breeding innovation.

Extension Initiatives



The Growing Point

URL:
www.albertabarley.com/the-growing-point/

Podbean podcast:
thegrowingpointpodcast.podbean.com

Podcast apps available on:
Apple or Spotify

The Growing Point

In October of 2018, the Alberta Wheat and Barley Commissions welcomed a new role and team member. With the idea of bridging the gap between research and agronomy to growers, Jeremy Boychyn was hired as the research agronomy extension specialist. Jeremy is the commission's boots on the ground approach to extending agronomic knowledge, resources and tools to Alberta farmers. Our new agronomy newsletter *The Growing Point*, which was launched in April 2019, features articles, podcasts and videos that provide timely agronomic information for Alberta farmers and agronomists. Jeremy also takes the conversation online engaging researchers, agronomists and farmers on Twitter to discuss the latest growing season issues at hand.



Newsletter



The speed at which frost (or temperature drop) occurs will also play a role. This is because a slower rate of temperature decrease will lead to larger ice crystals as compared to a fast temperature drop.”

Jeremy Boychyn [Alberta Wheat and Barley Commissions]
Effects of frost on cereal crops, September 2019 edition



Barley straw is more valuable per acre than that of wheat or oat straw. Barley and oat straw are in higher demand by livestock producers for bedding and some animal feed.”

Clair Langlois [Alberta Agriculture and Forestry]
Cereal straw: a hidden value on your farm, September 2019 edition



For the fungicide applications, there was no difference in yield between the flag and leaf timing applications which, on average, increased barley yields by three per cent.”

Jeremy Boychyn [Alberta Wheat and Barley Commissions]
Advanced agronomics for barley production, April 2019 edition



It is important to take note of moisture conditions, as well as the physical symptoms of the plants, in order to correctly identify diseases.”

Jeremy Boychyn [Alberta Wheat and Barley Commissions]
Identifying cereal lead diseases, July 2019 edition



...a slight increase in disease severity was seen when fungicide was delayed until head emergence. However, there was no difference in final yield at either fungicide timing.”

Jeremy Boychyn [Alberta Wheat and Barley Commissions]
Delayed leaf fungicide timing – is it worth it?, July 2019 edition



Podcast



This whole idea came out of the many little hammers theory. The idea is that if there is one big hammer dropping from the sky it's easier to dodge. If there's a whole bunch of little hammers coming down at the same time, one of them is going to hit you."

Breanne Tidemann [Agriculture and Agri-Food Canada]

Weed management and the Harrington Seed Destructor with Dr. Breanne Tidemann



The grower has to consider their variety, their fertility package, and their cropping history."

Sheri Strydhorst [Alberta Agriculture and Forestry]

A discussion with Dr. Sheri Strydhorst on fungicides, in-crop nitrogen and PGR's



As an agronomist we are yield driven by what we are looking for, but that stability piece... we'd be remiss if we ignored it."

Brian Beres [Agriculture and Agri-Food Canada]

Winter wheat best seeding practices with Dr. Brian Beres

Follow along with The Growing Point on Twitter.

Performance data from March to October 2019



725 Tweets



1056 Mentions



530,300 Impressions



360 New Followers

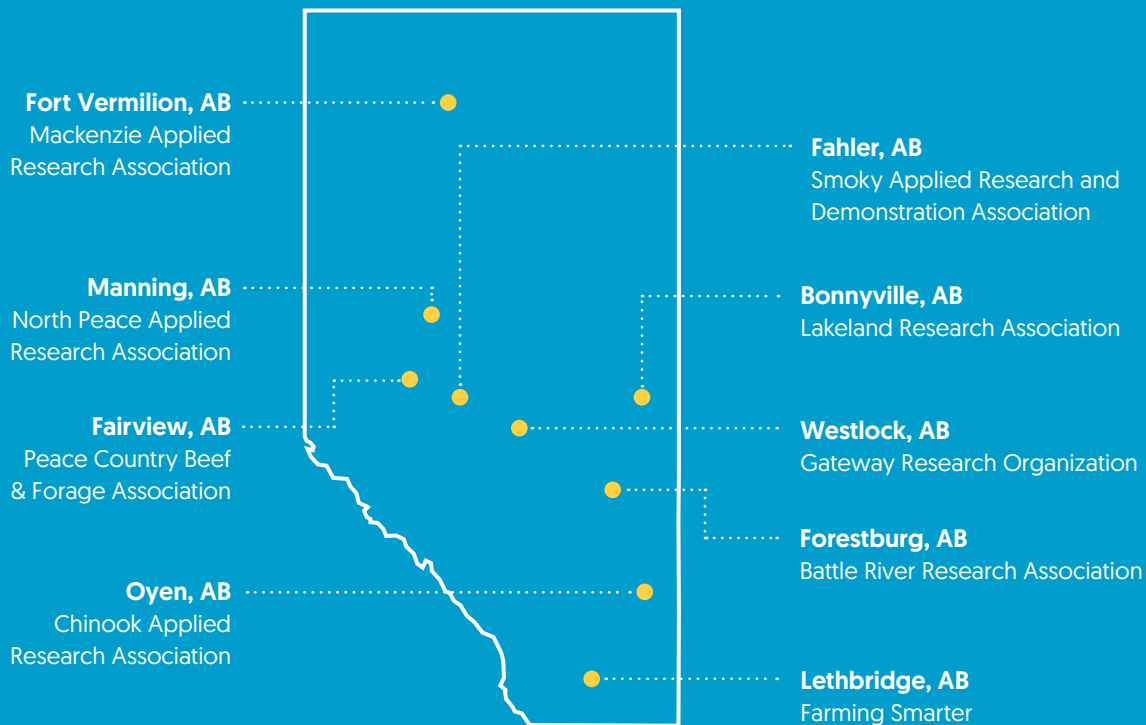


5356 Profile Visits



Applied Research Associations

Alberta Barley collaborates with Applied Research Associations (ARAs) to support farmers in the many regions of Alberta. This year, Alberta Barley supported nine ARAs:



Lacombe Field Day

July 24, 2019 brought the Lacombe Field Day presented by Alberta Barley. Farmers from all over Alberta travelled to the Field Crop Development Centre at Lacombe to participate in the field day to learn about a wide-range of topics including barley for forage production, disease resistance, new barley varieties and more. Sponsors of the event included Alberta Canola, Alberta Pulse Growers, Alberta Seed Growers and the Alberta Wheat Commission.



Dr. Joseph Nyachiro presents barley varieties from his breeding program to Lacombe Field Day attendees

Making the Grade

Hosted alongside Alberta Canola, Alberta Pulse Growers and the Alberta Wheat Commission, Alberta Barley held a grain grading workshop in Olds, Alberta called Making the Grade. Attendees rotated between the four different grading stations; barley, wheat, canola and pulses, where they learned grading from an expert. Since grade determines price, this event is always a hit and often sold out. Making the Grade allows farmers to learn first-hand from those who are industry grain grading experts.

Sponsorships



Alberta Barley was a sponsor of WheatStalk, Alberta Wheat Commission's annual summer extension event. Hosted at Farming Smarter in Lethbridge in 2018 and at Teepee Creek near Grande Prairie in 2019, WheatStalk delivers one day of agronomy solutions to Alberta growers. This year, the WheatStalk stations varied in topics including winter wheat, soil health, foliar fungicide on disease resistant varieties, intercropping demos and more.



The AgSafe Alberta Society is a collaboration of crop and livestock sector producer groups that have come together to develop and deliver farm safety management tools, resources and programs for farmers and ranchers in the province of Alberta. Alberta Barley is a proud sponsor of AgSafe Alberta and its efforts towards keeping farmers and ranchers safe.



Alberta Barley is a Bronze Sponsor of the Canadian Agronomist, an online resource that translates crop industry research into agronomic knowledge that farmers and agronomists can use. The Canadian Agronomist covers a wide range of topics and the most prominent crops across Canada.

Communications

Building knowledge and communicating value to farmers



The Grain Exchange

Issued quarterly, the commissions' newsletter *The Grain Exchange* covers a wide range of topics including commission updates and major industry news.

Barley outlook remains favourable

"The 2018/19 marketing year has been positive for Canadian barley growers. While the malt barley segment hasn't been spectacular, an exceptionally strong market for feed barley has kept prices for both classes supported."

Chuck Penner, LeftField Commodity Research, June 2019

Policy Tracker

"Polling figures released on July 30, 2018 showed the United Conservative Party holding a lead over the governing NDP, hovering just over 50 per cent support among decided and leaning voters. Team Alberta will be engaging with all parties and looking for the support of our members to get our messaging out regarding farmers' priorities for the elected party."

Shannon Sereda, Policy and Government Relations Manager, October 2018

China's top maltsters tour the prairie and explore new malt barley varieties

"In recent years, China's purchases have been primarily AC Metcalfe and CDC Copeland, so this tour was an opportunity for buyers to see newer varieties. Getting international buyers on board with testing and ultimately purchasing new varieties will be critical to transition away from the older and less competitive varieties."

Peter Watts, Canadian Malting Barley Technical Centre, October 2018



Barton's recent appointment a glimmer of hope for Canadian agriculture

"Then in the lead up to the 2019 federal election, a glimmer of hope. Prime Minister Justin Trudeau announced the appointment of Dominic Barton as Canada's new Ambassador to China. Yes, despite all of the challenges we face with one of our most important trading partners, there is some hope in this appointment."

Erin Gowriluk, Grain Growers of Canada, October 2019

Royalty discussion a hot topic

"It shouldn't have come as a surprise that farmers reacted strongly at the mere suggestion of any change in royalties on wheat and barley seed. After all, farmers' right to use farm-saved seed is a time-honoured practice in western Canadian agriculture enshrined in law."

Tom Steve, General Manager, January 2019

A look at the new international trade deals and what they mean for Canada

"Under CPTPP, our feed barley will immediately be treated similarly to Australian feed barley. This should help improve Canadian exports into 2019."

Geoff Backman, Business Development and Markets Manager, January 2019

Bushels of praise for new wheat variety

"[AAC Crossfield] yielded exactly 5 bushels/acre more than Penhold, coming in at just under 100 bushels/acre"

Geoff Geddes, The Word Warrior, March 2019

Final piece of the wheat genome jigsaw puzzle in place

"Through the International Wheat Genome Sequencing Consortium, an international team was able to sequence the genome of Chinese Spring hexaploidy wheat in its entirety. Researchers across Canada contributed to this work through the CTAG2 project, led by Drs. Curtis Pozniak and Andrew Sharpe."

Lauren Comin, Director of Research, October 2018

Wally and Betty's Grain Gallery

Launched at the Calgary Stampede, *Wally and Betty's Grain Gallery* was a hit with kids at the Greatest Outdoor Show on Earth. The new booth uses augmented reality to showcase the farm to table process, giving kids the opportunity to learn about where their food comes from through cutting-edge technology. The booth also serves as an opportunity for commission staff, directors and delegates to answer parent and teacher questions about how farmers grow barley.

In addition to the Calgary Stampede's AgTivity in the City event, the Alberta Wheat and Barley Commissions look forward to showcasing our augmented reality experience at Aggie Days in Calgary and Lethbridge and Amazing Ag in Edmonton.

Next Level Farming

Held regionally in collaboration with Alberta Wheat Commission and Alberta Pulse growers, Alberta Barley's *Next Level Farming* events are an opportunity for the commissions to hold events as close to your farm as we can. This year's one-day conference-style events featured market insights, regional agronomy specialists and farm management tips.

Next Level Farming events are also an important part of Alberta Barley's governance process. During these events, farmers can nominate and vote their peers onto the commission's board of directors and delegate body. Farmers are also encouraged to put forward resolutions on issues they feel the commission should respond to.

FarmTech

Alberta Barley is one of the five hosts of FarmTech, Canada's premier production show. During this event, attendees set their own agenda during daily concurrent sessions, and attend special host events. Farmers were also able to visit with Alberta Barley staff, directors and delegates at our booth, and throughout the three-day event.

FarmTech 2018 coincided with the upcoming provincial election, so for the *Barley Power Hour*, Alberta Barley brought in a panel of MLA candidates including our current Agriculture and Forestry minister, Devin Dreesen, NDP candidate Jessica Littlewood and Alberta Party candidate Kevin Smook. See page 19 to learn more.

Wally and Betty's Grain Gallery was unveiled at the Calgary Stampede, where kids of all ages enjoyed our farm-to-table experience



Prairie Cereals Summit

Held in the heart of the Rocky Mountains at the Banff Springs Hotel, the 2018 *Prairie Cereals Summit* was held in collaboration with the Alberta Wheat Commission for the first time ever. A product of the commissions' new Better Together mantra, this joint event attracted more attendees than ever before and resulted in record level sponsorship revenue. Overwhelmingly positive reviews from attendees demonstrated that the event is providing value that farmers and agriculture industry professionals alike can enjoy.

Attendees of the 2018 Prairie Cereals Summit event were treated to the classic pub tour throughout downtown Banff where they met with old and new friends over their favourite barley beverage. They took in a full day of speakers, learned about commission-funded research during a poster session, and enjoyed a five-star meal during a banquet that included country singer, Adam Gregory.

Following the same format as the 2018 event, 2019 Prairie Cereals Summit attendees can look forward to conference speakers including the Honourable Stockwell Day, who will provide an analysis on international trade with a critical look at trade relations with China, Danielle Smith, former politician and journalist for Global News/770 CHQR, Sean Finn, Executive Vice-President for CN and Ted Menzies, former Member of Parliament who served as Associate Minister of Finance and CEO of Crop Life Canada.

Annual General Meeting

Alberta Barley's Annual General Meeting [AGM] is held on the first day of the Prairie Cereals Summit. During this event, farmers hear an update from the commission including a review of our financial statements and news resulting from major initiatives. Similar to *Next Level Farming* events, the AGM is also an opportunity to put forward and vote on resolutions.

Social Media

Alberta Barley has ramped up our social media presence this year with more than 1,500 new followers over last year and more interaction than ever before. Find Alberta Barley on Twitter, one of our primary platforms for two-way communications with farmers.

Trade Shows

Alberta Barley sees value in attending as many agriculture-related trade shows as we can. These are another opportunity for farmers to meet directly with commission staff, directors and delegates, and learn more about how the commissions are working for you. This year, Alberta Barley had a booth at FarmTech, AgExpo and AgriTrade.

Science of the Six Pack

In partnership with ATB Financial, Alberta Barley hosts Science of the Six Pack in two locations – Red Deer, during AgriTrade, and Lethbridge, during AgExpo. This evening event is where science meets craft beer – attendees get to sample the latest, hear from the creators and participate in a friendly competition to determine the champion brewer.

Beerfest

During both Calgary and Edmonton Beerfest, beer drinkers can find Alberta Barley in a pouring station with local breweries. Beerfest is a great venue for chatting with consumers who are interested in learning more about the combine to craft process. During the 2019 Beerfest event, Alberta Barley hosted a panel called *Bochchain: Grain to Glass*. Attendees were able to hear from Red Shed Malting, Last Best Brewing and Canada Malting about their block chain product that traces beer right back to its farm roots.



Attendees of the 2018 Prairie Cereals Summit event were treated to the classic pub tour throughout downtown Banff where they met with old and new friends over their favourite barley beverage.



GrainsWest

GrainsWest magazine debuted some exciting new projects this past year.

The fresh redesign of grainswest.com features an editorial-style layout that makes its content easy to read. With links to our social media and digital offerings, it has become a one-stop shop for readers to find everything *GrainsWest*. The website received more than 18,000 visitors in 2019. Our top online story was “Expensive acres” written by the magazine’s editor Ian Doig. The story discussed the burden of outsized land values to new and expanding farmers.

The *GrainsWest* e-newsletter is delivered to 3,700 industry mailboxes each month. It features a roundup of top print stories as well as exclusive online-only stories to keep our readers engaged between print editions. Our most-read online edition of the year was the March 2019 issue, in which we published a story on value creation. It also featured an online-only discussion with political analyst Duane Bratt on the state of Alberta’s political landscape and the implications of the past provincial election for rural Alberta. Also included, was information on the Class 1 driver’s license extension application and Team Alberta’s on-farm grain conditioning study.

In September of 2019 we published the first special technology issue of *GrainsWest*. It featured stories about innovative grain-handling equipment, drone mapping, precision ag platforms and much more.

In 2019, we also debuted *The GrainsWest Podcast*. It is one of the first story-focused podcasts in Canadian agriculture. The podcast’s debut episode was entitled “Reaching Out.” In it, we talked to ag community representatives about eliminating the stigma around mental health in farming and attended a mental health first aid course put on in conjunction with the Do More Agriculture Foundation. To date, *The GrainsWest Podcast* has received more than 500 downloads and listens.





GrainsWest editor Ian Doig interviews Alberta Wheat Commission director Hannah Konschuh for a podcast about mental health.



The fresh redesign of grainswest.com features an editorial-style layout that makes its content easy to read. With links to our social media and digital offerings, it has become a one-stop shop for readers to find everything GrainsWest.”



The website received more than **18,000 visitors in 2019.**



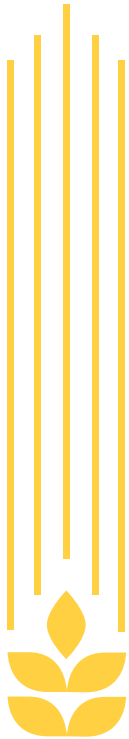
In September of 2019 we published the first special **technology issue of GrainsWest.**



The *GrainsWest* e-newsletter is delivered to **3,700 industry mailboxes each month.**



The *GrainsWest Podcast* has received more than **500 downloads and listens.**



AdvancingAg Future Leaders Program

June 2019 marked the graduation of the second class of the **AdvancingAg Future Leaders Program**. The class consisting of eight mentees (aged 18-35) were partnered with a mentor for a year of professional development and growth. The 2019 graduating class consisted of Logan Skori, Natasha Peiskar, B.P. Chennupati, Isabelle Thibout, Marissa Gehlert, Steven Vincett, Addison Cullen and Carly Pawluk.

The program, now in its third year, is an initiative focused on mentoring young agriculture professionals in Alberta. The first-of-its-kind program was conceived by the Alberta Wheat Commission in partnership with Alberta Barley to develop strong leaders for a progressive and vibrant cropping sector with a specific focus on young agricultural professionals.

The intent is for graduates of this program to continue on in their careers, better able to manage their operations, or influence and shape the cropping sector as agriculture professionals. The industry leaders selected as mentors are paired with the young producers and professionals to impart their knowledge and experience, as well as to facilitate key potential learning and training opportunities.

The **AdvancingAg Future Leaders Program** mentees and mentors for the class of 2020 have been selected and kicked off the year with their official meet and greet at the Hotel Arts in Calgary, Alberta in July 2019. The new class got to hear from past mentees on the enriching experiences and development that lies ahead for them. The class of 2020 consists of Jordyn Prior, Ashley Smith, Matija Stanic, Roddy Campbell, David Pinzon, Ryan Hallett, Abhinandan Kumar and Candace Roberts.



The first-of-its-kind program was conceived by the Alberta Wheat Commission in partnership with Alberta Barley to develop strong leaders for a progressive and vibrant cropping sector with a specific focus on young agricultural professionals.”



*Mentee participants of the AdvancingAg Future Leaders Program class of 2019/2020.
Back row: Ashley Smith, Ryan Hallett, Matija Stanic, David Pinzon and Candace Roberts.
Front row: Abhinandan Kumar, Jordyn Prior and Roddy Campbell.*



Finance, Governance and Human Resources

Due diligence, accountability, transparency

The finance department's core function is to ensure sound financial planning and processes are in place for Alberta Barley's fiscal success. With a strong due diligence process in place, the finance department oversees check-off dollars and evaluates the best return on investment. Accountability and transparency maintain our finance department to the highest standard.

Governance and Finance Committee

Previously called the Audit and Finance Committee, Alberta Barley changed the committee name to Governance and Finance Committee to better represent its responsibilities.

The top priority of the committee is strong financial planning, budgeting, governance planning, advocacy and risk management to ensure check-off funds are spent responsibly on behalf of Alberta barley farmers. The committee develops methodical financial goals to ensure success through measurable strategies and objectives.

Alberta Wheat and Barley's shared finance team continues to manage the financial portfolios for the commissions, GrainsWest, Barley Council of Canada and AgSafe Alberta. Managing these portfolios eliminates duplication of work and allows for further cost-savings and efficiencies with Alberta wheat and barley growers' check-off dollars.



The committee develops methodical financial goals to ensure success through measurable strategies and objectives."



Alberta Barley's governance model: 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.



Reporting Value

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



Alberta Barley Refund Rate

Alberta Barley views the check-off refund rate as a benchmark that indicates how barley farmers perceive the commission's value. Alberta Barley continues to deliver value through core programming that has resulted in our refund rate remaining consistently between four and six per cent. Our commitment to communicating value regularly with farmers and grain dealers has resulted in consistently low refund rates.

Re-licensing the check-off database

In 2014, Alberta Barley's finance team transitioned the check-off collection system from a third-party program to in-house system. This new in-house database immediately proved to offer efficiencies from an administrative standpoint, therefore resulting in significant cost-savings. Removing administrative

burdens and duplication of work for grain dealers and administrative staff has resulted in relicensing opportunities amongst other industry members who require a collection system.

The commission's check-off database continually attests to be efficient upon re-licensing to numerous Manitoba-based producer groups last year. This past fiscal year, the commissions were approached by two additional grower groups for re-licensing; Manitoba Wheat and Barley Growers and Winter Cereals Manitoba. Alberta Wheat and Barley Commissions are proud to be at the leading-edge of offering a collection database that offers cost-savings to growers across Western Canada.



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 5, 2019

A handwritten signature in black ink that reads "Tom Steve". The signature is written in a cursive, flowing style. Below the signature is a horizontal line.

Tom Steve, General Manager

Independent Auditors' Report

To the Members of Alberta Barley Commission:

Qualified Opinion

We have audited the financial statements of Alberta Barley Commission (the "Commission"), which comprise the statement of financial position as at July 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at July 31, 2019, 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.

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.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Calgary, Alberta
November 5, 2019

MNP LLP
Chartered Professional Accountants

Statement of Financial Position

For the year ended July 31, 2019

		General Operating Fund		Restricted Fund		Total	
	Notes	2019	2018	2019	2018	2019	2018
Assets							
Current							
Cash		766,864	506,191	—	—	766,864	506,191
Short-term investments	4	4,462	641,901	—	—	4,462	641,901
Accounts receivable	5	496,001	604,096	—	—	496,001	604,096
Prepaid expenses		55,806	40,129	—	—	55,806	40,129
		1,323,133	1,792,317	—	—	1,323,133	1,792,317
Capital assets	6	98,838	83,630	27,436	37,315	126,274	120,945
Long-term investments	4	1,694,560	1,000,364	—	—	1,694,560	1,000,364
		3,116,531	2,876,311	27,436	37,315	3,143,967	2,913,626
Liabilities							
Current							
Accounts payable and accruals		628,502	534,117	—	—	628,502	534,117
Grant commitments	7	—	—	30,920	30,920	30,920	30,920
Deferred revenue	8	1,201,356	1,268,219	—	—	1,201,356	1,268,219
Deferred revenue - Shochu project		—	—	23,692	23,692	23,692	23,692
Deferred related to capital assets contributions	9	—	—	27,436	37,315	27,436	37,315
		1,829,858	1,802,336	82,048	91,927	1,911,906	1,894,263
Net Assets							
Restricted		—	—	(54,612)	(54,612)	(54,612)	(54,612)
Unrestricted		1,286,673	1,073,975	—	—	1,286,673	1,073,975
		1,286,673	1,073,975	(54,612)	(54,612)	1,232,061	1,019,363
		3,116,531	2,876,311	27,436	37,315	3,143,967	2,913,626

Commitments

11

Approved on behalf of the Board



Director



Director

Statement of Operations

For the year ended July 31, 2019

		General Operating Fund		Restricted Fund		Total	
	Notes	2019	2018	2019	2018	2019	2018
Revenue							
Check-off fee revenue	8	2,766,479	2,837,143	—	—	2,766,479	2,837,143
GrainsWest revenue		65,348	37,153	—	—	65,348	37,153
Prairie Cereals Summit Sponsorship revenue		59,521	—	—	—	59,521	—
Database license revenue	2	44,515	—	—	—	44,515	—
Miscellaneous income		25,420	1,280	—	—	25,420	1,280
Sponsorships		16,423	78,211	—	—	16,423	78,211
Shochu project revenue	3	—	—	9,879	9,879	9,879	9,879
Western Canadian Deduction administrative fees	13	—	89,899	—	—	—	89,899
AgriMarketing Program revenue		—	25,946	—	—	—	25,946
AgriInnovation Program revenue		—	43,588	—	—	—	43,588
Market study revenue	14	—	77,534	—	—	—	77,534
Check-off refunds	8	(131,879)	(139,838)	—	—	(131,879)	(139,838)
		2,845,827	3,050,916	9,879	9,879	2,855,706	3,060,795
Operating Expenses							
Salaries, benefits, and contractors		383,133	373,456	—	—	383,133	373,456
Research expenses		604,676	228,710	—	—	604,676	228,710
General and administrative		403,020	386,058	—	—	403,020	386,058
Marketing and events		321,143	311,456	—	—	321,143	311,456
GrainsWest expenses		160,900	154,125	—	—	160,900	154,125
Policy development expenses		226,176	130,345	—	—	226,176	130,345
Communication/Government relations		183,524	98,810	—	—	183,524	98,810
CMBTC commitment	16	86,582	63,328	—	—	86,582	63,328
Directors fees and expenses		55,863	66,797	—	—	55,863	66,797
Market development expenses		45,862	85,229	—	—	45,862	85,229
Professional fees		35,853	43,202	—	—	35,853	43,202
Staffing and recruiting		393	—	—	—	393	—
Western Canadian Deduction expenses	13	—	399,623	—	—	—	399,623
Professional fees - lawsuit		—	—	—	—	—	—
Market study expenses	14	—	127,787	—	—	—	127,787
AgriMarketing Program expenses		—	52,191	—	—	—	52,191
AgriInnovation Program expenses		—	437,068	—	—	—	437,068
Barley Council of Canada Program Cost - GoBarley		—	—	—	—	—	—
		2,507,125	2,958,185	—	—	2,507,125	2,958,185
Excess of revenue over expenses before other items		338,702	92,731	9,879	9,879	348,581	102,610
Other items							
Interest income		31,035	52,967	—	—	31,035	52,967
Unrealized gain on investments		40,082	3,370	—	—	40,082	3,370
Barley Council of Canada contribution	10	(207,000)	(243,239)	—	—	(207,000)	(243,239)
Western Canadian Deduction allocation	13	—	(512,262)	—	—	—	(512,262)
		(135,883)	(699,164)	—	—	(135,883)	(699,164)
Excess (deficiency) of revenue over expenses		202,819	(606,433)	9,879	9,879	212,698	(596,554)

Statement of Changes in Net Assets

For the year ended July 31, 2019

	<i>Unrestricted</i>	<i>Restricted</i>	<i>2019</i>
Net assets, beginning of year	1,073,975	[54,612]	1,019,363
Excess (deficiency) of revenue over expenses	202,819	9,879	212,698
Transfer from restricted funds (Note 15)	9,879	[9,879]	—
Net assets, end of year	1,286,673	[54,612]	1,232,061

	<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 to restricted funds (Note 15)	608,318	[608,318]	—
Net assets, end of year	1,073,975	[54,612]	1,019,363

Statement of Cash Flows

For the year ended July 31, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	218,698	(596,554)
Unrealized gain on investments	(40,082)	(3,370)
Amortization of capital assets	28,607	34,925
Loss on disposal of capital assets	–	18,595
Amortization of deferred capital contributions	(9,879)	(9,879)
	197,344	(556,283)
Changes in working capital accounts		
Accounts receivable	108,095	653,349
Prepaid expenses	(15,677)	6,412
Accounts payable and accruals	94,387	(405,728)
Grant commitment	–	(5,499)
Deferred revenue	(66,863)	(184,250)
Deferred revenue – Shochu project	–	–
	311,286	(491,999)
Investing		
Purchase of capital assets	(33,936)	(5,159)
Purchase of investments	(658,927)	(550,760)
Proceeds on sale of investments	642,250	536,079
Funds held in trust for Western Canadian Deduction	–	–
	(50,613)	(19,840)
Increase (decrease) in cash	260,673	(511,839)
Cash, beginning of year	506,191	1,018,030
Cash, end of year	766,864	506,191

Notes to the Financial Statements

For the year ended July 31, 2019

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 notforprofit 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 notforprofit 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 notforprofit 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.

Alberta Barley Commission changed from a third-party check-off program to an in-house operation called the ‘Levy Plus Check-Off Database’. The Commission re-licensed the database and entered into five-year re-licensing agreements with Manitoba Canola Growers, Manitoba Corn Growers, Manitoba Flax Growers Association, Manitoba Pulse & Soybean Growers, Manitoba Wheat & Barley Grower Association, Winter Cereals Manitoba and the National Sunflower Association of Canada. Revenue is recognized over the life of the relevant agreements.

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.

2. Significant accounting policies *(continued)*

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.

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 end-user.

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, 2019 amortization of deferred capital contributions amounted to \$9,879 [2018 – \$9,879].

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 3.200% (2018 – 1.583% and 3.350%) and maturity dates between October 9, 2020 and December 14, 2023 (2018 – December 2, 2018 and September 12, 2021). 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 or held in investment savings accounts have been reclassified as shortterm investments.

5. Accounts receivable

	2019	2018
Checkoff fees receivable	169,453	196,334
Agri-Marketing Program	–	59,517
Agri-Innovation Program	–	149,529
Western Canadian Deduction		
Alberta Wheat Commission	185,386	121,097
Barley Council of Canada	2,775	35,035
Other receivables	138,387	42,584
	496,001	604,096

Alberta Wheat Commission is related to the Commission by virtue of common management. All transaction between the two parties are measured at exchange amount and bear standard commercial terms of repayment. At July 31, 2019 the Commission had various balances payable to Alberta Wheat Commission, resulting in a net payable of \$149,827 (2018 – \$121,097).

6. Capital assets

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Computer equipment	165,298	119,375	45,923	44,732
Equipment for Shochu project	98,791	1,355	27,436	37,315
Furniture and fixtures	136,363	105,042	31,321	37,031
Promotional equipment	23,985	22,734	1,251	1,867
Booth development	20,688	345	20,343	–
	445,125	318,851	126,274	120,945

Amortization expenses of \$28,607 (2018 – \$34,925) and \$nil (2018 – \$18,595) 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 checkoff per tonne when barley is delivered. The buyer of the barley then remits this checkoff fee to the Commission. As the Commission relies only on the buyers' remittances, the Commission cannot accurately determine its revenue until collected.

To estimate checkoff 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 checkoff 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.

Checkoff 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:

	2019	2018
Balance, beginning of year	37,315	47,194
Less: Amounts recognized as Shochu project revenue during the year	[9,879]	[9,879]
Balance, end of year	27,436	37,315

10. Barley Council of Canada

Included in expenses in the statement of operations is \$207,000 [2018 – \$243,239] provided to Barley Council of Canada for operating purposes.

As at July 31, 2019, the Commission has \$2,775 [2018 – \$35,035] 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:

2020	162,000
Thereafter, to August 31, 2020	22,500
	184,500

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, 2019 amounted to \$nil [2018 – \$89,899].

13. Western Canadian Deduction *(continued)*

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, 2019, these accounts had a balance of \$nil (2018 – \$nil). During the year-ended July 31, 2019, the Commission expensed \$nil (2018 – \$399,623) 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 \$nil (2018 – \$512,262) 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.

The Market Study project was completed at July 31, 2018.

15. Interfund transfers

Cash was transferred between the Unrestricted Fund and the Restricted Fund to meet the Commission's operating requirements.

16. CMBTC funding

The barley commissions in Alberta, Saskatchewan and Manitoba assumed the responsibilities and financial obligations of the Western Canadian Deduction (“WCD”). A portion of the WCD provided funding to the Canadian Malting Barley Technical Centre (“CMBTC”), which provides market technical support services to the Canadian malting barley value chain. In an ongoing effort to strengthen market opportunities for Alberta and Canadian grown malting barley to domestic and international markets, the Alberta Barley Commission committed to continue to provide funding to CMBTC at \$0.04/tonne of barley for which ABC collects a levy.

17. Comparative figures

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



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