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# General Manager's Message



In June of 2014 when I joined the Alberta Wheat Commission (AWC) as its new General Manager my first priority was to get my feet on the ground. My wife Lynda and I had spent our entire careers in Saskatchewan and moving to Calgary to join AWC was an unexpected twist of fate.

As I settled into my role in that first year, it became evident that I had stumbled upon something very special – a seasoned board of directors with high expectations and a staff driven to succeed.

From my earliest days with AWC it was apparent that the organization was destined to lead. Managers started coming to me with “big ideas” – like creating our own levy collection software and organizing lobby trips to Ottawa – both of which we accomplished in the first year.

While other “big ideas” would come to fruition in the ensuing years, the 2017-18 fiscal year likely ranks as our most successful to date.

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

You'll read more about the process we developed later in this annual report and I am proud to say it has been an overwhelming success.

Increasingly our major program areas – research, policy & government relations, markets, communications & events, grower relations & extension – are operating

on a single platform. The Prairie Barley Summit is now the Prairie Cereals Summit and we have launched a joint newsletter, *the Grain Exchange*. The majority of our press releases on policy issues are a collaboration.

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

Integrating the management teams has also resulted in significant synergies for both commissions as our overall staffing requirements have been reduced. Combined salary savings alone are \$350-thousand annually.

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

I would like to thank a few people who were instrumental in our success. First, our Chief Financial Officer and Director of HR Syeda Khurram who helped me design and execute the integration process. In addition, our Executive Committee of Chairs and Vice Chairs of the two commissions – Kevin Auch (whose term ended in February 2018), Kevin Bender and Gary Stanford of AWC and Jason Lenz and Dave Bishop of Alberta Barley. Your vision and support truly made this experiment possible.

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





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***While other “big ideas” would come to fruition in the ensuing years, the 2017-18 fiscal year likely ranks as our most successful to date.”***

If the integration project was our only accomplishment in 2017-18 it would have been a great year. But there was more.

On September 1, 2018 AWC launched FarmCash, a new competitive cash advance option for Alberta farmers. This was the culmination of three years of due diligence by our management team that resulted in board approval for the initiative in March 2018 and later a successful application to Agriculture and Agri-Food Canada to become an administrator of the Advance Payments Program.

Over the summer of 2018 a dedicated team led by Syeda Khurram and our Communications Manager Victoria Decker worked to build program awareness and create the online application form in time for the September 1 launch. Response from farmers to date has exceeded our expectations.

Also, in this annual report you will read about the continued growth of our research program, the formation of the Canadian Wheat Research Coalition (CWRC) with our counterparts in Saskatchewan and Manitoba, the national wheat and agronomy research clusters and more.

2018 was also a pivotal year in grain transportation with the passage of Bill C-49, the *Transportation Modernization Act*, and AWC played a leadership role not only with our policy submissions but in lobbying at the national level with our partners in Team Alberta and the Grain Growers of Canada.

I would like to thank two founding directors who are terming out in 2019 and have been instrumental in our success. Kevin Bender and Terry Young were both on the recruitment committee that recommended hiring me in 2014. On behalf of AWC I want to express my gratitude for their leadership. I am pleased to report that both Kevin and Terry are staying on as regional representatives with AWC so we will have the benefit of their experience for years to come.

Finally, thank you to the wheat producers of Alberta who give us the resources through their check-off dollars to do the work we do.

Tom Steve



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*We witnessed the formation of Team Alberta, a “powerhouse” of skill, talent and influence when AWC, ABC, Alberta Canola and Alberta Pulse joined forces in taking our concerns to both Provincial and Federal Governments.”*





# Chair's Message



August 1, 2012 was a significant date in history for Alberta wheat farmers. Most would recollect the beginning of marketing freedom for wheat and barley farmers in western Canada. It also marked the beginning of the Alberta Wheat Commission. Two monumental changes in the landscape for wheat farmers in Alberta.

What had begun a few years earlier with discussions between the Alberta Winter Wheat Producers Commission and the Alberta Soft Wheat Producers Commission resulted in the formation and start of AWC. Now just six and a half years later AWC has become a leading farm organization in Canada. This didn't happen by chance nor by coincidence, but rather through the vision, collaboration, hard work and determination of a group of people who had, and continue to have, a desire for improving our industry and livelihood.

As this is my last Chairman's report, I want to reflect a little bit on some of the things AWC has accomplished, and recognize the people involved. Among the first was the decision to share an office and some staff with Alberta Barley. That led to seeing this past year the combining of management teams of the two commissions. It has resulted in substantial cost savings for both commissions and a more unified team. I'd like to recognize both boards for their foresight in directing this to happen and especially the staff led by our General Manager, Tom Steve, for their hard work in making it happen.

AWC was the first farm group in the federal Finance Minister's office in Ottawa explaining the importance of cash ticket deferrals to farmers which resulted in the retention of this much used provision. We witnessed

the formation of Team Alberta, a "powerhouse" of skill, talent and influence when AWC, Alberta Barley, Alberta Canola and Alberta Pulse joined forces in taking our concerns to both Provincial and Federal Governments. These concerns included Bill-6, rail transportation, proposed tax changes, and many more issues that needed a voice to be taken to government.

This past year saw the announcement and release of AAC Crossfield, a CPSR wheat that was developed through a collaborative approach. It was referred to as a 4-P agreement – private, public, producer partnership. AWC was the producer portion of the agreement. In 2018 we witnessed former Agriculture Minister Gerry Ritz being inducted into the Canadian Agricultural Hall of Fame. AWC was one of the nominees of this much deserved award. Lastly, this past year AWC launched FarmCash, a cash advance program for multiple commodities in Alberta.

There is much more that can be said of AWC. I'm so grateful and honoured to have been a part of it. I want to recognize Terry Young who also has been there from the start and is terming out. He, along with our predecessors and current directors, have had an integral part in AWC being where it is today. None of this would have happened without the astute leadership of Tom Steve and his team of staff. So to all of you, I say thank you, and lead on.

A handwritten signature in dark ink, appearing to read 'KBender'.

Kevin Bender

# Mission, Vision & Values



## Mission

To increase the long-term profitability of wheat and Alberta wheat producers through innovative research, market development, policy development, communications and extension.



## Vision

To be the premier producer organization in advancing producers' interests in the Canadian wheat industry.



## Position Statement

The Alberta Wheat Commission will be a leader in the Canadian wheat industry. We will be the catalyst for wheat research and innovation and create an environment for investment in wheat. We will collaborate with industry to strengthen marketing opportunities. We will be the go-to organization for government to garner policy advice. We will lead the Alberta wheat industry forward.

## Strategic Priorities

1. **Investing** in research and development projects that maximize crop performance and foster profitability.
2. **Strengthening** grower access to key wheat markets by focusing on end use demand.
3. **Supporting and delivering** extension and education initiatives that provide our members with tools to improve their operations.
4. **Building** partnerships and advancing initiatives that will strengthen the producers' voice on policy issues at the provincial and national level.
5. **Communicating and sharing** knowledge about the Alberta Wheat Commission and the wheat industry among producers and stakeholders.
6. **Developing** strong leaders for a progressive and vibrant wheat industry.



## Board of Directors

**From left to right:** John Wozniak, Jason Saunders, Gary Stanford (Vice-Chair), Justin Bell, Kevin Bender (Chair), Trevor Petersen, Cole Siegle, Hannah Konschuh, Warren Sekulic, Todd Hames, Terry Young





## Regional Representatives

### Region 1

Dave Bishop (Barons),  
Arthur Eckert (Duchess),  
Jacob Kodde (Coaldale)

### Region 2

Jay Schultz (Standard),  
Olivia Sederberg (Oyen),  
Devin Hartzler (Didsbury)

### Region 3

Kent Erickson (Irma),  
Michael Ammeter (Sylvan  
Lake), Jason Lenz (Bentley)

### Region 4

Kendall Freed (Vegreville),  
Jeffrey Pasemko (Redwater),  
Bernie Klammer (Vegreville)

### Region 5

David Bartlett (Fairview),  
Don Borduzak (Stony Plain),  
Otto Rottier (Westlock)



# Better Together

## Alberta Wheat and Barley Commissions join together under integrated management structure

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

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

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

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

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







## FarmCash: An improved, simple and convenient cash advance option for Alberta producers.

On September 1, 2018, AWC launched FarmCash – a new, competitive cash advance option offered on 45 commodities for Alberta's crop, livestock and honey producers. AWC is administering FarmCash through Agriculture and Agri-Food Canada's Advance Payments Program (APP), a federal loan guarantee program that provides farmers with easy access to low-interest cash advances of up to \$400,000 per program year. Under APP, the Government of Canada pays the interest on the first \$100,000, and FarmCash offers a low interest rate on the remaining \$300,000.

AWC's intent with launching FarmCash was to provide a competitive option to help farmers manage their cash flow and ultimately increase profitability. AWC recognizes the significant value of the cash advance tool – it allows producers to base their sales decisions on market conditions rather than on their cash flow needs. In administering FarmCash, AWC is committed to operating under a fully transparent model: 100 per cent of any proceeds will be reinvested to benefit the entire agriculture industry in Alberta.

Leading up to the September 1 launch, AWC went through a robust, three-year due-diligence process that involved a situational, financial and risk management analysis. As part of this process AWC led farmer focus groups to understand their current challenges and how FarmCash could be designed to help overcome them. Looking ahead, AWC is continuing to build on the current platform to further simplify and improve the process.

## FarmCash saves time, money and paperwork. Applying is easy:

- Web-based platform slims down the application process so you're only navigating through relevant information
- Safely store your application on your personalized, password-secured account until you're ready to submit.
- Advances on 45 major commodities including all major crops, honey and livestock.
- Qualify for up to \$100,000 interest free and an additional \$300,000 at a low interest rate.
- FarmCash offers outstanding customer service.

## Big changes coming soon – just in time for the spring advance.

With the first iteration of the website now open for business, AWC is now continuing to improve the online process by introducing new time saving features to be ready in time for the spring advance.

For more information about FarmCash or to apply, please visit **[farmcashadvance.com](http://farmcashadvance.com)** or call our office to speak to a FarmCash representative at 1-855-376-2274.

*AWC was proud to take home a 2018 Canadian Agri-Marketing Award for best website directed at producers and all others serving agribusiness.*



Made available by  
Agriculture and Agri-Food Canada's  
Advance Payments Program



# Research

*Investing in research to create premium varieties and advanced agronomic practices*

## Project Funding 2017-18

AWC contracted 13 new projects for our research portfolio in 2017-18



### Quality, End-use & Processing:

**Grain consumption patterns, their respective nutrient contribution and related health outcomes in Canadians**

- Principal Investigator: Hassan Vatanparast, U of S
  - AWC contribution: \$43,125
  - Other funders include: GFO, SWDC

**Fermentation technologies for improved nutritional quality and digestibility of wheat products**

- Principal Investigator: Michael Gänzle, U of A
  - AWC contribution: \$70,000
  - Other funders include: SWDC and Minnesota Wheat Research and Promotion Council



### Genetics & Omics:

**A comparative genomics approach to improve doubled haploid breeding for common and durum wheat**

- Principal Investigator: John Laurie, AAFC
  - AWC contribution: \$216,000
  - Other funders include: SWDC, AAF

**Genetics and improvement of earliness in Canadian spring wheat**

- Principal Investigator: Dean Spaner, U of A
  - AWC contribution: \$200,000
  - Other funders include: SWDC, AAF

**Precision breeding in wheat mediated by engineered haploid inducers**

- Principal Investigator: John Laurie, AAFC
  - AWC contribution: \$195,000
  - Other funders include: SWDC, AAF

**Breeding spring wheat for improved nitrogen use efficiency and associated traits**

- Principal Investigator: Dean Spaner, U of A
  - AWC contribution: \$200,000
  - Other funder: AAF

**Nitrogen fixation in triticale and wheat**

- Principal Investigator: Alicja Ziemienowicz, AAFC
  - AWC contribution: \$120,000
  - Other funders include: SWDC, AI

**An integrated approach for enhancing fusarium head blight resistance in durum**

- Principal Investigators: Curtis Pozniak and Ron Knox, University of Saskatchewan and AAFC
  - AWC contribution: \$125,000 total
  - Other funders include: SWDC, ADF



## Abbreviations:

- **SWDC** - Saskatchewan Wheat Development Commission
- **AAF** - Alberta Agriculture and Forestry
- **AAFC** - Agriculture and Agri-Food Canada
- **ADF** - Agriculture Development Fund
- **AI** - Alberta Innovates
- **WGRF** - Western Grains Research Foundation
- **GFO** - Grain Farmers of Ontario
- **U of A** - University of Alberta
- **U of S** - University of Saskatchewan



## Integrated Pest Management:

**An efficient system to identify virulence patterns of stripe rust in Canada**

- Principal Investigator: Reem Aboukhaddour, AAFC
  - AWC contribution: \$61,500
  - Other funders include: SWDC, AAF

**Next generation fungicides: Protecting Saskatchewan crops using a revolutionary approach for controlling persistent crop disease**

- Principal Investigator: Steve Robinson, AAFC
  - AWC contribution: \$100,000 total
  - Other funders include: WGRF, ADF



## Crop Establishment & Growth:

**Revisiting the value of early fungicide applications in wheat**

- Principal Investigator: Sheri Strydhorst, AAF
  - AWC contribution: \$48,770
  - Other funders include: SWDC, AI

**Revisiting nitrogen fertilizer recommendations for Saskatchewan: Are we measuring the right soil nitrogen pool?**

- Principal Investigator: Richard Farrell, U of S
  - AWC contribution: \$30,000
  - Other funders include: WGRF, SWDC, Sask Canola

**Plant Growth Regulators for cereal crops**

- Principal Investigator: Linda Hall, U of A
  - AWC contribution: \$100,000
  - Other funders include: Alberta Barley and various industry partners





## Formation of the CWRC

In 2017-18, the Canadian Wheat Research Coalition (CWRC) became active, holding its first official annual meeting in July 2018. CWRC is the applicant for the five-year, Canadian Agriculture Partnership (CAP) wheat cluster. Not only has the CWRC been active with the CAP wheat cluster, but it has also begun to collaborate on the development of a future vision for variety development including negotiations for the next core breeding agreements. These future agreements come with large financial obligations and are anticipated to start in 2020.

## Growing Forward 2 Cluster Wind Down

In Spring 2018, the National Wheat Cluster under the federal Agri-Science Cluster Program within Growing Forward 2 (GF2), wrapped up. The five-year cluster (2013-18) included 50 research projects across Canada and supported genetic gains. The cluster resulted in the development of 61 new varieties which deliver high quality, high yields and improved disease resistance. These include popular varieties such as AAC Brandon and FHB resistant AAC Tenacious. To date, 40 of these 61 new varieties have been licensed.

- Total investment of over \$25 million funded by AAFC in collaboration with WGRF, Canadian Field Crop Research Alliance (CFCRA) and AWC.

## CAP Cluster Start Up

In 2017-18, producer groups were hard at work preparing for a submission to the Canadian Agricultural Partnership (CAP) Agri-Science Cluster Program. This program, running from 2018-23, provides federal matching funding for producer funding.

AWC participated in all aspects of preparation from design of the call for proposals, review of letters of intent, review of full proposals and review and submission of a final application. The Canadian Wheat Research Coalition (CWRC), of which AWC is founding member, is the applicant for the wheat CAP cluster. Our funding partners include the Canadian Field Crop Research Alliance (CFCRA), Western Grains Research Foundation (WGRF), Winter Cereals Manitoba and Sask Winter Cereals Commission.

CWRC's submitted wheat cluster application was valued at over \$30 million and includes variety development, pathology, agronomy and pre-breeding. CWRC is waiting to hear the results of the funding request.

AWC also participated in the organization of a WGRF led Integrated Crop Agronomy Cluster (ICAC).

The ICAC included funders from a variety of crop commodity groups across western Canada.



***In Spring 2018, the National Wheat Cluster under the federal Agri-Science Cluster Program within Growing Forward 2 (GF2), wrapped up."***



## Alberta's Regional Varietal Trials

The regional variety trials allow producers to see how popular varieties respond in different environments. Results are collected and analyzed by a group made up of breeders, agronomists, seed distributors and cooperators. The final results are presented in the annual Seed Guide and on [seed.ab.ca](http://seed.ab.ca) and show side-by-side comparisons of varieties to enable producers to make an informed decision on which variety to grow on their farm.

- AWC contributed \$33,000 to Cereal RVTs and also contributes administration services in-kind.

## Scientific Research & Experimental Development (SR&ED) Tax Credit

This year, Alberta wheat farmers were eligible for a 21 per cent SR&ED tax credit for their investment in AWC-funded research and development (R&D) projects.

The federal SR&ED tax program is administered by the Canada Revenue Agency (CRA) and encourages businesses to invest in and perform research and development (R&D) in Canada.

AWC's percentage is based on research investments over the past fiscal year that align with the program. AWC research investments focus on genetic and agronomic improvements aimed at improving the long-term profitability of Alberta's wheat producers.

## Spotlight on Research

As a part of our communication efforts to extend research developments to our growers, AWC produces two Spotlight on Research publications annually, as well as and one extension edition shared with Alberta Barley. This publication is distributed as an insert to the commissions' quarterly newsletter, *The Grain Exchange*.

# Markets

*Strengthening existing markets and growing new potential*

## Transportation – Bill C-49

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

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

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

With Bill C-49 now law, The Alberta Wheat and Barley Commissions are weighing in as regulations within the legislation are implemented. Regulatory development is expected to extend into early 2021.

### **The commissions are advocating for:**

- New reporting of rail transportation measurements by Transport Canada that ensure the important information is available for early identification of potential grain transportation delays and issues.
- Increased investment in rail infrastructure by both the railways and the Government to expand Canada's capacity to move grain to our global customers in a timely fashion.
- New reporting by railways to ensure that adequate planning for the movement of grain occurs and that proactive winter contingency plans are in place, as winter is the most important time for grain movement in Canada.



## Colombia CPSR Investigative Mission

In 2018, representatives from AWC, Cereals Canada, and the Canadian International Grains Institute (Cigi) conducted market research into the demand for Canadian Prairie Spring Red (CPSR) wheat. This group travelled to Colombia – a major market for CPSR wheat – to investigate market preferences, learn why CPSR is in demand in that region, and identify the potential for further market growth. AWC was represented on the group by our business development and markets manager Geoff Backman.

The mission revealed that Canadian wheat is preferred over other wheats for popular properties like strong and elastic gluten, high water absorption, and high flour yield when milled. CPSR was found to be blended with other wheats from Canada (such as Canadian Western Red Spring) and wheats from other countries including the United States and Argentina. The proportion of CPSR depended on the product; however, CPSR is a major ingredient in Colombia's breads, pastries, and pastas.

Canadian representatives also determined that while there is room for greater market demand for Canadian wheat, CPSR will face growing competitive pressures from U.S., Argentina, and Russia's exports. With that in mind, the team has developed recommendations for the Canadian grain industry to ensure continued market growth in Colombia.

Looking ahead, the team is developing an implementation plan which involves coordination with value chain organizations in both Canada and Colombia.

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

On October 25, 2018, the Alberta Wheat and Barley Commissions welcomed the news that Bill C-79 passed in the House of Commons and Senate, allowing for the Canadian ratification of the CPTPP. Together, countries within the CPTPP zone represent a market of 500 million people and 13.6 per cent of the global GDP. Once ratified, the CPTPP has the potential to unlock significant international trade opportunities for Canadian wheat farmers through the reduction or elimination of tariffs and quotas for wheat and barley.

As of the end of October, Canada joined six other CPTPP members in ratifying the agreement. This quick action has allowed the CPTPP to come into effect at the end of December 2018, locking in a full year's head start on the reduction and elimination of tariffs. Canada has secured its place as one of the first six countries to join the agreement ensuring that Canada is among the first wave of countries to enjoy preferential market access.

With the CPTPP now in place, the advantages are expected to come into effect within six months. Overall wheat exports to countries within the CPTPP zone are already valued at more than \$1.5 billion in farm revenues and are expected to grow. Preferential access to the Japanese market – one of Canada's biggest wheat markets – is one of the major advantages for Canadian wheat farmers. Lower tariffs for Canadian wheat exports to Japan are expected to make Canadian wheat more competitive than other major exporters, including the U.S. The CPTPP also levels the playing field between Canada and Australia, since the Australians have pre-existing bilateral agreements with Japan.

### How did AWC get involved?

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

## Welcoming the United States Mexico Canada Agreement (USMCA)

Agriculture was a major topic during the renegotiation of NAFTA. Throughout this process, AWC advocated on behalf of wheat farmers, communicating the continued need for open access to key international markets as the cornerstone of farmer and value-added processors' success. Together the U.S. and Mexico account for roughly 15 per cent of total Canadian wheat exports with 2.3 million tonnes exported to the U.S. and roughly 950 million tonnes exported to Mexico annually. AWC saw the renegotiation as a unique opportunity to advocate for improvements to the trading relationships between the three nations. The USMCA ensures continued access for Canadian wheat exports, addresses trade irritants that threatened to escalate into disputes, and promises greater regulatory harmonization between the member countries.

October 1, 2018 marked the successful conclusion of the NAFTA renegotiations and a symbolic signing occurred on November 30, 2018. Member countries will now begin the process of implementing the new agreement through early 2019. While the majority of the work is complete, AWC will continue to monitor the process to ensure that the implementation is to the benefit of Alberta's wheat producers.

### How did AWC get involved?

AWC participated in the federal government's consultation on the renegotiation and modernization of NAFTA through a submission that advocated for the following:

- Duty-free access: advocated for continued free flow of tariff-free goods throughout NAFTA countries.
- Sanitary and Phytosanitary (SPS) regulations: these measures were aligned through NAFTA, meaning that the three countries are able to choose their own level of appropriate protections through SPS measures provided they are based on scientific principals and a risk assessment and do not result in unfair barriers to trade. AWC advocated for SPS regulations to stay in place while also offering further recommendations that could improve these measures.
- Reducing Non-Tariff Barriers: advocated for measures to remain in place that protect member countries against non-tariff barriers that could restrict the flow of trade and to address trade irritants before they escalated into disruptive trade disputes.
- Rules of origin: advocated for measures that ensure that only NAFTA countries are able to benefit from the agreement's duty-free access.



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marked the successful  
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# Canadian Grain Commission

## Surplus

In 2017, the Canadian Grain Commission (CGC) launched a consultation to address their accumulated surplus. The surplus is the result of CGC income from outward weighing and inspection fees on export shipments being greater than their expenditures over a period of several years. Our message is that these fees are passed through grain companies onto farmers through the grain delivery basis, and therefore this surplus represents an overpayment by farmers.

As part of the consultation process, the CGC provided stakeholders with a number of options on how to address the surplus. Of the options presented, AWC recommended that the CGC return the funds to farmers by reducing user fees over the next five-year cycle and further recommended that rates be set at a level that eliminates the accumulated surplus while maintaining a minimum reserve of \$40 million as quickly as possible.

In August of 2018 the CGC announced the Surplus Investment Framework, a plan to spend \$90 million of the surplus while only providing details of a \$4 million expenditure to expand the Harvest Sample Program. AWC was extremely disappointed with this announcement which indicated a continuing lack of transparency and a disregard for the financial impact on farmers. AWC continues to hold that the surplus dollars should not be used to fund CGC projects and that any extra funding required for new initiatives should come from public funds.

## Modernization of the CGC grading system

AWC has been calling for the CGC to modernize the Canadian grading system in line with international market standards and with input from stakeholders who have a financial stake in the process. AWC's view is that a market-based system aligned with universally measured grain specifications would better position farmers to maintain competitiveness and receive fair market value for the grain they produce. Reform would also attract further investment in the development of new, competitive wheat varieties.

### AWC has been specifically advocating for the following:

1. Modernization of the development of parameters of wheat classes to provide more certainty to variety developers both public and private. Efforts should be taken to make the classification process more objective to increase the predictability for developers.
2. Greater transparency must accompany any changes to the classification process, and re-classification efforts should be accompanied by a cost-benefit analysis based on market demand.
3. The wheat class modernization initiative should include a review of the efficacy of current grain grading parameters in line with desirable end-use qualities in grain in today's global markets. This should include a move toward more accurate testing methods for potential downgrading factors, such as Falling Number (FN) tests for sprout damage, and Deoxynivalenol (DON) testing to assess the impact of *Fusarium Graminearum* on wheat quality. This would limit the instances where wheat is being downgraded to feed after visual testing, but acceptable quality for the milling market. Some grain companies now test for FN at local facilities.

AWC continues to communicate with the CGC on this file through submissions, letters to commissioners and staff as well as through personal meetings.





## Shift from service provider to oversight agency

As part of the Agri-Food and Aquaculture Regulatory Review, the Alberta Wheat and Barley Commissions recommended that a review and analysis must be undertaken to provide insight into the costs associated with public good activities undertaken by the CGC. Overall, the commissions recommended that the CGC should move away from service provision in order to re-focus its resources on being a regulator of the grain industry.

### Specific recommendations included:

1. Cost breakdown by service and commodity to allow for better assessment of the cost and benefit of CGC services by grain type.
2. Review the mandatory nature of CGC inspections: more than 80 per cent of outbound wheat shipments must be assessed by the private sector to meet contract requirements, meaning that the CGC's inspections are a redundant and added cost, which is ultimately passed down to farmers with limited benefits.
3. Review the CGC's funding model: A dependence on cost-recovery can perpetuate an approach to regulation that "more inspection is better" rather than finding the most cost-effective way to provide service and achieve better grain quality related outcomes across the supply chain.
4. The Government of Canada should provide an increase in direct funding to the CGC in order to be in line with competitors like the U.S. and Australia where public funding covers 30 to 40 per cent of the regulator costs. The lack of public funding reinforces the CGC's attachment to the cost-recovery model through mandatory service fees as opposed to allowing them to focus on being an effective regulator of the grain industry.

## CGC Reclassification of wheat varieties

The CGC's reclassification of 25 CWRS varieties and four CPSR varieties to Canada Northern Hard Red (CNHR) came into effect for producers on August 1, 2018. Prior to this change the AWC was seeking clarification on the following producer concerns:

1. **Agronomic issues:** AWC met with the CGC to discuss the impact of losing the variety Lillian, a solid stem variety, without a CWRS alternative commercially available. AWC was disappointed to learn that agronomic concerns brought forward regarding production of CWRS in sawfly susceptible regions were not considered in the reclassification process.
2. **Cost benefit analysis:** AWC, along with national partners, called on the CGC to conduct a cost benefit analysis of the CNHR reclassification to determine who would receive the benefits of the change and who would bear the costs. The majority of the varieties reclassified represent insignificant acres of production, suggesting that farmers are paying for an exhaustive review with limited potential benefits. We continue to push for the CGC to conduct due diligence through adequate analysis of regulatory changes to ensure that they do not unfairly impact producers.
3. **"Limbo" varieties reclassification:** In the spring of 2018, the CGC announced five additional CWRS varieties to be reclassified to CNHR as of August 1, 2021. AWC is concerned that newer varieties such as AC Muchmore and AAC Redwater, which are popular with Alberta producers, are being reclassified when customer concerns over gluten strength have declined and without any evidence that the previous reclassification of 25 CWRS varieties had a material impact on the gluten profile of Canadian wheat shipments. In our view, a cost benefit analysis should be conducted before any additional varieties are re-classified.



*The CGC's reclassification of 25 CWRS varieties and four CPSR varieties to Canadian Northern Hard Red (CNHR) came into effect for producers on August 1, 2018."*



## Italian COOL

AWC is working to address the dropping prices for durum wheat due to lower demand from the Italian market. This loss is partially due to local protectionist actions aimed at degrading the perception of Canadian durum combined with new Italian Country of Origin Labelling (COOL) legislation. Working with Cereals Canada, AWC has recommended that the federal government recognize that the Italian legislation has contributed to severely damaging our access to the Italian marketplace for Canadian durum through a submission to the Minister of International Trade and the Minister of Agriculture and Agri-food. AWC continues to encourage Global Affairs Canada to take public and aggressive action in addressing the protectionist Italian legislation.

AWC is also acting to stand up for Alberta's producers and their responsible and progressive farm practices. In November 2018, AWC was interviewed for an Italian state television program where our vice-chair Gary Stanford and general manager Tom Steve discussed on agronomic farm practices, trade deals, and the impact of the Italian COOL legislation on Canadian farmers. AWC continues to work with our national partners to positively represent Alberta's producers and wheat production globally while addressing any concerns and misinformation in our export markets.

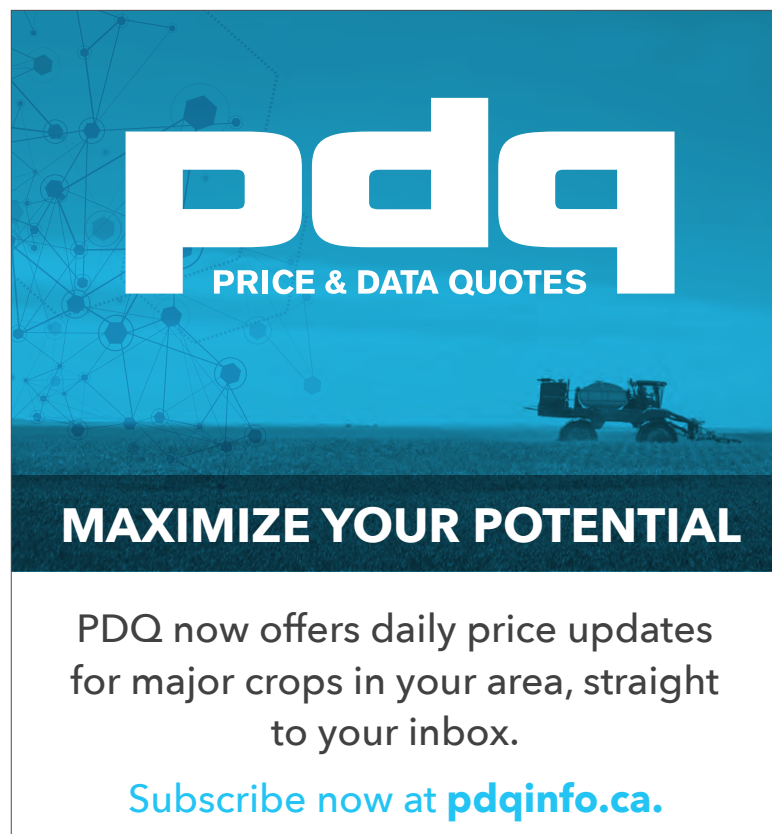
## PDQ

AWC continues to work toward regular improvements to Price & Data Quotes (PDQ) – a web-based tool that provides market transparency through daily price averages for nine regions in Western Canada, improving farmers' ability to make well-informed marketing decisions.

Recent upgrades to PDQ include:

- Daily, email reports on wheat, canola and peas by region.
- Weekly feed prices for Alberta regions.
- Revamped access to historical grain pricing data.

After several years of developing and operating PDQ, AWC is working to coordinate a steering committee aimed at long-term guidance and support to this valued platform.

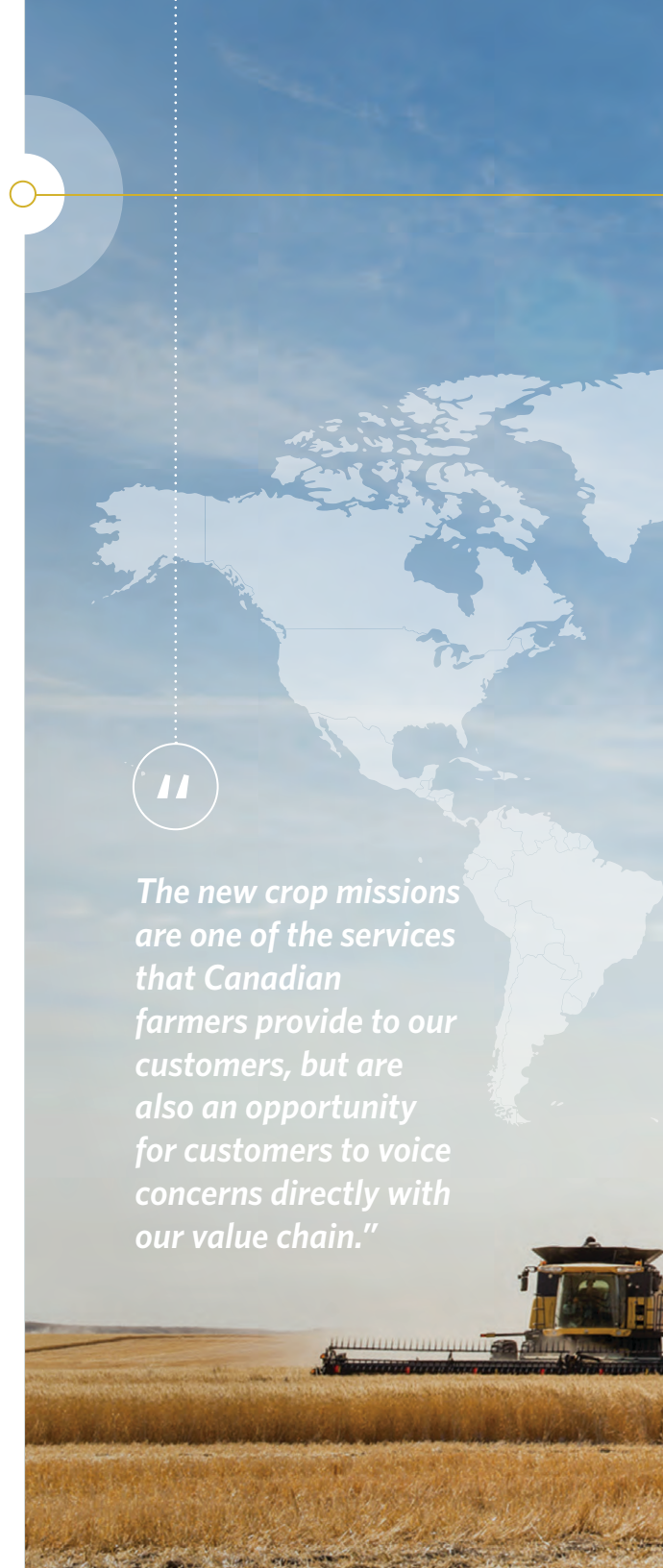


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*The new crop missions are one of the services that Canadian farmers provide to our customers, but are also an opportunity for customers to voice concerns directly with our value chain."*





## New Crop Missions

Led by Cereals Canada, with support from the Canadian International Grains Institute (Cigi) and the Canadian Grain Commission (CGC), AWC participates annually in new crop missions, an initiative aimed at promoting high quality Canadian wheat to our global customers. With missions to Asia, Latin America, Europe, Mid-East North Africa and West Africa, Canada's value chain collaboratively offers insight on the quality and quantity of Canada's recently-harvested crop to our top customers. Team Canada members also provide consistent messaging of responsible and sustainable production of high-quality wheat that builds on our natural advantages such as clean air, clean water and soil health.

The new crop missions are also an opportunity for customers to voice concerns directly with our value chain. The missions also serve as a forum that Canada uses to work toward resolving potential trade barriers. For example, the 2017 mission in Italy served as an opportunity to express Canadian concerns surrounding the placement of country of origin labeling (COOL) and to clear up misinformation regarding the use of glyphosate. Working with our customers on issues like these helps to ensure Canadian farmers are selling market-ready grain. The new crop missions also help send market signals for farmers. AWC's 2017 participants included directors Greg Porozni (travelled to Indonesia, United Arab Emirates, Nigeria, Ghana), Kevin Auch and Geoff Backman, Business Development and Markets Manager (who both travelled to Colombia, Peru, Ecuador, Chile and Mexico). AWC's 2018 participants included board chair Kevin Bender (travelled to the Philippines, United Arab Emirates, Nigeria, Ghana) and director Terry Young (travelled to Japan and Indonesia).





Cereals Canada

## A message from Cereals Canada

By: Cam Dahl | President

### Mission

Cereals Canada's mission is to enhance the competitiveness of the Canadian cereals industry by providing leadership on behalf of the value chain including key initiatives of common and strategic interest such as, innovation, market development, market access and sector advocacy.

Cereals Canada is focused on bringing value back to the Alberta producer through a variety of efforts and collaborations including:

- Keeping markets open. This past year was a year of market access issues. This included the ongoing issues with country of origin labelling in Italy. Cereals Canada is also successfully working to keep Peru open. The Peruvian market, one of our top five destinations for Canadian wheat, is threatened by new phytosanitary rules on weed seeds that have been proposed by Peru. Weed seeds have also become an issue for shipments into Vietnam.
- Cereals Canada works closely with exporters, the Market Access Secretariat, Global Affairs Canada and our Embassies in country to find resolutions to the growing number of market access issues.
- Trade advocacy. Cereals Canada is a strong advocate for increased trade. Recent agreements will directly benefit Canadian grain farmers. For example, starting December 30, 2018, Canadian wheat exports to Japan will have a significant price advantage over our competitors in the U.S. because of the recently negotiated Comprehensive and Progressive Trans-Pacific Partnership (CPTPP).
- The work does not stop when trade agreements are signed. The rules of trade must be enforced. The issues with moving durum into Italy is one example where a recently signed agreement, the Comprehensive Economic and Trade Agreement (CETA) with Europe, has not protected Canadian access. Cereals Canada continues to push the Government of Canada to aggressively stand up for Canadian trading interests in this case.
- Market development. Cereals Canada is working closely with Alberta Wheat Commission on the development of new marketing opportunities for Canadian Prairie Spring Red (CPSR) wheat. At this time we are actively targeting the Colombian market as an area for potential growth.
- Cereals Canada has also begun work on improving the domestic market for winter wheat, a class of wheat that has many benefits but has seen falling acreage in recent years. Finding ways of shoring up domestic demand may help reverse this trend.
- Facilitating national priority setting for wheat research and development of a research database, with Agriculture and Agri-Food Canada, provincial agriculture departments, universities, producer commissions, Western Grains Research Foundation and private research companies.
- New crop missions to key markets bringing Cigi, Canadian Grain Commission, grain farmers and exporters under a single umbrella to deliver technical information on each year's crop to customers around the world. This work builds customer relationships that can help remove market impediments and resolve customer concerns and uncertainty. [www.canadianwheat.ca](http://www.canadianwheat.ca)
- A Market Access Committee, which includes farmers (for example, Alberta Wheat and Barley Growers), crop input developers, exporters and processors. The committee addresses market access issues, such as, increasing scrutiny of grain shipments for pesticide residues and mycotoxins like deoxynivalenol and Ochratoxin A.





- The Keep It Clean-Cereals campaign is closely linked to the work of the Market Access Committee focused on best management practices for the use of crop inputs and an example of collaboration with other organizations such as the Canola Council, Pulse Canada, Barley Council of Canada, and Prairie Oat Growers Association, to help keep markets open for Alberta producers. In the past year we have seen growing concerns around pesticide residues (e.g., glyphosate in Italy), which has underlined the importance and value of the Keep it Clean program.
- Effective development of standing committees and technical working groups, to provide leadership on issues: wheat classification modernization, variety registration reform, market development, issues arising from asynchronous approval of pesticides, maximum residue issues and other non-tariff market issues related to crop inputs.

These example activities and others strengthen Alberta producers' market position domestically and internationally.

**info@CerealsCanada.ca,**  
**www.cerealscanada.ca**



# Policy & Government Relations

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

## Team Alberta

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



*Left to right: Jason Lenz | Alberta Barley, Nevin Rosaasen | Alberta Pulse Growers, Kelly Block | Opposition Transport Critic and MP for Carlton Trail-Eagle Creek, Sam Green | Alberta Wheat and Barley*

## Team Alberta Outreach Missions

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

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*Team Alberta participates in two outreach missions to Parliament Hill in the Spring and Fall of each year.”*



## Fusarium Head Blight (FHB) Working Group

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

The Working Group's position is that removal from the Pest Act would:

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

## How is AWC involved?

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

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





## Pest Management Regulatory Agency (PMRA) Re-evaluations

Over the course of 2018, the PMRA undertook several special re-evaluations of various pest management tools. The re-evaluations included several neonicotinoid end-use products, two of which have been proposed for cancellation related to supposed risk to aquatic invertebrates, including, thiamethoxam and clothianidin. The decision on another neonic seed treatment, imidacloprid, is still forthcoming. It is estimated that anywhere between 17-30 per cent of cereal crops across the prairies have received a neonic seed treatment, known by the trade names such as: Stress Shield, Nipset and CruiserMax, and all are used to protect against wireworm in cereal crops with no known alternative. Proposed cancellations also included other widely used crop protection products including Lambda-cyhalothrin (Matador), also used to control wireworm and Strychnine, which is used to control Richardson's ground squirrels (gophers).

### How did AWC get involved?

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

With consultations wrapping up, AWC will continue to advocate through Team Alberta for farmers' ability to retain these tools to ensure they are not left without alternatives. AWC will also continue to press for systematic changes to the decision-making process in order to protect the reputation and predictability of our regulatory system.







## Alberta Farm Sustainability Extension: Prepare your farm for the future

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

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

Farmers can learn more about the tool and complete a self-assessment by visiting **[farmsustainability.com](https://farmsustainability.com)**.

## Business Risk Management (BRM) Program review

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

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



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an expert advisory panel  
which in-turn made its  
recommendations to  
ministers at the federal  
provincial territorial  
meeting in the summer  
of 2018.”***





## A message from the Grain Growers of Canada

**By: Jeff Nielsen, President**

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

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

The Strategic Review, including a new governance structure, which was concluded at GGC's fall board meeting in November 2018 and I was honoured to be elected President of the new board.

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

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

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

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





# Communications & Events

*Communicating return on investment to farmers*

## Life's Simple Ingredient

Launched in May 2017, the Life's Simple Ingredient campaign encourages consumers to celebrate the wholesomeness and versatility of wheat as a healthy way to nourish our families. The two main objectives in launching Life's Simple Ingredient were to: 1) give consumers the tools they need to recognize and celebrate Canadian wheat and, 2) increase wheat consumption long-term.

One of the hallmark features of the campaign is partnership development: AWC works with end users such as local bakeries, and with influencers like chefs, bloggers and dietitians, that consumers look to as they make food-related decisions. Life's Simple Ingredient shares the story of wheat through content aimed at simplifying life and taking the time to enjoy family and the food that brings us together. In its short lifespan, the campaign has developed an ever-growing urban following, and through digital marketing and an in-person presence at local events, our goal is to continue building awareness and sharing the message of this home-grown ingredient.



## AWC works to expand Life's Simple Ingredient

The 2018 year was significant for the growth and development of this campaign. In launching Life's Simple Ingredient in Spring 2017, AWC saw the campaign as a pilot project to demonstrate that this type of messaging could work in the Alberta market. The intent was that once AWC had proven the concept, the commission would seek value chain partnerships to increase the campaign's presence beyond the Alberta border. Spring 2018 marked a full year of metrics that indeed proved the campaign was performing well, and AWC began to meet with other commodity groups and stakeholders to determine next steps.

In July 2018, AWC formalized a relationship with Cereals Canada which is now acting as the secretariat of Life's Simple Ingredient and has led significant work aimed at building partnerships. Cereals Canada's ultimate goal with this work is to build an industry-led advocacy group that works to maintain positive perceptions – and in-turn consumer purchasing habits – with the Life's Simple Ingredient campaign at the heart of it.





## The Grain Exchange

As a collaborative initiative, the Alberta Wheat and Barley Commissions produced their first edition of *The Grain Exchange* newsletter in October 2018. The quarterly newsletter, available in both paper and online formats, contains content based on relevant industry news, upcoming events and seasonal agronomy advice.



## Next Level Farming

In collaboration with Alberta Barley and the Alberta Pulse Growers, AWC hosted regional meetings rebranded as Next Level Farming. Next Level Farming offers a conference-style meeting that includes commission updates and industry intel ranging from market insights, regional agronomy expertise and farm management tips. The 2017 keynote speaker was a representative from DOT Technologies – the company behind the world's first driverless tractor.





## Tradeshows

AWC recognizes the value in being present at numerous tradeshows around the province. Tradeshows present prime opportunities for staff, directors and regional representatives to engage with farmers from all over Alberta. AgExpo in Lethbridge, Agri-Trade in Red Deer and FarmTech in Edmonton are the prevalent tradeshows where farmers can find AWC stationed with a booth. Annually at FarmTech in Edmonton, AWC holds its annual general meeting for directors, delegates and growers.

## Wally's World of Wheat

AWC values the opportunity to educate and influence the public on where wheat comes from and its nutritional attributes. Wally's World of Wheat educates children through a fun, hands-on experience that shows wheat's journey from farm to table. Wally's World of Wheat travels to numerous events around the province.

This year, AWC displayed Wally's World of Wheat at the Calgary Stampede, Aggie days, both in Calgary and Lethbridge, City Slickers in Stony Plain, and Amazing Ag in Edmonton.

## Cereals Innovation Symposium

In collaboration with Alberta Barley, AWC held a one-day research and agronomy specific learning day to showcase the commissions' various research investments to support western Canada's best and brightest projects. The over 120 attendees had a chance to hear from Canada's agriculture science and technology experts including Dr. Curtis Pozniak, Dr. Breanne Tideman, Graham Collier and Dr. Alicja Ziemienowicz, just to name a few.



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***Annually at FarmTech in Edmonton, AWC holds its annual general meeting for directors, delegates and growers.”***







## The Inaugural Prairie Cereals Summit

In this new era of collaboration between the Alberta Wheat Commission (AWC) and Alberta Barley, December 13, 2018 marked the inaugural Prairie Cereal Summit (PCS), a joint event between the two commissions. This initiative expands what was historically an exclusive barley event, resulting in significant cost-savings to farmers. The Alberta Wheat and Barley Commissions intend to grow the event that already had a well-established reputation as a go-to meeting for the industry, government and producers.

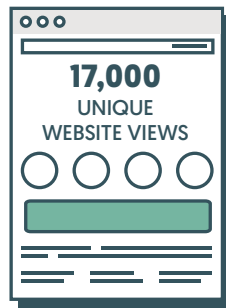
## GrainsWest

### Connecting Farmers, Food and Ideas

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



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**142**  
**TWEETS**  
**TOP TWEET:**  
FARMERS ARE CONCERNED  
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IMPRESSIONS



**135,000**  
TOTAL  
MAGAZINES  
DISTRIBUTED



**DELIVERED TO  
20,000 HOMES**

# Extension & Education

## Applied Research Associations

AWC collaborates closely with Alberta's Applied Research Associations (ARAs) to support farmers in the many different regions around the province. In 2017-18, AWC contributed more than \$150,000 to ARAs through extension and demonstration (demo) events.

### 1. Manning

North Peace Applied Research Association:

- Extension: Crop walks, newsletters and soil health information
- Demo: Wheat variety trial, Plant Growth Regulator (PGR) evaluation, integration of soil health practices for western Canada crop rotations, rotational study and product evaluation

### 2. Fahler

Smokey Applied Research and Demonstration Association

- Extension: crop walks, newsletters and field school
- Demo: SARDA Ag Research Variety Trials

### 3. Westlock

Gateway Research Organization

- Extension: Crop walks and field days
- Demo: Optimizing nitrogen application rate for wheat-canola/ wheat-pea-wheat rotation using urea and polymer coated Urea (ESN) and local variety demo

### 4. Fairview

Peace Country Beef & Forage Association

- Extension: Crop walks
- Demo: Yield and agronomic performance of hard red spring wheat cultivars grown in the Peace region

### 5. Oyen

Chinook Applied Research Association

- Extension: Crop walks and cropping information for the special areas, soil health information
- The effect of nitrogen placement on yield and protein quality in hard red spring wheat

### 6. Bonnyville

Lakeland Agriculture Research Association

- Crop walks and tours

### 7. Lethbridge

Farming Smarter

- Extension: Crop walks, field school, WheatStalk, Lethbridge Conference, Next Level Farming, AWC Region 1 meeting

### 8. Forestburg

Battle River Research Group

- Extension: Field days with agronomic information

### 9. Fort Vermilion

MacKenzie Applied Research Association

- Extension: Agricultural fair and field tours
- Demo: Demonstrating the effects of nitrogen fertilizer type, irrigation and fungicide on wheat in northern Alberta's climate



## Making the Grade

Partnered with Alberta Barley, Alberta Pulse Growers and Alberta Canola, AWC organized an all-day, grain grading event at Olds College. Making the Grade gives farmers an intimate and hands-on workshop experience learning from industry experts.

## Hedging Edge

Hedging Edge is a two-day commodity marketing training course for farmers, co-hosted by AWC and Alberta Canola. Producers can expect to learn about the basics of marketing, futures markets, hedging basics, option strategies and many other commodity marketing topics.



## WheatStalk

AWC hosted WheatStalk this summer in partnership with Farming Smarter in Lethbridge. WheatStalk is a premier wheat extension event with educational agronomy tips for farmers. With a fun twist on the wheat agronomy event, participants were transported back to the 70's with tie dye shirts.



## AgSafe Alberta

In 2017-18, Alberta's agriculture industry worked towards the official formalization of the AgSafe Alberta Society (AgSafe). AgSafe is an alliance of crop and livestock producer groups in Alberta that created the organization to encourage and promote on-farm safety in Alberta. AWC was integral in this process as we led the pilot project working group, which has since transitioned to a fully functioning organization. AgSafe also serves as a resource for farmers and ranchers to implement safety procedures into their operations by offering free resources online and consultants who can do farm visits by request.

AWC's region three representative Kent Erickson serves as the Chair of AgSafe and Jody Wacowich was hired as the Executive Director. AWC is one of AgSafe's largest funders contributing \$58,000 annually.

## Farm Management Canada

This past year, AWC formed a strategic alliance with Farm Management Canada (FMC) to promote strong resources and tools related to agriculture financial management, business risk assessment, commodity marketing, family transition planning and many other industry topics. AWC contributes \$15,000 annually to FMC.











## Scholarships

AWC has established a number of scholarships aimed at developing future industry leaders. These scholarships are available to post-secondary students in agriculture-related studies, as well as students with a demonstrated interest in entering a career in the agriculture industry.

### University of Alberta

#### Graduate Award

- Alberta Wheat Commission
- Graduate Research Scholarship in Crop Science
- \$10,000
- Dhanuja Abeysingha

#### Undergraduate Award

- Alberta Wheat Commission Award in Sustainable Agriculture
- Field of Study: Sustainable Agricultural Systems
- \$1,000
- Sarah C Mortenson

#### Alberta Wheat Commission Award in Crop Science

- Field of Study: Crop Science
- \$1,000
- Michele Tran

#### Alberta Wheat Commission Award in Agricultural Economics

- Field of Study: Agricultural and Resource Economics or Agricultural/Food Business Management
- \$1,000
- Emily Zentner

### Mount Royal University

#### Alberta Wheat Commission Scholarship in Agriculture Policy Studies

- Field of Study: Bachelor of Arts, Policy Studies
- \$2,000

*\*This scholarship is awarded every other year.*

*\*Preference given to a policy studies student with a demonstrated interest in the agriculture sector.*

### University of Lethbridge

#### Alberta Wheat Commission Agronomy Scholarship

- Field of study: Any degree program
- \$1,000
- Sidney Mann

*\*Preference given to a student interested in pursuing a career in the field of agriculture, agronomy or plant genetics*

### Olds College

#### Alberta Wheat Commission Agriculture Award

- Field of study: Agriculture Management – Production Major
- \$1,000
- Ben Trenson





## Lakeland College

### Alberta Wheat Commission Scholarship in Crop Technology

- \$1,000
- Graham Letts

## Lethbridge College

### Alberta Wheat Commission Scholarship in Agriculture Science (Plant and Soil Major)

- \$1,000
- Terry Rupert

## Internships

AWC applies annually to the Summer Temporary Employment Program (STEP) to receive funding to hire post-secondary students for internships. In 2018, AWC hired two students to support both the policy and government relations and markets programs, and the research program. Thanks to Mount Royal students Edward Hale and Fatima Zulfiqar for their work this past summer.

## Classroom Agriculture Program

AWC continues to work with our industry partners to educate Alberta's grade four students about agriculture in both city and rural schools via our membership in the Classroom Agriculture Program (CAP). AWC is on the CAP board and provides \$3,500 annually in membership fees.



***In 2018, AWC hired two students to support both the policy and government relations and markets programs, and the research program."***

# Finance Governance & Human Resources

*Due diligence, accountability, transparency*

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

## Governance and Finance Committee

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

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

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





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*In 2014, the Alberta Wheat and Barley Commissions recognized an opportunity to transition their check-off collection from a third-party program to an in-house operation.”*

## Building a value proposition that works for farmers



### Creating Value

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



### Enabling Value

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



### Preserving Value

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

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



### Reporting Value

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

## Relicensing of the check-off database

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

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

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





# Financial Statements

## Management's Responsibility

To the Members of Alberta Wheat 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 and external auditors. The Board is also responsible for recommending the appointment of the Commission's external auditors.

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

November 6, 2018



Tom Steve, General Manager



# Independent Auditors' Report

## To the Members of Alberta Wheat Commission:

We have audited the accompanying financial statements of Alberta Wheat Commission, which comprise the statement of financial position as at July 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## *Management's Responsibility for the Financial Statements*

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

## *Auditors' Responsibility*

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

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

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

## *Basis for Qualified Opinion*

In common with many similar organizations, the Commission derives revenue through "check-off" fees received from wheat producers, the completeness of which could not be satisfactorily verified during our audit. Accordingly, our verification of these revenues and related accounts receivable 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 revenue, excess of revenue over expenses, assets and net assets.

## *Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly in all material respects the financial position of Alberta Wheat Commission as at July 31, 2018 and the results of its operations, and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Calgary, Alberta  
November 6, 2018

The logo for MNP LLP, featuring the letters 'MNP' in a large, bold, stylized font, with 'LLP' in a smaller, simpler font to the right.

Chartered Professional Accountants



# Statement of Financial Position

As at July 31,	2018	2017
<b>Assets</b>		
<b>Current</b>		
Cash	7,139,569	4,033,561
Restricted cash (Note 7)	179,985	549,326
Accounts receivable (Note 3)	1,102,042	1,076,720
Prepaid expenses and deposits	51,030	15,698
	<b>8,472,626</b>	5,675,305
Investments (Note 4)	2,482,900	2,689,487
Restricted investments (Note 5)	2,000,000	2,000,000
Capital assets (Note 6)	100,779	103,787
Deposits	23,666	23,666
	<b>13,079,971</b>	10,492,245
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	1,109,678	479,436
Deferred revenue (Note 7)	179,985	549,326
	<b>1,289,663</b>	1,028,762
Commitments (Note 10)		
<b>Net Assets</b>		
Internally restricted (Note 5)	2,000,000	2,000,000
Unrestricted	9,790,308	7,463,483
	<b>11,790,308</b>	9,463,483
	<b>13,079,971</b>	10,492,245
Approved on behalf of the Board		
 Gary Stanford Director	 Kevin Bender Director	

The accompanying notes are an integral part of these financial statements

# Statement of Operations

For the year ended July 31,	2018	2017
<b>Revenue</b>		
Check-off fee revenue (Note 8)	9,193,507	5,967,023
Check-off fee refunds	(468,450)	(322,918)
Agri-Risk revenue	–	97,551
GrainsWest revenue	37,153	44,482
AG Coalition revenue (Note 7)	95,128	65,102
Farm Safety revenue (Note 7)	314,378	164,835
Sponsorship revenue (Note 7) (Note 12)	90,006	69,460
Regional Variety Trials revenue (Note 7)	87,870	5,694
AgSafe Society revenue (Note 7)	117,765	–
ACIDF Research Funds (Note 7)	67,000	–
	<b>9,534,357</b>	6,091,229
<b>Expenses</b>		
Research expenses	2,825,519	1,961,227
Communication expenses	999,598	820,358
CIGI funding contribution (Note 9)	664,881	–
Salaries and benefits	574,438	585,353
Market development expenses	524,172	558,498
Farm safety expenses	322,940	164,835
Policy expenses	308,031	330,151
Rent	183,289	185,353
General and administrative expenses	178,481	157,462
Internal and industry meetings	168,368	155,227
GrainsWest expenses	154,085	169,699
AgSafe Society expenses	117,765	–
AG Coalition expenses	95,128	65,102
Agri-Risk expenses	91,724	98,847
Growers Relations Mentorship program	69,092	46,511
Professional fees	58,507	30,074
IT services and computer expenses	44,615	33,713
Amortization	23,231	25,384
	<b>7,403,864</b>	5,387,794
<b>Excess of revenue over expenses before other items</b>	<b>2,130,493</b>	703,435
<b>Other items</b>		
Unrealized gain on investments	60,451	52,007
Interest income	103,986	68,842
Other revenue	31,895	32,977
<b>Excess of revenue over expenses</b>	<b>2,326,825</b>	857,261

The accompanying notes are an integral part of these financial statements

## Statement of Changes in Net Assets

For the year ended July 31,	Unrestricted	Internally Restricted	2018	2017
Net assets, beginning of year	7,463,483	2,000,000	9,463,483	8,606,222
Excess of revenue over expenses	2,326,825	–	2,326,825	857,261
Net assets, end of year	9,790,308	2,000,000	11,790,308	9,463,483

## Statement of Cash Flows

For the year ended July 31	2018	2017
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of revenue over expenses	2,326,825	857,261
Amortization	23,231	25,384
Unrealized gain on investments	(60,451)	(52,007)
	2,289,605	830,638
Changes in working capital accounts		
Accounts receivable	(25,322)	82,527
Prepaid expenses and deposits	(35,332)	(1,655)
Accounts payable and accruals	630,242	2,034
Deferred revenue	(369,341)	4,805
	2,489,852	918,349
<b>Investing</b>		
Purchase of capital assets	(20,223)	(5,131)
Purchase of investments	(1,270,687)	(1,067,643)
Proceeds from sale of investments	1,537,725	2,042,201
	246,815	969,427
Increase in cash	2,736,667	1,887,776
Cash, beginning of year	4,582,887	2,695,111
Cash, end of year	7,319,554	4,582,887
Cash is comprised of:		
Unrestricted cash	7,139,569	4,033,561
Restricted cash	179,985	549,326
	7,319,554	4,582,887

The accompanying notes are an integral part of these financial statements



# Notes to the Financial Statements

For the year ended July 31, 2018

## 1. Incorporation and nature of the organization

The Alberta Wheat Commission (the “Commission”) was incorporated effective August 1, 2012 under the authority of the Province of Alberta Marketing of Agricultural Products Act. It is registered as a not-for-profit organization and, thus, is exempt from income taxes under 149(1)(l) of the Income Tax Act (“the Act”). In order to maintain its status as a registered not-for-profit organization under the Act, the Commission must meet certain requirements within the Act. In the opinion of management these requirements have been met.

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

## 2. Significant accounting policies

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

### ***Revenue recognition***

The Commission follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned. Externally restricted capital contributions are recognized as revenue as the related asset is amortized. Donations and contributions in-kind are recorded at fair value when such value can reasonably be determined.

### ***Portfolio investments***

Investments with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment. Marketable securities with prices quoted in an active market include guaranteed investment certificates (“GICs”), mutual funds and corporate bonds.

### ***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 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.

The accompanying notes are an integral part of these financial statements

**2. Significant accounting policies** *(Continued from previous page)*

**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 declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	<i>Rate</i>
Automotive	30%
Computer equipment	20%
Furniture and fixtures	20%
Promotional equipment	33%

**Measurement uncertainty (use of estimates)**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit 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 revenue 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. Accounts receivable

	2018	2017
Check-off fees receivable	783,854	816,284
Agri-Risk Program	–	71,540
Other receivables	116,226	88,322
Alberta Barley Commission	201,962	100,574
	1,102,042	1,076,720

Alberta Barley Commission is related to the Commission by virtue of common management. All transactions between the two parties are measured at exchange amount and bear standard commercial terms of payment.

### 4. Investments

Investments, which include GICs, mutual funds and corporate bonds, are reported on and have maturity dates between September 2, 2018 and December 2, 2021 (2017 – September 21, 2017 and June 22, 2020) and bear interest at annual rates between 1.40% and 1.90% (2017 – 1.40% and 1.85%). Investments are stated at their market value. It is the intention of the Board to hold all investments until maturity. Management's intentions are to hold these investment amounts for future operations therefore this amount has been classified as long-term.

### 5. Restricted investments

Restricted investments include GICs, mutual funds and corporate bonds with yields to maturity between 1.40% - 1.90% and maturity dates between September 2, 2018 and December 2, 2021. Restricted investments are stated at their market value. It is the intention of the Board to hold all restricted investments until maturity. The Board of Directors has internally restricted \$1,000,000 of short-term investments as a reserve for future research and \$1,000,000 as a reserve for contingencies. These funds cannot be accessed without the approval of the Board of Directors. Management's intentions are to hold these restricted investment amounts for future research and contingencies reserves therefore this amount has been classified as long-term. Interest and gains on these investments are unrestricted and included in the unrestricted investment balance.

### 6. Capital assets

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Automotive	7,289	6,248	1,041	1,487
Computer equipment	133,334	71,477	61,857	54,705
Furniture and fixtures	106,033	69,513	36,520	45,650
Promotional equipment	9,699	8,338	1,361	1,945
	256,355	155,576	100,779	103,787

The accompanying notes are an integral part of these financial statements



## 7. Deferred revenue

Changes in deferred revenue and the related restricted cash are as follows:

	2018	2017
Balance, beginning of year	549,326	544,521
Add: Amounts collected but not yet recognized	78,665	280,061
Less: Amounts recognized as revenue during the year	(448,006)	(275,256)
Balance, end of year	179,985	549,326

The \$179,985 is restricted cash specifically used for the AG Coalition, Farm Safety Program, RVT and NEFP sponsorship, ACIDF and AgSafe Society programs.

**AG Coalition:** The Commission was a catalyst in the formation of the AG Coalition, a producer-driven group of 29 organizations united by a common industry goal to foster a culture of farm safety in Alberta. The Commission provides staff and administrative support to the coalition.

**Farm Safety Program:** The Commission is the administrator of a grant under Growing Forward 2 (“GF2”), a federal-provincial-territorial agreement, for the development and delivery of farm safety workshops and materials. The Commission is a member of the Alberta Farm and Ranch Safety Extension Working Group, a coalition of crop and livestock groups that directs allocation of the GF2 grant dollars.

**Regional Variety Trials (“RVTs”):** The Commission will provide financial support to the Alberta Wheat RVTs, which are an important source of unbiased information on crop variety performance used by Alberta grain producers to make planting decisions. The Commission will also assume the role of financial administrator for the Alberta-British Columbia Grain Advisory Committee (“ABCGAC”), which includes the collection of all entry fees and industry contributions and dissemination of plot cooperator compensation beginning in 2017.

For the year ended July 31, 2018, the Commission received \$87,870 from the ABCGAC for these services provided and recognized \$87,870 in revenue. 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.

**National Environmental Farm Plan sponsorship (“NEFP”):** The Commission, as a member of the NEFP steering committee, invited Agri-food stakeholders from across the value chain to attend the second annual NEFP Summit in Ottawa in November 2017. Attendees further developed a national standard designed to connect environmentally sustainable practices at the farm level with global food buyers’ growing need to source sustainable ingredients.

For the year ended July 31, 2018, the Commission received \$nil from various Agri-food stakeholders and recognized \$63,310 in sponsorship revenue. 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.

7. **Deferred revenue** *(continued from previous page)*

**Alberta Crop Industry Development Fund Ltd (“ACIDF”):** On February 20, 2018, ACIDF transferred its financial obligations under the Investment Agreement to the Commission. The Commission took on the role of “Funders Representative” and received a payment of \$79,000 from ACIDF to cover outstanding research project payments.

For the year ended July 31, 2018, the Commission has released project payments of \$67,000. As the funds received by the Commission were solely for the purpose of covering outstanding payments on behalf of ACIDF, any funds not released were segregated and reported as deferred revenue.

**AgSafe Society:** The Commission is the administrator of the AgSafe Society. The focus of AgSafe Society is to support a safety culture on farms and ranches in Alberta.

For the year ended July 31, 2018, the Commission received \$170,000 from the Government of Alberta. 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.

8. **Check-off fee revenue**

With the end of Western Canadian Deduction (“WCD”), effective August 1, 2017, the Commission has moved to a single wheat check-off of \$1.09. Prior to that it was \$0.70 per tonne and the WCD was \$0.48 per tonne.

The motion to move to a single check-off of \$1.09 per tonne was passed at the Commission’s AGM in February 2017 and has received approval from the Alberta government.

The WCD was established as a transitional levy by the Government of Canada to ensure continued support for the development of new wheat varieties and marketing initiatives previously administered by the Canadian Wheat Board.

9. **CIGI funding contribution**

The wheat commissions in Alberta, Saskatchewan and Manitoba assumed the responsibilities and financial obligations of the WCD.

A portion of the WCD provided core funding to the Canadian International Grains Institute (“CIGI”), which provides market support, training and technical services to the Canadian wheat value chain.

In an ongoing effort to strengthen market opportunities for Canadian wheat, the provincial wheat commissions mutually agreed and committed to continue to provide core funding to CIGI.

For the year ended July 31, 2018, the Commission’s contribution to the commitment was \$664,881.

10. **Commitments**

On September 1, 2013, the Commission occupied leased premises subject to minimum monthly rent until the termination of the contract at August 31, 2020. The rental agreement is a joint agreement with the Alberta Barley Commission which is responsible for one half of the below payments.

2019	162,000
2020	162,000
Thereafter, to August 31, 2020	22,500
	<hr/>
	346,500

The accompanying notes are an integral part of these financial statements

**11. 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, or other price risks arising from these financial instruments except as otherwise disclosed.

The Commission is indirectly exposed to market risk due to fluctuations in the investments' prices. These fluctuations could have an impact on cash flows of the Commission.

**12. Sponsorship revenue**

Included in revenue in the statement of operations is \$26,696 (2017 – \$30,000) for Mentorship Sponsorship revenue and \$63,310 (2017 – \$39,460) recognized as NEFP sponsorship revenue.

**13. Comparative figures**

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



