



***Farmers Taking Responsibility  
For Their Future...***

**Alberta Barley Commission  
13th Annual Report  
2003 - 2004**

## Report from the Chairman

**A**s I prepare this report, Alberta farmers are finishing perhaps one of the biggest barley harvests in recent years. American farmers are expecting to put eleven billion bushels of corn into store; another record. These realities are good news for the world's feed users and ultimately good news for the consumer but of course bad news for prices. While Alberta farmers will receive almost all of their barley income from the market, American farmers will use the farm bill to support their prices and provide a false signal to keep on producing. Columns could be written outlining the problems in world grain trade and the solutions.

Why grow barley? As Chairman of the ABC, I have been asked why farmers choose to grow barley. With the usual concerns about low prices, limited exports, frozen feed wheat, and so much corn, there seems to be no end to competition and no simple answer. Of course barley farmers know the answer. It is the least risky agronomic choice in a great many parts of this western parkland. Six million acres a year of barley in this province is a testament to that.

The ability of barley to satisfy both the grower and the many end-users is clearly evident. It is this potential that drives both the vision and the mission of the directors and staff of the Alberta Barley Commission. Our task is to enable growers and users to get the most out of this versatile grain. To that end the ABC has spent considerable energy this past year in assessing priorities; be they research, market development, policy, or extension. Looking forward has made it necessary to look back and measure the accomplishments and failures.

How does this provide value to a farmer contributing check-off dollars? Perhaps he can take solace in that there are farmers, staff and researchers all focused and dedicated to his most important crop. Since the Commission began operations in the fall of 1991, approximately \$6 million dollars has been granted to research projects, including the establishment of the plant growth facility in Lacombe, Alberta and the Crop

Utilization Research Centre at the University of Alberta. These funds have attracted approximately 3 to 4 times this amount in funding from other sources.



*Brian Kriz, Chairman*

The low prices that we are experiencing speak to public policy issues that are specific to barley and must be resolved. We have addressed these concerns at every chance and at every level. At the provincial level we raise these matters through direct discussions with government. At the national level we ally with similar organizations representing other crops and other regions through the Grain Growers of Canada. At the international level, this alliance is broadened through an alliance with other export oriented organizations in the Canadian Agri-Food Trade Alliance (CAFTA).

Proper pricing signals are an ongoing challenge and compensation for value is a high priority. The development of NIR (Near Infrared Spectroscopy) research promises to give a reliable quick test as to the energy value and other attributes of each lot. This will help to differentiate barley as to purpose and lead to less commodity pricing.

Fractionation technology development should lead to component pricing and an opportunity for better returns. As General Manager Clif Foster says, "We should sell the coal only after we have sifted out the diamonds." Are there untapped opportunities for barley? Just talk to Kevin Muxlow. He will have you convinced that it makes a great dog food and also makes the best kitty litter ever. Suffice it to say that pet owners provide a big market potential. Improvements in breeding provide better quality characteristics inside the grain. Ag Canada at Lacombe is leading an integrated management approach to growing the grain. They are examining things like seeding competition, fertility, no-till and many other new ideas that will provide more net rather than just more volume. How we get this information out to

you is the job of Mona Carder and she works through the delegates and our quarterly newsletter *Barley Country* to do just that.

When I started with the ABC in 1991, I didn't imagine that there would still be so many tasks for the organization to pursue that are new and exciting 13 years later. I will be finished my 'career' at the Commission in early December and I leave proud of the organization, its many

accomplishments, and its many Alberta farmer supporters. I am indeed thankful to have worked with so many dedicated people and have had so many opportunities to learn about and grow so much more than just barley.



Brian Kriz

## ALBERTA BARLEY COMMISSION 2003/2004 DIRECTORS & DELEGATES



**REGION 1**

BRIAN OTTO, WARNER

**DELEGATES**

BLAIR CLAEYS, VAUXHALL  
BRAD DAHL, CLARESHOLM  
GLENN LOGAN, LOMOND  
GERARD OOSTERHUIS, BOW ISLAND  
RICHARD STAMP, ENCHANT  
VACANT



**REGION 2**

DOUG MILLER, ACME

**DELEGATES**

EUGENE BROWN, DIDSBURY  
DAVID EATON, OYEN  
ALEX HAMILTON, OLDS  
WARREN HILZ, VULCAN  
BERNIE McWILLIAM, BLACKIE  
GLENN MULLER, HUSSAR  
GLENN SAWYER, ACME  
BRIAN SCOBIE, VULCAN



**REGION 3**

WAYNE HAGEMANN, PONOKA

**DELEGATES**

MIKE AMMETER, SYLVAN LAKE  
EARL COLLIER, PENHOLD  
JESPER NIELSEN, KILLAM  
NORM OLSEN, KILLAM  
TREVOR PETERSEN, PENHOLD  
DAVE TINDAL, CLIVE  
TERRY YOUNG, LACOMBE



**REGION 4**

DALE FODNESS, ST. PAUL

**DELEGATES**

LEO COTE, ST. PAUL  
CHARLIE LESKIW, ST. PAUL  
ED PERSELY, BONNYVILLE



**REGION 5**

ED ARMSTRONG, DAPP

**DELEGATES**

BRYAN ADAM, STONY PLAIN  
KEITH GUAY, ATHABASCA  
TOM JACKSON, ARDROSSAN  
HARALD PFEIFFER, WESTLOCK  
ALBERT WAGNER, STONY PLAIN



DOUG ROBERTSON, DIRECTOR-AT-LARGE, CARSTAIRS, REGION 2



BRIAN KRIZ, DIRECTOR-AT-LARGE, RIMBEY, REGION 3



**REGION 6**

DON COX, FAIRVIEW

**DELEGATES**

LEO MEYER, WOKING  
DAN ROPCHAN, GRIMSHAW  
MEL WATCHORN, FAIRVIEW

VACANT, DIRECTOR-AT-LARGE

# Report from the General Manager

Finally, after three years of drought in many areas of the province, barley production in 2003 returned to more normal levels (approximately 5.3 million tonnes in Alberta). Despite the negative impact that the BSE crisis had on domestic livestock production, barley prices remained fairly strong throughout the year. It is expected that exports of feed barley through the Canadian Wheat Board will have exceeded 1 million tonnes, which is the highest volume marketed through the Board since 1996/97.

At the time of writing this report, barley production in Alberta is forecast to increase to 5.8 million tonnes for 2004. However, a significantly large corn crop in the U.S. has dampened feed grain prices generally. Combined with a continuing BSE crisis, overall returns from the marketplace are expected to be less in the coming year.

The Commission revisited its Strategic Plan over the course of the 2003/04 crop year and defined or reinforced its core values and key focus areas. Now labeled the Corporate Ends, a new vision and mission statement, although not a lot different than the previous one in substance, was also adopted, as follows:

## VISION

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

## MISSION

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

## CORE VALUES

- Honesty/integrity
- Responsibility
- Positive approach
- Choice



*Clifton Foster  
General Manager*

Our Key Result Areas are where we will focus our greatest energy, believing that they represent the greatest potential to advance our mission forward.

## KEY RESULT AREAS

- Technology development
- Member communications
- Promotion to consumers
- Alliance building/value chain development
- Advocacy

In accordance with these Corporate Ends, an Operations Plan has been adopted and more specific objectives have been identified. Many of these have been communicated to the research community as an indication of the priorities which will be guiding the Commission when evaluating projects for funding. This is the first time in its history that the Commission has provided such guidance and we are hopeful that it will lead to an increase in proposals that meet these areas of interest and improve the likelihood of project approvals.

Development of technologies and new applications for barley and barley fractions that have the potential of establishing high value markets continues to be one of the priorities of the Alberta Barley Commission. A company which evolved from the Commission's emphasis in this area, Cevena BioProducts, Inc. continues to make significant progress towards commercialization. Successful pilot-plant

operations have been conducted and considerable interest has been demonstrated in Cevena's products from around the world.

We were pleased to see the University of Alberta decide to proceed with the building of Agri-food Discovery Place which will include the Crop Utilization Research Centre. The need for such a centre was identified as a top priority by the Crop Development Opportunities Initiative as part of the overall infrastructure requirement to advance value-added processing of crop material. The Alberta Barley Commission has committed to contribute \$200,000, over four years, towards this Centre.

The barley producers of Alberta have indeed been blessed with some innovative and capable researchers like Drs. James Helm (Alberta Agriculture, Food and Rural Development), Feral Temelli and Thava Vasanthan (University of Alberta), and others, who should be recognized for their interest and dedication to developing opportunities for Alberta barley farmers. The future prosperity of this industry depends on people like these to keep us at the leading edge of technology development.

The Grain Growers of Canada (GGC) continues to provide the primary venue through which the Alberta Barley Commission pursues national public policy interests on behalf of Alberta farmers. The GGC recently developed a renewed strategic plan to guide the organization in the months ahead. A key issue facing the GGC is the pending

review of the Agriculture Policy Framework and its business risk management programs. While it will participate in the government-sponsored review of the program, the GGC will also conduct its own internal review of the program in order to present credible proposals to the federal government.


In closing, I would like to extend my sincere appreciation to the staff, Kevin Muxlow, Mona Carder, Dot Hughes and Matt Kriz for their hard work and dedication towards making the Alberta Barley Commission a respected leader in the community. Any organization can only be as effective as the people it attracts to fulfil its purpose.

I would also like to specifically thank Brian Kriz for his support, wisdom, and inspiration over the last 13 years that he has been involved with the Commission. Brian will be stepping down this year from his role as a Director and Chair and we will miss working with him. However, I know he will continue to serve his industry in other capacities and he will always remain a close personal friend. Wayne Hagemann and Dale Fodness will also be stepping down this year as they have now completed 2 full terms as Director and we will miss their warm and friendly presence around the Board table. We wish each of them well and thank them for their contribution to the Commission and their industry.



Clifton Foster

<b>ALBERTA BARLEY</b>				
	<b>2003</b>	<b>Estimate for 2004</b>	<b>10-year Average (1994-2003)</b>	<b>2004/10-year</b>
Production (tonnes)	5,530,200	5,856,800	5,491,000	106.7%
Area seeded (acres)	5,400,000	5,000,000	5,250,000	95.2%
Area harvested (acres)	4,500,000	4,200,000	4,400,000	95.5%
Yield on harvest area (bu/acre)	56.4	64.0	56.7	112.9%
<b>2003 PRODUCTION BY REGION (TONNES)</b>				
Region 1 .....	802,100	Region 4 .....	883,800	
Region 2 .....	1,606,400	Region 5 .....	749,600	
Region 3 .....	1,021,100	Region 6 .....	467,400	



*Source: Statistics Canada, Alberta Agriculture, Food & Rural Development*

# Market Development

**A** renewed strategic plan for the Alberta Barley Commission (ABC) emphasizes the exercise of leadership and investing to unlock the potential of barley. The past year includes a number of concrete examples that illustrate how the ABC's presence helps to recognize and achieve barley's potential. Some highlights are described below.

## BARLEY FLOUR COMMERCIALIZATION

Phase 2 of a project designed to form a supply chain to market barley flour baked goods to consumers was launched. The "business incubator project," coordinated by Ms. Bev Whitmore, a registered dietician, achieved a number of successes by the conclusion of the ABC's year-end. The project positions barley as a healthy, whole grain choice and has attracted the participation of flour millers, distributors, and commercial bakeries and institutions that combine to retail baked goods.

The relationship between Good Earth Cafés, a Calgary bakery with 9 locations, and Hamilton's Barley Flour, a farmer-owned flour producer in Olds, Alberta, illustrates the impact of this initiative. Good Earth produces 20 dozen muffins made with Hamilton's whole grain barley flour six days a week. This translates into new demand for about 2 tonnes of food quality barley annually. The volumes are small today, but as the flour product proves itself in small channels it becomes more palatable to larger retailers.

## BARLEY BETA-GLUCAN CLINICAL TRIAL

The whole is worth less than the sum of its parts? Recognizing this reverse logic stimulated ABC-funded research into fractionation technology developed by researchers at the University of Alberta. Beta-glucan, for example, is a soluble fibre with scientifically proven health benefits, including lowering cholesterol and reducing risk of cardiovascular disease. Beta-glucan concentrate reportedly sells for up to \$80 per kilogram in ingredient/supplement markets and the heart disease prevention market is huge and global.

Cevena Bioproducts, Inc. is commercializing the technology capable of producing barley and oat beta-glucan concentrate with the highest combination of viscosity and concentration available on the market today (see Table 1). Cevena's barley beta-glucan product is of a higher concentration than competing oat alternatives, perhaps giving barley an edge with ingredient buyers.

**Table 1: Cevena's Competitive Edge**

	Cevena Oat	Cevena Barley	Futureceutical	Nurture	Cargill
Concentration	55%	65%	10%	50%	70%
Viscosity	High	High	High	Low	Low

However, Cevena's product must be clinically demonstrated to reduce cholesterol levels in humans in order to attract attention from major food and supplement manufacturers. The ABC is co-funding a multi-centre, world-class clinical trial that will test the health benefits of consuming beta-glucan derived from both barley and oats. Internationally-recognized researchers at the Universities of Calgary and Toronto will conduct the trial. Expected results of the trial will be widely publicized, opening the door for beta-glucan extracted from Alberta barley to be added to numerous food and dietary supplement products.

## JAPAN MISSION

The ABC helped organize and participate in a mission to Japan. The purpose of the mission was to meet with customers and position Alberta as a premium supplier to this consistently valuable barley market. A target market is the shochu market – shochu is a distilled liquor made from barley that is increasingly popular with Japanese consumers. Industry reports indicate that shochu manufacturers pay growers a premium for barley that exceeds the price paid for top quality malting barley. Australia has been the exclusive foreign supplier to Japanese shochu producers.

The ABC continued its working relationship with a Japanese shochu manufacturer. Drawing on several rounds of product evaluation, in both Alberta and in Japanese labs, the mission promoted the fact that Alberta barley was equal to (if not better than) Australian barley. The ABC also introduced an Alberta company to the shochu customer, which adds a vital link to the supply chain and deepens the commercial relationship between Japan and Alberta businesses.

The mission successfully concluded with an agreement to send a pilot shipment of select Alberta barley to Japan, which will be used to produce a test batch of shochu for

further evaluation. The container shipment, expected to move in late fall of the new crop year, marks the first shipment of Canadian barley intended for shochu production in Japan.

Barley is a popular and widely recognized health food in Japan. Meetings with feed companies, meat retailers, ingredient marketers, and food companies indicated that Alberta products have significant opportunities in Japan. For instance, quick-cooking barley, a product developed with the assistance of ABC investment, offers a new and convenient way for Japanese consumers to increase fibre. Cevena Bioproduct's beta-glucan product has many possible applications in the food ingredient market, as manufacturers are actively on the hunt to differentiate and enhance their products in what is clearly a crowded marketplace. And "barley-fed" pork products are being retailed to consumers at premium prices, indicating that "barley-fed beef" may have potential once the market re-opens. The ABC is considering effective methods to reach these opportunities.

### BARLEY PROMOTION

Investing in product and technology development is one aspect of barley market development, but promoting barley as a valuable ingredient for consumers is necessary to create the "pull" from the marketplace for products with barley

inside. This includes promoting the healthy and tasty choice that barley is.

The ABC reaches consumers directly with a variety of promotional material. One example this year is our partnership with Schroeder Milling, Hamilton's Barley Flour, and Good Earth Café to develop and place an ad in the *Edmonton Journal*, *Calgary Herald*, and the *National Post* (see below). The issues with the advertisement included combined to reach an estimated 2 million Canadians. The ABC website continues to be a popular source for barley nutrition and recipe information for consumers to access on an ongoing basis.

The ABC also attempts to reach consumers indirectly through sponsoring healthy activity events and placing promotional materials at association meetings of professionals that have influence on consumer diet choices. Examples include sponsoring and distributing information through the provincial "Healthy U" campaign and the Calgary Cardiovascular Network. This complements the direct assistance that the ABC gives to dieticians, educators, and clinicians with barley nutrition and recipe information throughout the year.

**Better with Barley!**

100% WHOLE GRAIN  
Hamilton's  
**BARLEY FLOUR**  
FINE D'ORGE

ALBERTA BARLEY

- Lowers Cholesterol
- High in Fibre
- Tastes Great!

The best in brands and locations

SUNNY BOY  
Good Earth  
COFFEEHOUSE AND BAKERY  
BARLEY FLOUR

For recipes and information:  
[www.albertabarley.com](http://www.albertabarley.com)

# Research

**R**esearch and technology development is a high priority for the Alberta Barley Commission. The importance of this was reinforced in the Commission's recent review of its strategic direction. The Market Development Committee and the Producer Services Committee carefully assess each proposed project for the potential benefits to farmers before a project is accepted for funding.

The Commission undertook a consultative process with producers, industry representatives, and researchers in the spring and early summer of 2004. The focus of these meetings was to identify specific research and development potential and to help set priorities for future initiatives. A list of areas that are of particular interest to the Commission was developed and will be used to provide guidance to researchers when submitting new proposals.

## FUNDING CONSORTIUM

In the fall of 2004, the Commission will be joining the Funding Consortium process to evaluate project proposals. The Consortium consists of approximately 11 separate organizations, such as Alberta Agricultural Research Institute, Alberta Crop Industry Development Fund, Barley, Canola and Pulse Commissions, and others. This will enable researchers to file only one application to the Funding Consortium and have their submission evaluated by all eleven individual groups for consideration.

## BARLEY DEVELOPMENT COUNCIL

The Barley Development Council (BDC) is comprised of a broad cross-section of researchers, farmers, and industry representatives whose purpose is to provide direction and establish priorities for barley research to government, researchers, and funding agencies. The Alberta Barley Commission is a founding member of the BDC and refers to the research priorities developed by the Council when reviewing research funding proposals.

## FEED TECHNOLOGY CENTRE

The Canadian International Grains Institute is investigating the potential for a national Feed Technology Centre in Canada. They have been successful in attracting industry support to proceed with a business case study and analysis. Financial support has been received from a number of industry members including the Alberta Barley Commission, the Alberta, Saskatchewan and Manitoba canola councils, the Canola Council of Canada, Alberta and Saskatchewan pulse growers, the Alberta Crop Industry Diversification Fund, the Ontario Wheat Producers' Marketing Board, the Flax Council of Canada, Alltech Canada and a consortium that includes contributions from Alberta Pork Producers, Alberta Egg Producers Board, Alberta Chicken Producers, Alberta Turkey Producers and the Alberta Hatching Egg Producers.

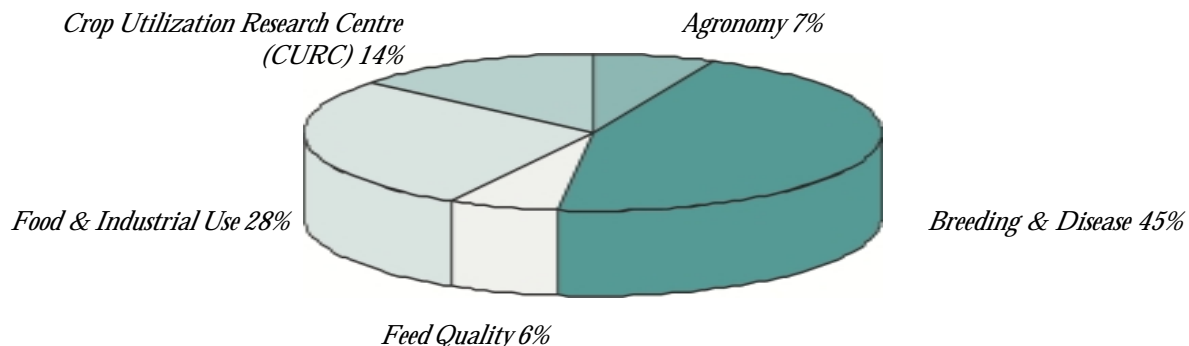
## ALBERTA/CANADA BARLEY DEVELOPMENT AGREEMENT

To ensure that the Alberta barley industry is maintained at a competitive level, the Government of Canada and the Alberta Provincial Government agreed to jointly support barley development in 1993. The Alberta Barley Commission became a partner under the Agreement in 1996 and provides on-going funding to the program, technology transfer through *Barley Country*, and market development expertise. The Commission also actively participates in setting the direction of the research program as a member of the working group and management committees.

## FUNDING

The Alberta Barley Commission also provides funds for a broad variety of other research projects and a summary of each project is listed on page 9.

**DISTRIBUTION OF 2004 - 2005  
ALBERTA BARLEY COMMISSION RESEARCH FUNDS**



# 2004/2005 Research Funding

Each year, the Alberta Barley Commission funds research of interest to Alberta barley producers. Preproposals are submitted for consideration to the Market Development and Production Research Committees, with research advisor, Dr. Ron Bhatti, acting as a resource to the Market Development Committee. The Commission's Board of Directors then approve certain projects for funding in the upcoming year, subject to certain conditions such as additional funds from other organizations being secured.

Following is a list of projects approved for 2004/2005. Project leaders are listed with the project name; funding is in Canadian dollars. New projects are marked with an asterisk (\*) while all others are renewals of work begun in prior years. Total approved for research projects to-date: \$358,844. Several other projects are currently under consideration.

## AGRONOMY, BREEDING & DISEASE

### Alberta/Canada Barley Development Agreement – Core funding

Drs. Jim Helm, Kelly Turkington, and George Clayton, Field Crop Development Centre, and Lacombe Research Centre, Lacombe

**Objective:** To provide core funding to long-term projects on barley agronomy, breeding, disease, and germplasm development.

**Funding:**  
**\$179,000 Alberta Barley Commission**  
 + additional funding from other industry government partners

### Development of a novel microbial protein for biologically based weed control in cereal crops

Dr. Susie Li, Alberta Research Council, Vegreville

**Objective:** To develop a biologically based broad-leaved weed control agent using a herbicidal protein produced by a novel strain of fungus.

**Funding:**  
**\$10,000 Alberta Barley Commission**  
 20,000 Alberta Research Council  
 40,000 Alberta Agricultural Research Institute

## FEED QUALITY

### Evaluation of the use of beta-glucan depleted barley/oat flour as animal feed

Dr. Thava Vasanthan, University of Alberta, Edmonton

**Objective:** To establish method to purify concentrated protein from crude starch, assess animal nutritional value of blends, conduct a feeding trial, and formulate feed ingredients for animal industry.

**Funding:**  
**\$20,000 Alberta Barley Commission**  
 34,050 Cevena BioProducts Inc.  
 86,250 Funding Consortium  
 90,500 University of Alberta

## FOOD & INDUSTRIAL USE

### Barley sample identification program for the Japanese market

Dr. Darcy Driedger, Food Processing Dev. Centre, Brooks

**Objective:** To identify and supply a Japanese processor with barley samples that have been screened for potential.

**Funding:**  
**\$9,844 Alberta Barley Commission**  
 9,630 Alberta Crop Industry Development Fund  
 12,140 Alberta Agriculture, Food & Rural Development, in-kind

### Barley fractionation – investigating protein and pentosan fractions

Dr. Feral Temelli, University of Alberta, Edmonton

**Objective:** To isolate protein and pentosan fractions, evaluate prebiotic activity, incorporate fractions into food products and evaluate the quality of products.

**Funding:**  
**\$25,000 Alberta Barley Commission**  
 45,000 Alberta Agricultural Research Institute/Alberta Crop Industry Development Fund

### \*Development of barley beverages for the functional food industry

Dr. Nancy Ames, Agriculture and Agri-Food Canada, Cereal Research Centre, Winnipeg

**Objective:** To develop methodology for processing barley beverages and evaluating quality, identify cultivars most suitable for beverage applications, determine pre-treatment effects on barley properties important to beverage production, and conduct consumer sensory evaluation of beverage products.

**Funding:**  
**\$30,000 Alberta Barley Commission**

### \*Barley & oat beta-glucan clinical trial

Kim Lucas, Cevena Bioproducts, Inc.

**Objective:** To develop food/beverage products incorporating oat and barley beta-glucan and conduct a multi-centre clinical trial to determine the effects of beta-glucan fibre on human health.

**Funding:**  
**\$35,000 Alberta Barley Commission**  
 + additional funding from other industry/government partners

### \*Crop Utilization and Enhanced Materials Research Centre in Agri-Food Discovery Place Infrastructure Grant

University of Alberta

**Objective:** To create a dedicated facility that encourages value-added research in crops and provides the link between lab research, pilot scale product development, development of new technology, and commercialization.

**Funding:**  
**\$50,000 Alberta Barley Commission**

# Producer Services

The Alberta Barley Commission participates in a variety of initiatives that help to provide current information to farmers and promote a positive image of the barley industry to the public.

## PRODUCER COMMUNICATIONS

### Barley Country

Reaching over 34,000 Alberta farmers, industry representatives, and overseas contacts, *Barley Country*, our quarterly newsletter, is the main voice for the Alberta Barley Commission. It provides the Commission with the means to report on the research projects that producers' dollars support, as well as coverage on market development initiatives and other topics of interest to farmers.

### Website

The Commission's website at [www.albertabarley.com](http://www.albertabarley.com) has had a "facelift" in the past year and continues to be a solid source of information used world-wide. The site provides another form of communication with producers and other stakeholders and allows access to archived issues of *Barley Country*, barley demonstration plots, and barley recipes, among other things.

### Briefly Barley

In order to keep our delegates informed on a regular basis, the Commission distributes a monthly communiqué called *Briefly Barley*. The newsletter-styled brief covers current topics, issues, and developments in the barley industry, often soliciting feedback and direction from the delegates.

## BARLEY DEMONSTRATION PLOTS

Thirteen barley demonstration plots, located around the province, were financially supported by the Commission this summer. The "demos" give farmers the opportunity to compare the performance of old and new varieties, as well as various treatments, under growing conditions within their region. The Commission appreciates the farmers who provide their land, time and effort as well as the applied research associations and other organizations that coordinate the plots and organize tours.

## COMMUNITY AND EDUCATIONAL PROGRAMS

### FarmTech

The Alberta Barley Commission participated as one of the co-hosts for FarmTech 2004. FarmTech combines both an educational and trade fair atmosphere for farmers to meet with each other and learn about farming in other countries, new farm practices and technology, and the latest equipment available.

The Commission plans to take on an increased role for FarmTech 2005 by becoming a full host and having the booth available for farmers to meet the Commission's Directors.

### Environmental Farm Plan Workshops

The Environmental Farm Plan (EFP) in Alberta is a voluntary, self-assessment checklist that farmers and ranchers can use to identify environmental improvements and risks on the farm. When risks are identified, an action plan is developed by the farmer to address them. Trained facilitators, who have been involved in farming for many years, conduct free workshops for Alberta producers to work through the process.

The Alberta Barley Commission sponsored several workshops held this year and will continue to promote this voluntary and valuable program.

### Making More Money with Malt

This past February, the Alberta Barley Commission co-sponsored a series of well-attended seminars on making more money with malt barley that were held in Lethbridge, Carbon, Vermilion, and St. Albert. These meetings were organized by Bill Chapman from Alberta Agriculture, Food & Rural Development (AAFRD) and designed to increase farmer awareness of agronomy and quality parameters needed for malt barley selection. Directors from the Commission chaired each meeting while barley breeders, maltsters, agronomists, and local experts were on hand to provide up-to-date information and answer questions.

Other sponsors for the meetings included AAFRD, Webb's Farm Services, Sturgeon Valley Fertilizer, Kneehill Soil Services, AgPro, Cargill Ag Horizons, Pioneer Grain, and Parrish & Heimbecker.

### **Classroom Agriculture Program (CAP)**

2005 marks the Classroom Agriculture Program's 20th anniversary! Hundreds of thousands of grade four students around the province have learned about the importance of agriculture for the past two decades through the CAP presentations made in their classrooms. Thousands of volunteers, many of them farmers, have made the presentations.

The Alberta Barley Commission has provided funding and resource materials since 1993 and would like to congratulate CAP on their tremendous achievement!

### **City Slickers**

The Multicultural Heritage Centre in Stony Plain coordinates the City Slickers program, an annual harvesting event that helps urban students understand where their food comes from. A portion of the crops grown on the City Slickers site is donated to the local food banks. Food purchased with a \$1,000 cash donation from the Alberta Barley Commission is also donated.

### **Alberta Barley Commission – Eugene Boyko Memorial Scholarship**

The second *Alberta Barley Commission – Eugene Boyko Memorial Scholarship* was awarded to Ms. Kristen Tannas of Cremona, a University of Alberta student specializing in crop production sustainability.

The scholarship was established in 2002 to honour Eugene Boyko, a long-time director of the Commission who passed away in the spring of 2001. Eugene was known for his support of innovative farming techniques and his commitment to agriculture. The scholarship was created to recognize and encourage students in the field of crop production and/or crop processing technology studies. One scholarship of \$500 is awarded each year through Alberta Scholarship Programs.

### **Sponsorships and Trade Fairs**

The Alberta Barley Commission supports various farm conferences and regional agricultural events throughout the year with cash sponsorships and/or provided door prizes. Sponsorship included the Farm Women's Conference in Grande Prairie, the Calgary Seed and Hay Show, the North American Seed Fair, as well as many other conferences, fairs, and events.



*The Lacombe Field Day on July 29th was a great success this year - terrific crops and well-attended. Dr. George Clayton, a research scientist with Agriculture and Agri-Food Canada in Lacombe, is shown making a presentation during the tour.*

## Policy Development

Federal agriculture policy continues to have an impact on the Alberta barley industry. Ongoing international trade negotiations within the World Trade Organization will have implications for barley for years to come. And provincial government decisions on research funding and other issues will also influence the future direction of the barley industry. The Alberta Barley Commission (ABC) continues to work in the area of policy development with a purpose to bring about a policy environment that enables barley to reach its potential.

### GRAIN GROWERS OF CANADA

The ABC made a strategic decision to steer its policy development work through the Grain Growers of Canada (GGC). Policy responds to visible and knowledgeable groups with wide representation, so the GGC continues to provide the most valuable channel to work on policy issues and promote solutions on behalf of Alberta growers. In the past year the GGC advocated for grain marketing choice nationwide, a competitive grain handling and transportation system for the west, and free international trade. The ABC reports regularly on GGC activities in Barley Country, the Commission's quarterly newspaper.

The GGC also spearheaded a Canada-U.S. Grain Summit among representatives of major grain producer associations from both countries. Many outstanding policy differences remain between Canadian and U.S. governments – marketing, subsidies, regulation – yet farmers share many

solutions that can and should be brought forward to government. The Summit was held in Montreal in July, the outcome of which was a common set of policy resolutions and agreement to form an ongoing working group to continue with bilateral policy development.

The GGC, in the past year, also defined a strategic plan to guide the association. The GGC reconfirmed the organization's principled approach to policy development, and plans to focus on those issues that promise to yield the greatest improvements to the grain and oilseed industry.

### ALBERTA'S MARKET CHOICE INITIATIVE

The ABC places a priority on liaising and building working relationships with provincial government officials responsible for managing key policy files. The provincial initiative led by Minister Shirley McClellan, Minister of Agriculture, Food & Rural Development to realize marketing choice for Alberta wheat and barley growers is strongly supported by the ABC. The Commission worked with a group of barley growers, maltsters, grain companies and processors to communicate broad support for marketing choice to Members of the Legislative Assembly prior to the summer recess of the legislature. Advancing the marketing choice file will be a main policy priority in the year ahead as well.

### ON-FARM FOOD SAFETY

Public concern with the safety of the food production system has been on the rise, fuelled by incidents beyond the grain business. However, the grain industry has attempted to be pro-active by developing a national, voluntary on-farm food safety protocol that farmers may choose to adopt for individual farms. A post-farm gate food safety plan is also in development.



# Financial Reports



## ALBERTA BARLEY COMMISSION BALANCE SHEET AS AT JULY 31, 2004

PricewaterhouseCoopers LLP  
Chartered Accountants  
111 5th Avenue SW, Suite 3100  
Calgary, Alberta  
Canada T2P 5L3  
Telephone +1 (403) 509 7500  
Facsimile +1 (403) 781 1825

August 26, 2004

Auditors' Report

To the Directors of  
Alberta Barley Commission

We have audited the balance sheet of **Alberta Barley Commission** as at July 31, 2004 and the statements of operations and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with similar organizations, the Commission derives revenue from service charges charged to producers, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Commission and we were not able to determine whether any adjustments might be necessary to service charge revenue, assets and surplus.

In our opinion, except for the effects of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of service charges revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Commission as at July 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

signed "PricewaterhouseCoopers LLP"

Chartered Accountants

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

	2004 \$	2003 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and short-term investments	327,814	42,664
Accounts receivable	139,299	62,699
Prepaid expenses	9,475	8,435
	476,588	113,798
<b>Investments (note 3)</b>	1,111,727	931,813
<b>Capital assets (note 4)</b>	33,180	33,894
	1,621,495	1,079,505
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	30,971	28,904
Grants payable (note 5)	407,889	319,113
Unearned revenue (notes 2 and 6)	669,475	245,778
	1,108,335	593,795
<b>Surplus</b>	513,160	485,710
	1,621,495	1,079,505
<b>Commitments and contingency (notes 7 and 8)</b>		

Approved by the Board of Directors

Director

Director

# Financial Reports

## ALBERTA BARLEY COMMISSION STATEMENT OF OPERATIONS AND SURPLUS FOR THE YEAR ENDED JULY 31, 2004

	2004 \$	2003 \$
<b>Revenue</b>		
Service charges (note 2)	977,990	800,212
Less: Refunds	66,062	52,979
Net service charges	911,928	747,233
Other income	84,247	90,426
	996,175	837,659
<b>Expenditures</b>		
Market development	229,541	167,903
Producer services	352,742	296,966
Policy development	71,282	35,930
Directors fees and expenses	39,730	36,464
Other donations and grants	18,000	6,900
	711,295	544,163
<b>Excess revenue before general and administrative expenses</b>	284,880	293,496
<b>General and administrative</b>		
Amortization	9,228	9,092
Computer system development	6,333	4,138
General expenses	9,877	7,853
Interest and bank charges	1,238	1,291
Office rent	19,461	26,885
Postage and delivery	4,885	5,379
Professional fees	6,268	5,671
Salaries and benefits	163,754	151,835
Stationery and supplies	3,814	5,495
Strategic planning expenses	24,035	-
Telephone	7,560	9,288
Travel	977	1,110
	257,430	228,037
<b>Excess of revenue for the year</b>	27,450	65,459
<b>Surplus – Beginning of year</b>	485,710	420,251
<b>Surplus – End of year</b>	513,160	485,710

## ALBERTA BARLEY COMMISSION STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JULY 31, 2004

	2004 \$	2003 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue for the year Item not affecting cash	27,450	65,459
Amortization	9,228	9,092
	36,678	74,551
Changes in non-cash working capital items		
Accounts receivable	(76,600)	27,681
Prepaid expenses	(1,040)	(2,359)
Accounts payable and accrued liabilities	2,067	21,633
Grants payable	88,776	16,831
Unearned revenue	423,697	(142,788)
	436,900	(79,002)
	473,578	(4,451)
<b>Investing activities</b>		
Purchase of long-term investments	(289,070)	(321,451)
Purchase of capital assets	(8,514)	(6,536)
Proceeds on disposition of investments	109,156	280,370
	(188,428)	(47,617)
<b>Increase (decrease) in cash</b>	285,150	(52,068)
<b>Cash and equivalents – Beginning of year</b>	42,664	94,732
<b>Cash and equivalents – End of year</b>	327,814	42,664

# Financial Reports

## ALBERTA BARLEY COMMISSION NOTES TO FINANCIAL STATEMENTS JULY 31, 2004

### 1 Nature of the Commission

The Alberta Barley Commission (the Commission) is a non-profit, producer funded organization formed August 1, 1991 under the Province of Alberta's Marketing of Agricultural Products Act. Its mandate is to give producers an organization for developing new markets for barley and for influencing the direction of research dedicated to barley production. The Commission's nine directors, who serve fixed terms, are elected at producer meetings.

Funding for the Commission is achieved by way of a check-off system, whereby a service charge is deducted from the proceeds of producers' barley sales and remitted on a periodic basis. These service charges are refundable to producers within six months of the sale transactions, on request.

The Commission, being a non-profit organization, is exempt from income tax under Paragraph 149(1)(l) of the Income Tax Act.

### 2 Accounting policies

#### Revenue recognition

Service charges collected (net of refunds paid) are recorded as unearned revenue until the available six month refund period has expired. Accordingly, the statement of operations for the year ended July 31, 2004 reflects only those service charges and refunds pertaining to producer transactions occurring from February 1, 2003 to January 31, 2004.

#### Amortization

Capital assets are amortized on a declining balance basis at the following annual rates:

Office furniture and equipment	20%
Promotion equipment	33%
Computerequipment	33%

Computer software costs are fully expensed in the year incurred.

#### Financial instruments

The Commission's financial instruments included in the balance sheet are comprised of cash and short term investments, accounts receivable, investments, accounts payable and accrued liabilities and grants payable. In the opinion of management, the fair values of the financial instruments approximate their carrying amounts.

#### Comparative amounts

Certain of the prior year amounts have been reclassified to conform with the presentation adopted in the current year.

### 3 Investments

	2004	2003
	\$	\$
Bank of Nova Scotia GIC earning annual compound interest at 4.45% per annum, maturing August 24, 2003	-	108,769
Bank of Nova Scotia GIC earning annual compound interest at 4.15% per annum, maturing December 20, 2004	277,963	266,896
Coupon of Province of British Columbia earning annual interest at 4.42%, maturing September 5, 2005	277,904	266,077
Coupon of Nova Scotia Power Inc. earning annual interest at 4.50%, maturing July 25, 2006	216,257	206,990
Bank of Montreal GIC earning annual compound interest at 4.40% per annum, maturing November 26, 2007	86,737	83,081
Coupon of Bank of Montreal earning annual interest of 3.47% per annum, maturing December 20, 2008	252,866	-
	<u>1,111,727</u>	<u>931,813</u>

Although some of these investments mature within one year, they have not been recorded as current assets as it is management's intention to reinvest the proceeds into investments which will mature after the next fiscal year. Market value of these investments is approximately \$1,102,000.

### 4 Capital assets

	2004		2003	
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Office furniture	65,107	51,288	13,819	16,325
Promotion equipment	15,912	14,994	918	1,287
Computer equipment	88,425	69,982	18,443	16,282
	<u>169,444</u>	<u>136,264</u>	<u>33,180</u>	<u>33,894</u>

### 5 Grants payable

Research project grants committed to in the year are expensed when the grant contract is signed and a corresponding liability is set up for the amount of funds committed. As grant funds are expended the liability is reduced.

### 6 Unearned revenue

Unearned revenue consists of the following:

	2004	2003
	\$	\$
Service charges collected from February 1 to July 31 of fiscal year	555,863	196,551
Accrued service charges receivable	147,609	67,963
Allowance for refunds	(33,997)	(18,736)
	<u>669,475</u>	<u>245,778</u>

### 7 Commitments

#### Lease commitment

The Commission entered into a five year lease agreement for office space effective March 1, 2003. The future minimum obligation, including estimated operating costs, associated with the lease is as follows:

	\$
2005	16,838
2006	17,288
2007	17,738
2008	<u>10,500</u>
	<u>62,364</u>

#### Project commitment

The board has committed to make a total contribution of \$200,000 towards the Crop Utilization Research Centre which is Phase II of the new Agri-Food Discovery Place at the University of Alberta. Of the total, \$50,000 has been expensed to date and the remainder will be expensed at \$50,000 per year for each of the next three years.

### 8 Contingent liability

The Commission, as one of a number of Plaintiffs, was unsuccessful at trial, based upon a decision rendered as of April 11, 1997, with respect to an action to challenge certain "monopoly" aspects of the Canadian Wheat Board Act ("The Charter Challenge"). The original trial judge, in his summary, made an award of "costs" to the successful defendants. However, no amount was specified.

An appeal heard in June 2000, was also unsuccessful, at which time the Plaintiffs filed for leave to appeal to the Supreme Court of Canada. The leave to appeal was dismissed in 2001 and ended the legal action.

The outcome of the cost process is not reasonably estimable at this time. Therefore, no provision for such "costs" has been recorded in these financial statements.



## **VISION**

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

## **MISSION STATEMENT**

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

### **ALBERTA BARLEY COMMISSION**

#200, 3601A – 21ST STREET NE, CALGARY, AB T2E 6T5

TEL. (403) 291-9111 FAX (403) 291-0190

Email: [abbarley@albertabarley.com](mailto:abbarley@albertabarley.com) Web site: [www.albertabarley.com](http://www.albertabarley.com)

*Have a*  
**Barley**  
*good day...*