

***Alberta Barley Commission***



***11th Annual Report  
2001 - 2002***

## ***Report from the Chairman***

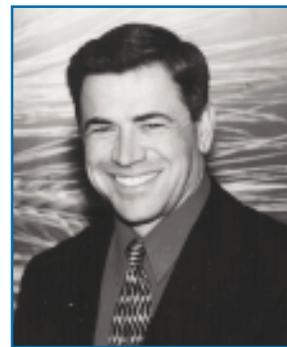
It is a pleasure for me to write the 11th annual report. Unfortunately, this is my last one as I am completing my second term as director so will be stepping down in December.

With the disastrous crop prospects at the time of writing, ABC revenues will drop drastically. But we have previously budgeted for a bad year, so some cuts will be made but work in research, market development, producer services and policy will continue.

The bulk of our research dollars still goes to the Lacombe Field Crop Development Centre. Through improved water and nutrient efficiency, better disease resistance and new germplasm, while maintaining a highly functional plant structure, I am told that it is possible to increase yields 25% over the next 10 years. This figure could potentially increase significantly by using biotechnology, but until there is greater market acceptance of genetic modifications of plants, breeders continue to work with traditional breeding methods. It is of growing importance that government support research for public good, which is then complemented by producer and industry funding.

We continue to develop interests in the Japanese market. Specialized pearling and testing equipment is now being used in Alberta to enable us to better respond to the needs of Japanese barley processors.

The Canadian Wheat Board issue still hasn't gone away, and over the last year we have focussed some effort on it in response to a resolution calling for the removal of barley from the CWB's jurisdiction. Even the federal Liberal-dominated Standing Committee on Agriculture recommended that western farmers be given the right to market their own grain, at least on a



*Ken Sackett, Chairman*

trial basis; however, we have yet to see any response to this recommendation from the federal government. Also in support of a test open market for barley and wheat is the provincial Bill 207, introduced into the legislature in March, 2002. It quickly advanced through to consideration by committee of the whole before the session ended. We are anticipating its passage into law once the next session of the legislature is underway.

The CWB recently announced that they had earned \$8 million in interest on feed barley sales. Their decision to allocate \$2.5 million in interest income to the feed barley pool in order to bring the Board's final price more into line with returns in the domestic feed market raises strong concerns with the Board's methods of operating. If they have to add \$2.5 million to a pool that only has 56,000 tonnes of barley to generate a return to farmers on par with the domestic market, then they have sold that barley at a drastically cut price. In addition, they are distorting the market by publishing figures in the Pool Return Outlook that are well above the price they are actually getting for the grain, and attracting grain that should have "stayed at home" at a time when corn imports were displacing the domestic feed market.

Through the Grain Growers of Canada, we have pushed the federal government for a Trade Injury Compensation Program. The government's own figures show this to amount to \$1.3 billion per year. The federal government stepped up to the plate when Bombardier complained about unfair competition from Brazilian manufacturers. There is no reason that the federal government should not do the same for grain farmers competing against increasingly obscene subsidies from the US.

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***"It is of growing importance that government support research for public good, which is then complemented by producer and industry funding."***

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*“Through the Grain Growers of Canada, we have pushed the federal government for a Trade Injury Compensation Program.”*

I would like to thank Kevin Muxlow, the first executive director of the Grain Growers of Canada (GGC), for his fantastic contribution to the grain farmers in Canada and extend a warm welcome to Cam Dahl the new executive director.

It is painfully slow, but through the GGC we are involved in World Trade Organization talks on agricultural trade reforms. I hope to live long enough to see some positive results come from the Doha round.

After being declared a pest in 1999, the fusarium issue is still being dealt with. We don't want to impede the feeding industry, but we must also protect the future of the grain growing industry in Alberta. We look forward to the results of the provincial government's review of the issues and declaration of a policy directed at preventing the import of sources of the disease, thereby controlling its spread into Alberta.

I would like to thank the other eight directors, the 32 delegates, and other supporters of the Alberta Barley Commission. It has been a pleasure working with you all these last few years, and I look forward to hearing of continued progress on existing and new

initiatives over the coming years. I would also like to acknowledge the contribution of General Manager, Clif Foster, who was the recipient of a Leadership Award at the Annual Meeting. Eugene Boyko, one time director and delegate, was also awarded a Leadership Award posthumously for his innovative approach to farming and dedication to advancing barley.

I hope everyone can find enough feed for the winter and enough seed for next spring.

Best Wishes,



Ken Sackett



*General Manager Clif Foster receives the Leadership Award from former Chairman Tim Harvie*

**ALBERTA BARLEY**

	2001	Estimate for 2002	5-year Average (1997-2001)	2002/5-year
Production (tonnes)	5,225,400	2,656,200	5,610,800	47.3%
Area seeded (acres)	4,900,000	5,400,000	5,170,000	104.4%
Area harvested (acres)	4,400,000	3,000,000	4,450,000	67.4%
Yield on harvested area (bu/acre)	54.5	40.7	58.0	70.2%

**2001 PRODUCTION BY REGION (TONNES)**

Region 1	651,100	Region 4	1,165,900
Region 2	1,209,500	Region 5	714,300
Region 3	1,010,200	Region 6	468,400

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

# Report from the General Manager

Despite an increase in seeded acres of barley, revenues from service charges continued to decline in the 2001/2002 fiscal year, as a result of widespread drought conditions. Under normal conditions, net service charges would generate approximately \$1 million to fund Commission activities but this year only \$840 thousand was available. Consequently, the Commission was restricted in the level of funds it could make available for research and development projects. Even more severe drought conditions in 2002 will prolong the need for the ABC to limit its activities for the coming year.

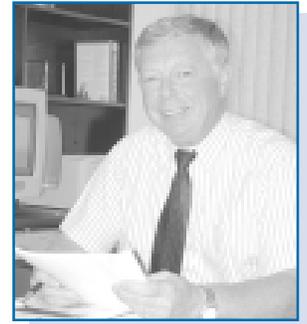
During the 2001/02 year, the Alberta Barley Commission took a leading role in the creation of the Crop Development Opportunities Initiative (CDOI). This group was formed to develop and implement a strategic plan that would lead to the expansion and enhancement of technology development and commercialization of Alberta produced crops. Consultants Darrell Toma and Jerry Bouma were contracted to develop the strategic plan which has now been completed and a consultation process is under consideration. It was encouraging to see the industry, research institutions and government recognize the potential of this initiative and work together to create a common vision and approach.

Along similar lines, Alberta Agriculture, Food and Rural Development and AARI have established a process, on behalf of the Minister, to develop a strategy to improve research, development and commercialization capabilities for the entire agriculture industry in the province. A task force has been formed, with very tight timelines, to put together a consolidated approach to address this opportunity. I have had the pleasure to

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*“It was encouraging to see the industry, research institutions and government recognize the potential of this initiative and work together to create a common vision and approach.”*

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*Clifton Foster  
General Manager*

serve on this task force along with a number of very capable and knowledgeable individuals that represent all aspects of the industry. The establishment of an overall strategy is expected to be finalized by the end of 2002

and we expect that the efforts of the CDOI will integrate well with this broader plan.

Last year, I reported that the ABC, University of Alberta researchers and a venture capital company were in the process of performing the “due diligence” required to determine the viability of a novel process for fractionating barley and oats. This new process was the result of years of work pursued and funded by the Alberta Barley Commission. The objective was to identify and develop effective technology to fractionate barley into components and enable the extraction of high value elements. We also reported that if the due diligence process generated satisfactory results, a company would be formed to oversee the further development and commercialization of the technology and that the Alberta Barley Commission would be one of the principals of this venture, in recognition of past and future investments in the research and development.

The good news is that the results of the due diligence process proved to be very positive and exceeded the already high expectations that we had for the technology. The decision was made to proceed in the formation of this new venture. However, in the final stages of developing the legal documents, the Agricultural Products Marketing Council, who oversees the Marketing of Agricultural Products Act, informed the Commission that the Commission’s plan to take an equity position in this new venture would be in contravention of their policies and would not be permitted. Although Marketing Council had the ability to extend its discretionary authority to allow the ABC to proceed, it decided to not do so.

The ABC was very disappointed that it would not be able to continue to take a leading role in furthering this important technology and ensuring that it is

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*“... a novel process for fractionating barley and oats ... was the result of years of work pursued and funded by the Alberta Barley Commission.”*

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developed for the benefit of Alberta farmers. Nevertheless, it has been a gratifying experience to have been at the forefront in advancing this opportunity to the point that it is at today. The new venture has been called Cevena Bioproducts Inc. and we are optimistic that it will evolve to offer Alberta barley producers a premium alternative for their crops. The Alberta Barley Commission has asked Marketing Council and the Minister of Agriculture, Food and Rural Development to conduct a review of these limitations on the operations of boards and commissions.

The Commission continues to place a high priority on production research and recognizes that this type of research is longer term and, often times, slower to produce results. Nevertheless, the industry needs to continue to support this kind of investment to ensure that solutions to tomorrow's agronomic challenges are available. Through the use of modern techniques, the lead time in developing new varieties has been narrowed and the use of biogenetics is helping to identify preferred traits and characteristics more efficiently.

In this regard, we were pleased to see Dr. James Helm, of Lacombe's Field Crop Development Centre awarded the 2001AVAC/ASTech (Alberta Science and Technology) Leadership Award for Innovation in Agricultural Science. Dr. Helm was recognized for his pioneering work in the use of Near Infrared Reflectance Spectroscopy (NIRS) which has helped to reduce time, costs and the use of hazardous chemicals in the plant breeding process.

The Alberta Barley Commission is pleased to now be able to work with other grain producer groups from across Canada to pursue national policies that benefit the grains and oilseeds sectors. The Grain Growers of Canada (GGC), which the ABC had a leading hand in founding, has now become the preferred vehicle for addressing these issues. In its second year of operation the GGC has firmly established its presence in Ottawa and is generally recognized as the national voice for grain farmers. Much of this success can be attributed to the talents and hard work of the Executive Committee of

the Grain Growers, and particularly that of Kevin Muxlow, the Executive Director. Unfortunately, Kevin decided this year to leave the GGC to pursue personal interests. Cam Dahl has been hired to replace Kevin and we look forward to working with Cam in the months ahead to address the many issues facing our industry.

At the Alberta Barley Commission's annual meeting last year, the directors and delegates voted strongly in favour of a resolution that called for the requirement that all grain imported into Alberta be certified free of *Fusarium graminearum*. This pathogen is the cause of the fungal disease fusarium head blight, and it can also generate a vomitoxin that affects livestock, the malting process, and other end uses of the grain. The Commission has worked hard during the past year to raise the awareness of the potential risks associated with importing contaminated seed and feed and the lack of adequate control measures. This disease is present in much of the barley and corn that has been brought into Alberta and the Commission has received many reports of careless handling by transporters and livestock operations. There is no evidence that Alberta's climate is sufficiently different than other areas that have been devastated by this disease. It is the opinion of experts that Alberta could be equally as affected by fusarium head blight and measures must be taken to limit the needless contamination and spread of this fungus into areas currently free of it. The Alberta Government has initiated an industry review of this issue and is expected to implement a policy to deal specifically with controlling the spread of the fungus.

Administratively, the Commission merged two part time positions into one full time job. Brad Miller, who recently graduated from the Devry Institute of Technology, left the Commission to take on a full time position in operations management. Diane Aves, also a part time employee, left to pursue other personal interests. We were pleased to have Dot Hughes join the Commission as Administrative Assistant and assume the duties of both these positions.



# Market Development

Market Development is an important function of the Alberta Barley Commission as we work on increasing the value of barley for producers, developing opportunities for diversifying the use of barley, and communicating the benefits of barley. The Market Development Committee is made up of directors Alex Hamilton (Committee Chairman), Wayne Hagemann, Brian Kriz, Glenn Logan, and Ken Sackett. The Committee directs market development activities and reviews research funding applications in the areas of food, feed, and industrial uses.

## COMPONENTS OF BARLEY

One way to develop the market for barley is to fractionate the grain into its component parts which then each carry a far greater value. The Commission has been involved in the funding and direction of research on fractionation for some time. Great headway was made this year as \$2.3 million is being invested in a start-up company, Cevena Bioproducts Inc., with financial support by Foragen Technologies Management Inc., an agriculturally-focussed venture capital firm, and Alberta's AVAC Ltd. This arises out of Commission-supported research by University of Alberta researchers Dr. Thava Vasanthan and Dr. Feral Temelli. They have developed a technology that involves a cost-effective method of fractionating barley and oats into high-value components such as the soluble fibre beta-glucan. Incorporating beta-glucan into foods results in a functional food that can help control high cholesterol and manage Type 2 diabetes. Other potential uses of the components include skin treatments, cosmetics, and industrial applications.

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*“Great headway was made this year as \$2.3 million is being invested in a start-up company ...”*

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*Market Development Committee members (left to right) Ken Sackett, Brian Kriz, Glenn Logan, Wayne Hagemann, Alex Hamilton (Committee Chair)*

## BENEFITS OF BARLEY

The health benefits of human consumption of barley continues to be investigated and documented both in Alberta and by the industry south of the border. Research at the University of Alberta focuses on demonstrating these benefits, while in the U.S. producer groups and health professionals are working towards petitioning the federal government for a health claim similar to that awarded to oats in 1997. Meanwhile, the Commission is involved in communicating the nutritional benefits of barley to the health community and consumers in general.

## COMMUNICATIONS

An important component of market development is communicating information to end-use markets such as consumers, as well as to producers, researchers, grain companies, and others in the industry. The website is one vehicle for these communications, and it is receiving a facelift at the time of writing. The website's components have been reorganized to allow for easier access to the information. A section for teachers and children is being added, to provide resources to educate children and adults alike on the barley industry.

The Commission made a significant contribution to Growing Alberta, in order to support their activities in raising awareness of agriculture in the province and communicating the benefits of the agri-food industry. Barley was also included at the annual Harvest Gala

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*“Meanwhile, the Commission is involved in communicating the nutritional benefits of barley to the health community and consumers in general.”*

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where 950 participants taste the results of Alberta's agricultural outputs.

Efforts are ongoing to increase the awareness of Alberta barley, such as the Alberta barley products that are on show in the airport display of the Alberta Food Processors Association. The Commission also provided financial support of the Western Nutrition Conference, the Food Safety Line, and the Heart & Stroke Foundation's golf tournaments where barley flour samples with recipes were distributed to all participants. Through efforts such as these, barley is slowly making its way into the kitchens of the Canadian public, as evidenced by the barley flour recipes appearing in Canadian chef and food writer Pamela Steel's new book *Great Canadian Cakes*, with contributions by Alberta cooks and the Commission.

#### CROP DEVELOPMENT OPPORTUNITIES INITIATIVE

Last year the Commission spearheaded the Crop Development Opportunities Initiative (CDOI) to involve key stakeholders in developing the value-added industry for crops produced in Alberta. Producer groups, funding agencies, and the provincial government contributed to this initiative to enable the development of a strategic plan. Consultants Toma and Bouma were contracted to develop this strategic plan, with input from stakeholders and direction from the CDOI's steering committee, chaired by Commission general manager, Clif Foster. With the plan now complete, the coming year should see the plan begin to be implemented and industry continue to be consulted as the process develops.

#### JAPAN

Japan continues to be a market that we are pursuing for value-added applications. Research is being carried



*Dr. Zvonko Burkus and Dr. Feral Temelli of the University of Alberta demonstrate the orange beverage and sausage that incorporate the barley fraction beta-glucan*

out to test selected samples from various regions in the province. AAFRD and producers have contributed to providing samples, and researcher Dr. Darcy Driedger is conducting tests on the suitability of the barley for specific end use in Japan. The best samples will be sent to Japan for consideration.

Meanwhile, Dr. Jim Helm of the Field Crop Development Centre, is wrapping up his three-year project on varieties for Japan. The markets being looked at include barley as a rice extender, barley tea, miso (a paste used as the basis for soups and other dishes) and in the production of liquor. Dr. Helm has amassed enormous data and is in the process of analyzing and reporting the results.

#### OTHER MARKETS

Market development work in Mexico is ongoing, with Commission-funded research still in progress in that country comparing the quality of barley-fed beef versus the traditional grain feed.

Similarly, research in Alberta is in progress to investigate the difference between the beef of barley-versus corn-fed cattle, targeting local and export markets. Taste panels using recent immigrants or visitors from Mexico and Japan were set up, as well as a Canadian panel. Preliminary results indicate a preference for the barley-fed beef; full results should be available later in the year.

# Research

Research, and development of new value-added markets for barley, remains the highest priority of the Alberta Barley Commission. Production research (breeding, disease and agronomy) and barley utilization research (feed quality, food and industrial use) projects are carefully assessed to determine potential benefits for farmers by the Producer Services Committee and Market Development Committee, respectively.

## BARLEY DEVELOPMENT COUNCIL

Advising government, researchers, and funding agencies regarding direction and priorities for barley research is the main purpose of the Barley Development Council (BDC). The Council is comprised of a broad cross-section of researchers, producers, buyers and industry representatives of which the Alberta Barley Commission is a member. The Commission uses the research priorities developed by the BDC to help determine which research projects to fund.

The Barley Development Council will be holding its ninth annual meeting this fall in conjunction with the North American Barley Workers meetings in Fargo, North Dakota.

## ALBERTA/CANADA BARLEY DEVELOPMENT AGREEMENT

This Agreement came about in 1993 when the

governments of Canada and Alberta jointly supported the development of the barley industry to ensure it is maintained at a competitive level. In 1996 the Alberta Barley Commission became a partner. As a result, the Commission provides ongoing funds, technology transfer through *Barley Country*, market development expertise to the team of scientists, and advises the work team on research direction.

The research performed under the Agreement includes projects on cultivar development, crop physiology, crop production systems, plant pathology and biotechnology. Other areas of research involving animal nutrition, soil science, weed science, food science, and market development are carried out by cooperating agencies, both private and public.

## FUNDING

Aside from the core funding contributed to the Alberta/Canada Barley Development Agreement, the Commission also funded various other research projects. One new project, in particular, involves the development of a herbicidal protein that has the potential to kill broadleaved weeds without damaging monocots (cereal crops, turfgrass, etc.).

Other food and industrial use projects have been outlined in the Market Development section of this report. The following summarizes all of the research projects currently being funded.

## 2002/2003 Research Funding

Each year, the Alberta Barley Commission funds research of interest to Alberta barley producers. Preproposals are submitted for consideration by 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 2002/2003. 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: \$363,046.

### AGRONOMY

#### Optimizing copper fertility for barley production

Dr. Ieuan Evans, Alberta Agriculture, Food & Rural Development, Edmonton

**Objective:** To determine optimum rate, method and kind of copper application for barley production.

**Funding:**

**\$15,000 Alberta Barley Commission**  
29,500 Alberta Agricultural Research Institute  
19,500 Funding from other industry partners

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

Dr. Wenming Zhang, 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**  
Additional funding from other industry partners

## 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 partners

### \*Value-added process development of pretreated barley for food uses

Hong Qi, Centre for Agri-Industrial Technology, Edmonton

**Objective:** To develop processes for parboiled barley and related barley products for food uses.

**Funding:**

**\$ 5,000 Alberta Barley Commission**

33,750 Alberta Crop Industry Development Fund

16,250 Alberta Agriculture, Food & Rural Development in-kind

### \*Barley fractionation – investigating protein and pentosan fractions

Dr. Feral Temelli, University of Alberta, Edmonton

**Objective:** To investigate the isolation, characterization and applications of the pentosan and protein fractions of barley to advance the development of barley fractionation further.

**Funding:**

**\$25,000 Alberta Barley Commission**

45,000 Alberta Agricultural Research Institute

## FEED QUALITY

### \*Increasing barley and beef exports: consumer acceptance of beef from barley and corn based diets

Dr. Erasmus Okine, University of Alberta, Edmonton

**Objective:** To provide a comprehensive database to differentiate the quality of beef from cattle fed barley and corn-based diets.

**Funding:**

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

\$10,000 Alberta Agriculture, Food & Rural Development

### Barley-based functional foods/nutraceuticals and their health benefits

Dr. Feral Temelli, University of Alberta, Edmonton

**Objective:** To investigate the health benefits of whole barley and its isolated fractions (beta-glucan concentrate and barley oil) and compare to other dietary components.

**Funding:**

**\$25,000 Alberta Barley Commission**

95,189 Alberta Agricultural Research Institute

## FOOD & INDUSTRIAL USE

### \*Barley sample identification program for the Japanese market

Dr. Darcy Driedger, Food Processing Development Centre, Brooks

**Objective:** To supply a Japanese processor with barley samples annually over the next three years that have been screened for potential prior to shipping.

**Funding:**

**\$19,046 Alberta Barley Commission**

19,474 Alberta Crop Industry Development Fund

12,140 Alberta Agriculture, Food & Rural Development in-kind

### \*Industrial uses for barley grain components isolated by a novel grain fractionation technology

Dr. Thava Vasanthan, University of Alberta, Edmonton

**Objective:** To fine-tune a newly developed technology to refine starch, beta-glucan concentrates and dextrin in barley, and to evaluate their suitability in various commercial applications.

**Funding:**

**\$ 20,000 Alberta Barley Commission**

Additional funding from other industry partners

### \*Importance of beta-glucans to immune development in the weaned piglet

Dr. Catherine Field, University of Alberta, Edmonton

**Objective:** To determine the effect of feeding barley derived beta-glucans on immune and gastrointestinal development in the newly weaned piglet, as the animal model of a young human.

**Funding:**

**\$20,000 Alberta Barley Commission**

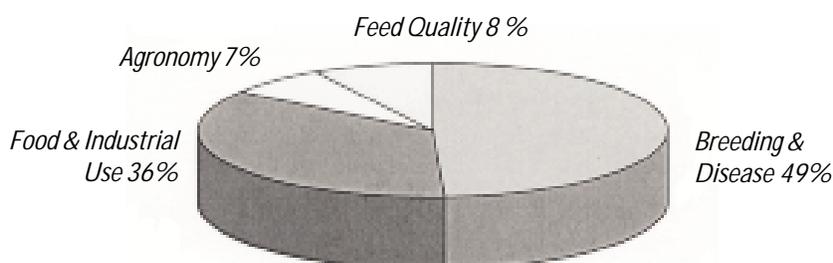
Matching funding is pending.

### \*Value-added barley food products – Reserve

**Objective:** To assist in the development and/or commercialization of value-added barley food products.

**Funding:**

**\$ 15,000 Alberta Barley Commission**



**Distribution  
of  
2002 - 2003  
Alberta Barley  
Commission  
Research Funds**

# Producer Services



Providing farmers and industry with current information on barley, as well as promoting a positive image of the barley industry, has been a cornerstone of the Alberta Barley Commission and, more specifically, the Producer Services Committee. Left to right: Don Cox (Committee Chair), Ed Armstrong, Dale Fodness and Richard Nordstrom serve on the Producer Services Committee, which also includes overseeing the funding of proposals for production research.

## PRODUCER COMMUNICATIONS

### WEBSITE

The Alberta Barley Commission's website at [www.albertabarley.com](http://www.albertabarley.com) is a constantly changing and updated means of communicating with producers, consumers and industry representatives. The website received over 41,000 visits, with pages visited over 100,000 times during the past year. People accessed a variety of information from current barley plot demonstration sites to recipes to the latest issue of *Barley Country*.

### BARLEY COUNTRY

Our primary "voice" for communicating with farmers is our quarterly newsletter, *Barley Country*. The Commission is able to report on research projects that producers' dollars support, as well as current market

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*"The Commission is able to report on research projects that producers' dollars support, as well as current market development initiatives and policy developments."*

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development initiatives and policy developments. Regularly featured regional reports allow farmers a chance to get to know the Commission's Directors and what is happening in other areas of the province.

### BRIEFLY BARLEY

To encourage valuable input from our delegates, the Commission distributes a monthly briefing called 'Briefly Barley' on "what's new" in the barley industry. This format is an informal way of broadcasting current information to the delegates and is a means of soliciting feedback and direction from them.

### BARLEY PLOT DEMONSTRATIONS

Demo plots provide farmers with an opportunity for side-by-side comparisons of new and old varieties within their region. To this end, the Alberta Barley Commission financially supported 19 barley plots throughout the province over the summer of 2002.

Although the weather had devastating effects on many of the plots and several tours were cancelled, the Commission would like to thank the farmer cooperators who provided their land, time and effort, as well as the applied research associations and Alberta Agriculture representatives who coordinate each aspect of the demos.

### COMMUNITY AND EDUCATIONAL PROGRAMS

#### ALBERTA BARLEY COMMISSION – EUGENE BOYKO MEMORIAL SCHOLARSHIP

The Alberta Barley Commission – Eugene Boyko Memorial Scholarship was established in 2002 by the Alberta Barley Commission to honour Eugene Boyko, a long time director of the Commission who passed away in the spring of 2001. He was known for his commitment to agriculture and support of innovative farming techniques.

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 will be awarded each year through Alberta Scholarship Programs.

*“Every year, hundreds of volunteers to the Classroom Agriculture Program (CAP) teach thousands of grade four students about the diversity and importance of agriculture in Alberta.”*

### CLASSROOM AGRICULTURE PROGRAM

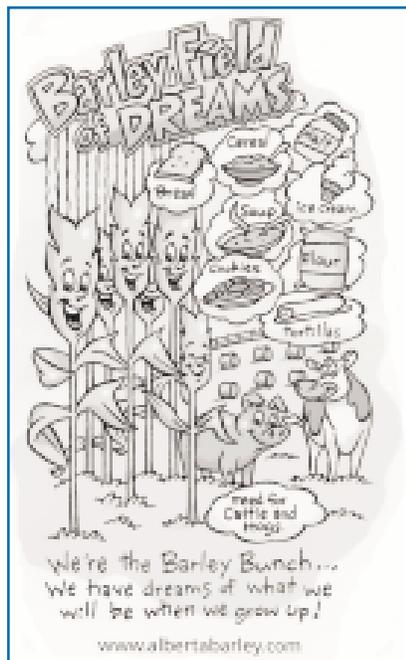
Every year, hundreds of volunteers to the Classroom Agriculture Program (CAP) teach thousands of grade four students about the diversity and importance of agriculture in Alberta. The generous contribution these volunteers provide, many of whom are farmers, is greatly appreciated.

The Alberta Barley Commission continued to participate in and support CAP during 2001 and 2002. In addition, the Commission office received hundreds of requests from the CAP volunteers for barley information and materials to further enhance their presentations. The ‘Barley Field of Dreams’ bookmarker is a new item developed for CAP this year and will debut in the spring.

### CALGARY AGGIE DAYS

Students, along with their teachers and parent chaperones, are given an opportunity to experience agriculture with a ‘hands on’ approach during Calgary’s Aggie Days in March.

Donna Hamilton from Hamilton’s Barley Flour and staff from



*Barley crop demonstration plots near Killam, sponsored in part by the Alberta Barley Commission*

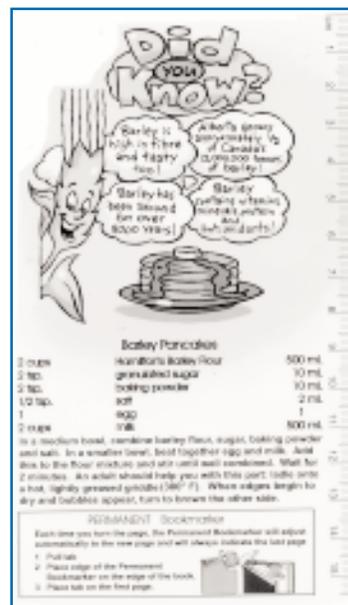
the Alberta Barley Commission made barley flour pancakes for several thousand kindergarten to grade six students, despite teachers being on a ‘work to rule’ campaign.

### CITY SLICKERS

To give urban students a better understanding of where their food comes from, the Multicultural Heritage Centre in Stony Plain coordinates the City Slickers event. A portion of the crops grown on the City Slickers site is donated to the local food banks, along with food purchased from a \$500 cash donation from the Alberta Barley Commission.

### TRADE FAIRS AND COMMUNITY SPONSORSHIPS

The Alberta Barley Commission supported various farm conferences and regional agricultural events throughout the year with cash sponsorships and/or the provision of door prizes. The Calgary Seed and Hay Show and North American Seed Fair were sponsored, as well as the Farm Women’s Conferences in Athabasca and Grande Prairie.



# Financial Reports



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August 29, 2002

Auditors' Report  
To the Directors of  
Alberta Barley Commission

We have audited the balance sheet of Alberta Barley Commission as at July 31, 2002 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, 2002 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 members of the worldwide PricewaterhouseCoopers organization

## ALBERTA BARLEY COMMISSION

### BALANCE SHEET

As at July 31, 2002

	2002	2001
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and short-term investments	94,732	275,960
Accounts receivable	90,380	104,770
Prepaid expenses	6,076	8,677
	191,188	389,407
<b>Investments (note 3)</b>	890,732	760,305
<b>Capital assets (note 4)</b>	36,450	43,823
	1,118,370	1,193,535
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	7,271	4,291
Grants payable (note 5)	302,282	380,245
Unearned revenue (notes 2 and 6)	388,566	439,742
	698,119	824,278
<b>Surplus</b>	420,251	369,257
	1,118,370	1,193,535

### Commitment and contingency (notes 7 and 8)

Approved by the Board of Directors

Director

Director

# Financial Reports

## ALBERTA BARLEY COMMISSION STATEMENT OF OPERATIONS AND SURPLUS FOR THE YEAR ENDED JULY 31, 2002

	2002 \$	2001 \$
<b>Revenue</b>		
Service charges (note 2)	908,160	1,238,710
Less: Refunds	67,521	94,222
Net service charges	840,639	1,144,488
Other income	83,745	88,701
	924,384	1,233,189
<b>Expenditures</b>		
Market development	193,304	237,197
Producer services	377,137	364,154
Policy development	28,856	59,848
Charter Challenge	-	26,576
Directors fees and expenses	31,458	26,146
Other donations and grants	16,500	18,500
	647,255	732,421
<b>Excess revenue before general and administrative expenses</b>	277,129	500,768
<b>General and administrative</b>		
Amortization	10,805	11,437
Computer system development	5,536	5,062
General expenses	4,586	12,560
Interest and bank charges	1,413	1,383
Office rent	28,864	28,910
Postage and delivery	5,026	3,876
Professional fees	6,810	5,726
Salaries and benefits	148,094	137,680
Stationery and supplies	5,321	6,452
Telephone	7,522	9,450
Travel	2,158	6,223
	226,135	228,759
<b>Excess of revenue for the year</b>	50,994	272,009
<b>Surplus – Beginning of year</b>	369,257	97,248
<b>Surplus – End of year</b>	420,251	369,257

## ALBERTA BARLEY COMMISSION STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JULY 31, 2002

	2002 \$	2001 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue for the year	50,994	272,009
Item not affecting cash		
Amortization	10,805	11,437
	61,799	283,446
<b>Changes in non-cash working capital items</b>		
Accounts receivable	14,390	6,902
Prepaid expenses	2,601	(767)
Accounts payable	2,980	137
Grants payable	(77,963)	71,238
Unearned revenue	(51,176)	(126,394)
	(109,168)	(48,884)
	(47,369)	234,562
<b>Investing activities</b>		
Purchase of long-term investments	(130,427)	(15,866)
Purchase of capital assets	(3,432)	(17,921)
	(133,859)	(33,787)
(Decrease) increase in cash	(181,228)	200,775
Cash and equivalents – Beginning of year	275,960	75,185
Cash and equivalents – End of year	94,732	275,960

# Financial Reports

## ALBERTA BARLEY COMMISSION NOTES TO FINANCIAL STATEMENTS JULY 31, 2002

### 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 and Agriculture 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.

### 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, 2002 reflects only those service charges and refunds pertaining to producer transactions occurring from February 1, 2001 to January 31, 2002.

#### Amortization

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

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

Computer software costs are fully expensed in the year incurred.

#### Income tax

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

### 3 Investments

	2002 \$	2001 \$
Bank of Nova Scotia GIC earning annual compound interest at 5.9% per annum, maturing November 17, 2002	275,574	258,805
Bank of Nova Scotia GIC earning annual compound interest at 4.45% per annum, maturing August 24, 2003	104,138	-
Bank of Nova Scotia GIC earning annual compound interest at 4.15% per annum, maturing December 20, 2004	256,270	-
Coupon of Province of British Columbia earning annual interest at 4.42%, maturing September 5, 2005	254,750	-
CIBC step up note bearing interest at 6% per annum, maturing December 2, 2001	-	501,500
	<u>890,732</u>	<u>760,305</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 \$887,000.

### 4 Capital assets

	2002		2001	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Office furniture	61,389	45,002	16,387	20,048
Promotion equipment	15,912	14,107	1,805	2,530
Computer equipment	77,092	58,834	18,258	21,245
	<u>154,393</u>	<u>117,943</u>	<u>36,450</u>	<u>43,823</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:

	2002 \$	2001 \$
Service charges collected from February 1 to July 31 of fiscal year	316,228	364,553
Accrued service charges receivable	98,474	104,916
Allowance for refunds	(26,136)	(29,727)
	<u>388,566</u>	<u>439,742</u>

### 7 Lease commitment

The Commission's minimum obligation, excluding operating costs, under its lease for office space is \$7,046. The lease expires February 28, 2003.

### 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.

PRICEWATERHOUSECOOPERS 



# ALBERTA BARLEY COMMISSION 2001/2002 DIRECTORS & DELEGATES

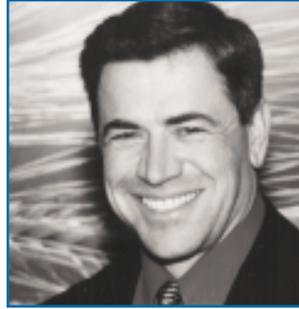


## REGION 1

GLENN LOGAN, LOMOND

### DELEGATES

BLAIR CLAEYS, VAUXHALL  
TED MENZIES, CLARESHOLM  
BRIAN OTTO, WARNER  
RON PITTMAN, PICTURE BUTTE  
RICHARD STAMP, ENCHANT  
DON TAYLOR, PINCHER CREEK



## REGION 2

KEN SACKETT, CROSSFIELD

### DELEGATES

EUGENE BROWN, DIDSBURY  
DAVID EATON, OYEN  
WARREN HILZ, VULCAN  
JOE JEFFRAY, AIRDRIE  
DOUG MILLER, ACME  
FRED RANDLE, HIGH RIVER  
GLENN SAWYER, ACME  
BRIAN SCOBIE, VULCAN



## REGION 3

WAYNE HAGEMANN, PONOKA

### DELEGATES

MIKE AMMETER, SYLVAN LAKE  
EARL COLLIER, PENHOLD  
ROD McDERMAND, ALIX  
NORM OLSEN, KILLAM  
JESPER NIELSEN, KILLAM  
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  
GORDON FRANK, ST. ALBERT  
KEITH GUAY, ATHABASCA  
TOM JACKSON, ARDROSSAN  
ALBERT WAGNER, STONY PLAIN



## REGION 6

DON COX, FAIRVIEW

### DELEGATES

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



ALEX HAMILTON, DIRECTOR-AT-LARGE, OLDS  
REGION 2



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



RICHARD NORDSTROM, DIRECTOR-AT-LARGE,  
VIKING, REGION 4

*Farmers Taking Responsibility For Their Future...*



## *MISSION STATEMENT*

The Alberta Barley Commission enables Alberta farmers to invest in positive initiatives that promote a vibrant barley industry by directing research, market development, policy development, and producer education.

### **ALBERTA BARLEY COMMISSION**

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