

Provincial Board of Directors Report

65th Annual Meeting

January 17-19, 2018



Greeting on behalf of the Board of Directors

The headaches of the growing season will undoubtedly create a few challenges for our seed processing industry as well. However, with challenge comes opportunity. Most of our member plants have the capacity to not only process grain for planting seed, but also to process grain for marketing, which should provide opportunities this year.

Meetings and Activities

As in the past, the Provincial Board met four times during the year. The purpose of these meetings is to keep track of the organization from a broad operational viewpoint, as well, as to ensure the activities of the Association are congruent with the strategic direction of the organization. At every meeting, each Director gives the group an update from the plants in their region. This helps keep the Board current on the opportunities and challenges throughout the province. In addition to board meetings, Directors work with County Ag Fieldmen to inspect each plant in their region.

Last year's regional election saw Tom Coppock elected in region 3 for a two-year term, as the region went for a year with no director. Charlie Martin was re-elected in Region 6, and Hector Ouellette was re-elected in Region 7.

At the re-organizational meeting after the AGM, the following members were elected to make up the executive of your Provincial Association.

President – Dave Bishop

Vice-President – Kelly Wheeler

General Manager/ Board Secretary – Monica Klaas

Managers Association Rep – Joe Hanson

I would like to thank all board members for their dedication to our Association over the past year, with this strong team, the entire Association benefits.

Today we will be having elections for Directors from Regions 1 & 2. These are for a 3-year term. It is extremely important that all Directors and Managers present from regions 1 & 2 attend their respective regional elections scheduled for the end of the meeting today to ensure that the continuity of operations in all regions is maintained. Both Kelly Wheeler and I, (Dave Bishop) have indicated that we would prefer to step away from the provincial board to allow for healthy board succession. I cannot begin to tell you what a deficit is made when a Director's position remains unfilled. As a Board member, the intent is to seriously exercise due diligence in

overseeing the Association, but also have a little bit of fun. I encourage anyone that is interested in holding a position on the Provincial Board to have a chat with any one of the current Board members.

The Board has been busy with a few key activities;

STRATEGIC PLAN: The Board, revisits the strategic plan at every board meeting to ensure that our activities and services are in line with the strategic plan. At our March meeting, we had a one-day strategic plan review to ensure that the plan is relevant.

Our pivotal mission is “To create seed and grain processing opportunities for local and global markets.” From there, three key points of focus were defined as:

1. Best Practises & Professional Development,
2. Group Services & Benefits,
3. Market Development & Industry Advocacy

The Board looks at the strategic plan as a method to guide, but not confine what we do for the membership.

BEST PRACTISES & TRAINING:

The Provincial Board views outstanding training and continuing education as a key component of long-term business sustainability.

The Managers Association once again held a very successful training session, with many of the Associations operators and staff obtaining forklift and fall prevention training. Also included were pesticide applicators continuing education credit sessions and a disease management update from Trevor from 20/20 Seed Labs. The training event also had an industrial tradeshow that allowed suppliers to have larger displays, and interact with attendees over the two-day event. The session attracted over 60 people representing just over 30 plants. The training session is very cost effective and is purposely held when business is less busy than other seasons and the golf course is open. The provincial association fully supports the training session put on by the Manager’s Association and would like to give thanks to the key people that assisted with the planning this year: Blair Peregrym, Joe Hanson, & Ron Wirsta. Next year, Region 3 is hosting the training session near the end of June again. Please watch for details.

The Provincial Board supports training and professional development, as this is a conduit to strengthening member plants and ensuring the flow of knowledge to every plant. Investing in education is an activity that typically has sustainable value. We encourage all boards to encourage your employees to participate in any training opportunities, offered internally by the Association, externally by extension organizations like regional research organizations, manufacturing companies, or certification agencies like Canadian Seed Institute, Canadian Seed Trade Association, etc.

GROUP SERVICES & BENEFITS

The Association meets with our **Health Benefits** provider, Morneau Shepell to ensure the benefits package that is rolled out through our group employee coverage plan is competitive with other plans in the industry. Offering benefit plans are a great way to attract and retain great employees. Group plans are stronger when there are more participants. For more information regarding the benefit plan, please contact the office (403 489 9999).

Physical site and business insurance is a very important element to any business operation. Foster Park's method of having multiple underwriters for this policy ensures better long-term pricing stability. Foster Park Brokers are once again starting a three-year project of surveying each member site to ensure that the valuation and assessment of risk factors are fair and justified. Although the final numbers have not been tabulated at time of writing, initial indications show loss ratio above the maximum of 30% suggesting there will be no credit returned.

The policy contains a co-insurance clause; in the event of a loss if you are not insured to full value you may be penalized. Please find below an explanation of co-insurance.

Co-Insurance is one of the most misunderstood insurance principles. Most standard commercial property insurance policies contain a 90% Co-Insurance clause. This clause requires that insurance is maintained to at least 90% of the value of the property at the time of loss. This does not mean that the insurer will only pay 90% of the loss. If insurance is carried to at least 90% of the value of the property at the time of the loss, the insurance company will pay the whole of the damage up to the limit of the policy. If insurance is not carried to 90% of the value then the claim settlement is calculated using the following formula:

Amount of insurance carried multiplied by the amount of damage divided by the amount of insurance required.

For example:

Value of property \$300,000

Insurance required (90%) \$270,000

Insurance at time of loss \$200,000

Loss \$120,000

The claims settlement would be calculated as follows:

$\$200,000 \times \$120,000 / \$270,000 = \$ 88,889$

In this example, the insurance company would pay \$88,889 of the \$120,000 loss. This means that the insured would be penalized for not insuring the property to value and will be required to contribute \$31,111 of the loss.

Please Contact Foster Park Brokers directly should you have questions or concerns regarding your coverage levels.

DIRECTORS ERRORS & OMISSIONS INSURANCE

Directors Errors & Omissions Insurance protects Directors (and their personal individual assets) in the event that the plant is sued. The reality of today's society is the number of lawsuits in all sectors continues to rise. Close to 70% of our member plants are purchasing this type of insurance to protect the board in the event a suit is launched. Please feel free to contact Foster Park Brokers for information on directors' errors & omissions insurance if your plant board is among the 30% that is not protected.

MARKET DEVELOPMENT & INDUSTRY ADVOCACY

FUSARIUM:

.... Is everywhere this year.

The Provincial Pest act is still in force, with the non-detectable level being the only allowance according to the current act. Should a local board needs to further discuss the "zero tolerance" infection levels, the board is highly encouraged to do so only in consultation with their pest control officer (fieldman), and to only make plant policies after consultation with their local authority.

Our association is part of an ad-hoc working group being steered by the Alberta Wheat Commission. The group sent a letter to the minister and subsequently met with the minister, the ADM, and staff. Once again we are encouraged, as the minister stated that a change in the pest act will be based on science, rather than on popular vote. From that meeting, a public survey is open from mid-December to mid-January. I do hope that each and every one of you had the opportunity to participate.

In the meantime, the Association is encouraging regional fusarium management seminars to be organized, as we believe education and communication are key to managing this pest, rather than only regulation. Every plant is encouraged to cooperate with neighbouring plants to conduct seminars on a quasi-regional basis. Assistance in organizing, and getting speakers is available from the office.

SEED SMART: Regardless of what happens with Fusarium regulations, seed testing is a great way for our owners and customers to make the best farming management decisions possible. Right now, seed is being sent to seed labs to get a fusarium test. Regardless if that regulation exists or not, seed testing is a critical link in the crop production chain. The Association has launched the SEED SMART program in an effort to show leadership in the industry, promoting the use of high-quality seed by using seed testing technology beyond the basic germination and fusarium testing. We have to say **thank you to our program partners: 20/20 Seed Labs, SGS BioVision, and Seed Check Technologies** for being part of our SEED SMART program. Without their support and guidance, the program would still be just a collection of notes on a page. Again, plants are highly encouraged to submit samples on behalf of their customers, most plants get free shipping on multiple samples too.

SEED SMART SCHOLARSHIP

A scholarship was formed by the provincial board with the goal of supporting students in agricultural post-secondary studies, and to elevate our organization's visibility amongst the farmers of tomorrow. Two \$1000 scholarships are targeted at students in their second year of studies. This year, we are pleased to announce the inaugural winners of the Scholarship are Kyle Wheeler from Strathmore and Cole Huppertz from Westlock. Please encourage all students that are pursuing a post-secondary education in an agriculture-related field to apply for next year's scholarship. Deadline for applications is October 15th, 2018. For further details go to our website: seedprocessors.ca or seedsmart.ca.

CSTA: Canadian Seed Trade Association

Our provincial association is a member of the Canadian Seed Trade Association. The CSTA is the major platform to network with Canada's seed industry.

SEED SYNERGY discussions continue. Seed Synergy is a movement afoot to merge or at very least to improve, modernize and streamline duplication of effort within six national seed organizations. Currently CSTA (Canadian Seed Trade Association), CSGA (Canadian Seed Growers Association), CSI (Canadian Seed Institute), CSAAC (Commercial Seed Analysts Association of Canada), CPTA (Canadian Plant Technology Agency), & Crop Life are currently discussing how to streamline activities to build a more responsive, agile Canadian Seed System of the future. Part of the plan DOES include the processing industry, which to date had been on the sidelines, really only being active in CSI. At this point, discussions are still ongoing, and the future is unclear; however, one thing is evident; the role of the processor is under scrutiny, and having a seat at the table to craft our destiny will be imperative.

ALBERTA SEED GUIDE & SEED.AB.CA website

The publication & website continue to evolve with the ever-changing needs of the readership. The contract between ISSUES INK, The Alberta Seed Growers, and our Association was renewed for another two years this past summer. Further enhancements to the varieties listing have been made, with the goal of making the Spring 2018 issue a bit more user-friendly. Look for the spring edition near the end of this month!

Some great ideas on current issues facing agriculture were pitched by our Executive to ensure the publication remains the highest quality. Please forward any ideas and/or comments regarding the website or publication to Monica.

Call ISSUES INK to book your ad today - it is a great way to promote your growing business.

Recognition of Agriculture

Here are some of the ways your Association supports the industry:

- Seed Smart Scholarships
- Farm Tech Bronze Sponsor 2017 & 2018
- Participation in AG Expo
- Alberta Regional Variety trials sponsorship

- Alberta Silage Variety trials sponsorship
- Members of Alberta Food Processors
- Members of Canadian Seed Trade Association

Membership

We currently have 67 members of our Association. We hope that plant boards continue to review their rates to reflect the cost of doing business. Keeping rates at a proper level will allow for reinvestment back into their facilities and to ensure their viability. The workshops before the AGM on Wednesday afternoon will help boards with basic governance training and managers & board members to craft safety plans that should help all facilities look to a bright future.

Thank you for attending this Annual Meeting, as this event is the opportunity to network and communicate with like-minded businesses, and to provide valuable feedback to the Board. The Board and General Manager are always looking for constructive feedback with the goal of constantly improving the Association to meet the needs of the membership.

2016/2017 Board of Directors

Dave Bishop	President, Region 1
Kelly Wheeler	Vice President, Region 2
Tom Coppock	Region 3
Dan Brachmann	Region 4
Ross Bezovie	Region 5
Charlie Martin	Region 6
Hector Ouellette	Region 7
Joe Hanson	Managers Assoc. Rep.
Blair Peregrym	Managers Assoc. Rep.
Bill Chapman	Alberta Agriculture & Forestry Advisor

Respectfully submitted on behalf of the Provincial Board of Directors,



Dave Bishop, President

General Manager's Report

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Here are a few of the highlights from the GM's desk, which have not already been summarized by Dave Bishop in the Board Report.

- Revisiting the strategic plan, and tweaking the path forward, has created clarity and focus, with the goal of delivering value to the membership. I am constantly analyzing processes to create a more efficient, relevant organization, without losing the organization's great history.
- Booth space for Farm Tech and Ag Expo have been booked for the upcoming trade show season, with the goal of raising the profile of local seed processing facilities, as well as the Association as a whole.
- Safety signage is required under federal OH&S law for all sites, including those that do not handle pesticides. Signs and posters pertaining to tarping trucks, and segregation of treated seed were distributed at last year's manager's functions.
- Work on our website www.seedprocessors.ca is still underway. The site is still a work in progress, but the goal is to have all resources such as copies of newsletters, an events calendar, and links to important resources such as the Plant Breeders' Rights listing on the site.
- It is imperative for ALL seed processing facilities to have access to email: with the increase of postage costs, and the sheer amount of resource it takes to process a hard copy, versus handling information electronically, embracing technology builds efficiency & cuts waste.
- There have been many opportunities for business development over the past year. The office has received several opportunities to source, process, and handle various commodity crops. Every effort has been made to ensure member plants receive the information regarding opportunities for potential customers. (Again, if there is no email address, relaying time-sensitive information is nearly impossible)
- A focus on Training and Education will continue, in congruence with the strategic plan.
- Balancing the budget, and allocating resources wisely is a task that takes considerable process in part by both the board and myself. The Seed Smart Program is an example of industry involvement where resources are allocated beyond administration of the organization.
- Provincially, the Agricultural Pest control act is scheduled for review, the organization will endeavor to ensure the voice of the association is heard in a respectful and constructive way. At the time of writing the consultation process has yet to open up, however, when public consultation is open, all members will be encouraged to put forth their own constructive comments, especially in regards to fusarium management.
- Nationally, conversations regarding crafting a unified seed sector continue, with many complex elements of the traditional and future seed industry being scrutinized to form an efficient functioning organization that envelopes all stakeholders. Keeping up to date regarding national and international seed and grain industry aspects is important in the path forward of this ever-changing industry.

CSI: Canadian Seed Institute

- I have replaced Wayne Walker as the Association's representative on the CSI Board of Directors. This change has taken place in mid-2017, hence I am still in the learning phase of a new board member. The CSI Board of Directors meet in Ottawa twice a year and have a periodic conference call to address issues or topics as they arise. CSI is made up of representation from CSGA, CSTA, CSSAC, Alberta Seed Processors, Quebec Seed Conditioners, as well as a couple members at large. The majority of this year's meetings have been dealing with the development of Seed Synergy.

Crop life Seed Treatment Facilities Standards

- There were a number of drivers leading to the formation of the accredited seed treatment standards including registrants and regulators seeking consistency with seed treatment registration/evaluation (or default to lowest documentable activity), registrants desire to develop a national stewardship program involving seed treatment which was a perceived gap within the industry's lifecycle stewardship programs and alignment with other jurisdictions internationally who were engaging in heightened seed treatment stewardship activities and guidelines development.

- Potential sites were encouraged to complete an audit with any of the 32 AWSA accredited auditors nationally. The auditors will schedule a mutually agreed upon date/time to complete the audit (approx. 2-3 hours) with the audit cost paid by the site (approx. \$500).

- The standards implementation process is currently underway. As of May 15, 2017, there are 239 sites fully accredited nationally. Note that there were 493 sites that underwent the pre-audit process. On a national basis, our segment "seed cleaning co-op" makes up 7% of the national number. This means 35 of our members underwent the pre-audit process, with 21 sites receiving full accreditation as of September 15, 2017.

- In Alberta 47 out of 115 sites that underwent the Pre-audit have become fully accredited. Hence, our members comprise 45% of accredited sites in Alberta.

- A list of designated products is available on the AWSA website. At this point, most of the products on the list are destined for use on corn, soybeans, and canola.

2018 Annual Meeting Sponsor and Exhibitor Recognition


- The effort has been made to attract new exhibitors and sponsors to our Annual Meeting with the goal of providing a conduit to connect with suppliers in the Industry. Please take time to check out all of our valued business partners at the trade show. A sponsor directory has been included in your registration packages with the intent of supplying a resource of our supporting partners.

Thank You to Our Valued Industry Partners

Company	2018 Level	Participation
BASF	Partner	exhibitor
Bayer CropScience	Partner	exhibitor
Syngenta	Partner	
Lewis M. Carter Mfg	Platinum	exhibitor
Farm Credit Canada	Gold	
Seedcheck Technologies Inc.	Gold	exhibitor
AGI	Silver	
ATB Financial	Silver	
Can-Seed Equipment Ltd.	Silver	exhibitor
CS Welding	Silver	exhibitor
Flaman Grain Cleaning & Handling Systems	Silver	
Foster Park Baskett Brokers Inc.	Silver	exhibitor
Hanks Feed Mills	Silver	
Meridian	Silver	exhibitor
Morneau Shepell	Silver	
20/20 Seed Labs Inc.	Bronze	exhibitor
Carter Day	Bronze	exhibitor
Nexeed	Bronze	exhibitor
Secan	Bronze	exhibitor
SGS BioVision Seed Labs	Bronze	exhibitor
WA Grain & Pulse Solutions	Bronze	exhibitor
Accurate Scale Industries Ltd.		exhibitor
Arysta		exhibitor
ATP Nutrition		exhibitor
Canterra Seeds		exhibitor
Delta Technology		exhibitor
EMW Industrial		exhibitor
Frontline Industrial Services		exhibitor
Kenobie Inc.		exhibitor
Omex Agriculture Inc.		exhibitor
Rocking Horse Industries		exhibitor
Safety Buzz	supporter	
AG Safe Alberta	contributor	

Best wishes for a successful 65th Annual Meeting. I am looking forward to the roundtable discussions, which should fuel some great ideas on the bright future of your membership and this organization. The Future is Really, Really Bright.

Respectfully Submitted,


 Monica Klaas, General Manager

Grain Cleaned Volume Summary - Average Volume per Year

Year	Average Volume/plant (Bushels)	5 Year Average Volume/plant (bushels)
2017	654,237	592,969
2016	612,634	582,922
2015	567,322	554,796
2014	599,918	530,331
2013	530,738	504,548
2012	604,000	476,000
2011	472,000	433,600
2010	445,000	417,200
2009	471,000	408,400
2008	388,000	398,800
2007	392,000	407,200
2006	390,000	

Average Volume per Plant

Year	Volume in Bushels	3 Year Average	Number of Plants
2017	43,833,909	40.9 million bushels	67
2016	41,026,951	39.5 million bushels	67
2015	38,010,572	38.0 million bushels	67
2014	39,594,581	39.5 million bushels	66
2013	36,620,932	37.3 million bushels	69
2012	42,262,909		70
2011	33,013,201		69
2010	30,722,737	30.1 million bushels	69
2009	31,573,931		67
2008	27,878,323		72
2007	29,413,800	29.6 million bushels	73

Volume Range

Number of Plants reporting volumes in each category						
2017	2016	2015	2014	2013	2012	# of Bushels
0	0	0	*missing data	1	0	<100,000
6	5	7	5	7	9	>100,000
5	9	8	10	7	8	>200,000
12	7	9	5	9	8	>300,000
8	7	6	11	14	10	>400,000
6	7	10	6	7	6	>500,000
5	9	6	4	6	9	>600,000
8	8	7	12	7	3	>700,000
5	7	5	2	3	3	>800,000
2	0	1	2	2	1	>900,000
9	8	8	9	6	13	>1,000,000
1						>2,000,000

Top 5 Plants: Overall Volume

Facility	Total Processing 2016-2017	Total Processing 2015-2016	Total Processing 2014-2015
Taber	2,063,086	1,500,282	1,294,922
Three Hills	1,806,949	1,434,430	1,258,247
Westlock	1,667,708	1,431,059	1,268,970
Stony Plain	1,654,853	1,821,027	1,507,325
Foremost	1,430,992	1,156,315	1,046,125

Top 5 Plants: Processing for Seed

Including Farm-Saved and Pedigreed Seed

Facility	Total Seed	Farm Saved	Pedigreed Seed
Westlock	1,644,348	835,277	809,071
Taber	1,444,228	628,850	815,378
Three Hills	1,267,654	651,237	616,417
Coronation	1,023,951	944,946	79,005
Paradise Valley	973,918	401,214	572,704

Top 5 Plants: Processing Pedigreed Seed

Facility	Pedigreed Seed	Total Seed	Farm Saved
Taber	815,378	1,444,228	628,850
Westlock	809,071	1,644,348	835,277
Three Hills	616,417	1,267,654	651,237
Paradise Valley	572,704	973,918	401,214
Enchant	438,967	775,204	336,237

Top 5 Plants: Processing Grain for Market Purposes

Facility	Separation/Conditioning/Export
Stony Plain	1,285,074
Morinville	891,974
Strathmore	776,283
St. Paul	637,806
Taber	618,858

Seed Treating

Total Bushels Treated

Year	Number of Plants	Total Bushels Treated
2017	39	2,545,793
2016	38	2,628,504
2015	39	2,670,735
2014	39	2,603,611
2013	40	2,689,893
2012	39	2,341,645
2011	40	2,132,741
2010	41	2,011,883

*note 1plant did not report volumes in 2017

Top 5 Plants: Seed Treating

Facility	Total Bushels Treated
Westlock	273,461.00
Strathmore	219,610.00
Beiseker	207,799.00
Foremost	156,683.00
Three Hills	155,615.00

Service Charges

Pricing in cents/bushel

Commercial Cleaning	2017	2016	2015	2014	2013	2012
Average charge/bushel	70 cents	67.5 cents	67.5 cents	63 cents	63 cents	61 cents
Lowest charge/bushel	45 cents	40 cents	40 cents	36 cents	35 cents	32 cents
Highest charge/bushel	95 cents	95 cents	95 cents	90 cents	90 cents	90 cents

Above rates are an estimated average.

Rates are generally higher for oilseed and specialty crop processing.

Regional Data

Recorded In	Total	Farm Saved	Pedigreed	Separation	Seed	Total	Pricing
Bushels	Seed	Seed	Seed	& Export	Treating	2016-2017	Range \$0.00/bu
Region 1	7,906,413	6,192,824	1,713,589	2,494,793	466,137	10,401,206	.45 - .89
# of Plants	13	13	7	11	8	13	
Region 2	5,032,241	3,948,346	1,083,895	1,432,263	725,146	6,464,504	.52 - .86
# of Plants	8	8	4	5	7	8	
Region 3	4,206,772	3,890,723	316,049	1,306,711	438,962	5,513,483	.45 - .80
# of Plants	8	8	5	6	7		
Region 4	2,669,041	2,157,439	511,602	219,247	248,898	2,888,288	.55 - .88
# of Plants	6	6	5	6	6	6	
Region 5	4,780,066	4,018,555	761,511	1,076,425	262,415	5,856,491	.46 - .87
# of Plants	12	12	7	12	5		
Region 6	3,500,362	2,324,491	1,175,871	2,339,020	342,338	5,839,382	.54 - .95
# of Plants	6	6	5	6	4	6	
Region 7	5,658,702	4,981,609	692,014	1,077,854	61,897	6,870,556	.47 - .95
# of Plants	14	14	6	8	2	14	

Additional Survey Data Collected:

Use of grower declaration relating to Plant Breeders Rights.

When member facilities were asked in 2017, if they are utilizing some type of grower declaration as a means to limit liability relating to PBR, 45 out of 57 respondents reported that they had some sort of grower declaration in use. Out of the 45 that are limiting their liability with a PBR declaration, 20 plants are using a yearly sign off process.

Seed Testing

64 out of 66 plants reported accepting seed samples to be sent to accredited seed labs.

Together We are Stronger

48 out of 57 respondents reported that a municipal government representative is part of the plant's board of directors.

Employment

In a 2017 survey, 57 out of 67 members reported that they collectively employed 148 full-time employees, and 104 - part-time employees.

Wealth of Experience

This Association is very 'rich' in the experience segment: If all the full-time employees' years of experience were tabulated together, our association could say that we collectively have 1077 years of experience! Further, the part-time staff adds up to 232 years of experience.

Way to Grow

57 plants reported investing over 69 million dollars over the past 5 years for upgrading and rebuilding projects. That's a lot of reinvestment into farmer-owned business!

Business to Business Data Exchange:

Thank you to all who took the time to answer ALL the survey questions. The point of sharing information is to help one another build better businesses. Data is also used for the Association to make business decisions and to develop training sessions and programs that are useful to the membership. Aside from business volume numbers, data collected is confidential, and will only be released in a method that protects the privacy of the data submitter.

