



Annual Report

2014/2015

Introduction

This annual report details the ninth year of Saskatchewan Oat Development Commission (SODC) operations. This is the eighteenth year that oat growers from Saskatchewan, Manitoba and Alberta have worked together to give voice to the needs of oat growers.

Shawna Mathieson is now in her fifth year as the Prairie Oat Growers Association (POGA) Executive Director and returned from maternity leave in May 2015. She is leading all the administrative duties of the three provincial organizations as well as POGA.

POGA

SODC is currently the largest funding partner in POGA, the prairie wide organization representing oat growers in Canada. POGA funding partners include SODC, the Manitoba Oat Grower Association (MOGA) and the Alberta Oat Growers Commission (AOGC). MOGA and AOGC are the equivalent oat grower check-off funded organization in their respective provinces.

All six Saskatchewan directors are represented on the POGA board. Currently there are also six directors from Manitoba and six directors from Alberta on the POGA board.

The goal of POGA is to handle all administration duties of the provincial organizations and the overall approval and monitoring of projects of mutual benefit to SODC, MOGA and AOGC. Some projects continue to be provincially directed and therefore funded directly from the provincial organization. SODC examples of this include our commitment to the Crop Development Center at the University of Saskatchewan, the Indian Head Ag Research Farm, Ag in the Classroom, and two SODC funded projects also being conducted at the University of Saskatchewan: "Integrated Weed Management Strategies to Maximize Oat Production" and "Response of Oat Yield and Quality to Different Harvesting Approaches."

Education

One priority of SODC has been the education of our youth on the merits and opportunities of agriculture in Saskatchewan. SODC provides an annual commitment to Ag in the Classroom of \$15,000 to help promote this priority.

The Oat Scoop newsletter is distributed a minimum of two times annually to the membership and oat industry organizations.

SODC is a member of Crop Week, but in 2014 SODC moved their AGM to CropSphere. CropSphere is an Agricultural conference held in Saskatoon focused on addressing the needs of producers across multiple crops. CropSphere runs sessions on market outlook, research, and agronomy, along with crop specific sessions. SODC held their Annual General Meeting at CropSphere in 2015 and plans to do so again in 2016.

SODC is co-host to the POGA annual conference, a day-long seminar on oat production and marketing seminar held every third year in Saskatchewan. In 2015 this event will be held in Moose Jaw, SK.

As a partner to the Prairie Oat Growers Association, Saskatchewan Oat Development Commission directors have been active ambassadors to the oat milling and processing side of the industry.

For the past eight years SODC has sponsored the championship oat class at Harvest Showdown Grain Show in Yorkton – one of the few shows for commercially grown grains.

In the past, SODC has sponsored “Crops of the Parkland” a venture by the Yorkton Chamber of Commerce which provided “in-field’ radio/self-guided tours of actual grain crops to the public. This event did not occur in the past four years due to the vast amount of rainfall but SODC will continue to be a proud sponsor for this event in the future.

Policy

SODC, through POGA, holds a membership in Grain Growers of Canada which represents oat growers on many policy issues at the national level. A current issue facing oat growers is the proposed mycotoxin standards in food grains in Canada. SODC and POGA are actively providing input into these standards, have co-funded a publication of a study addressing these standards and are conducting further research, through the Canadian Grain Commission to measure the occurrence of fungi and mycotoxins on oats. This project is partially funded by the Agricultural Development Fund (ADF) of Saskatchewan. POGA is also very pleased that Health Canada now allows oats to be labeled as a gluten-free food. This labeling has been allowed in the United States for some time and can only help oats sales to the gluten free market.

POGA is also represented at Western Grains Research Foundation (WGRF), The Prairie Grain Development Committee (PGDC), Saskatchewan Weed Committee, Field-to-Market Canada and The Canadian Roundtable for Sustainable Crops (CRSC).

SODC, through POGA, has taken a very active role in the transportation issues that have plagued Canada. POGA President, Art Enns, presented to the House of Commons in April 2014 and to the Senate in May 2014. Four representatives from the POGA board, along with two oat industry representatives and POGA staff, also travelled to Ottawa in February 2015 to meet with the federal government. With about 90% of oat exports going to the United States this continues to be a very important transportation market for oat growers. Unfortunately, the United States is also still the most underserved market by the Canadian railroads.

POGA directors, and our Executive Director, have also been active advocates to the oat milling and processing side of the industry by attending and speaking at the North American Millers Association annual conference each year for the past seven years. Our strong industry support is demonstrated by our invitation to these meetings as oats is the only commodity group represented.

SODC has an ongoing dialogue with our provincial government and the SODC directors met again with the Minister of Agriculture, Minister Stewart in November of 2015 to discuss several current issues relating to oat growers.

Research and Market Development Projects

SODC's three year commitment of \$80,000 per year to the Crop Development Center (CDC) in Saskatoon will expire on July 31, 2016. SODC plans to enter into another multi-year commitment with the Crop Development Centre with the funds again being targeted to agronomy studies, plant pathology, and plant breeding in addition to the individual projects SODC is funding at CDC.

Last year the oat commissions began two new projects with the CDC. The first, titled, "Investigation of Avenanthramides, a New Healthy Compound in Oat" hopes to improve the nutritional value of oat through increasing the level of avenanthramides, novel bioactive compounds in oat that have strong antioxidant, anti-inflammatory and anti-itching activities. SODC, through POGA, will be contributing \$90,000 over three years with the remainder of the funding coming from WGRF and ADF. This project was approved in the 2013-2014 year but has just now begun at CDC.

The second project titled "Response of Oat Yield and Quality to Different Harvesting Approaches" and is solely funded by SODC. The objective of this research is to determine whether glyphosate application adversely affects oat yield, quality, and functional composition compared with windrowed or direct cut oat plots that have not received glyphosate as a harvest aid. In April 2015, Grain Millers Inc., one of the largest miller of oats in North America, announced that the company will no longer purchase oats that have received a glyphosate application. This decision was made based on issues related to the quality of oats treated with glyphosate, but there is currently no research that compares glyphosate as a harvest aid to windrowed oats. We are seeking to respond to oat growers' needs rapidly in order to address these and any further developments on this issue. In addition, the lead researcher, Chris Willenborg, has applied for ADF funding to expand and continue this project for the next three years. SODC has agreed to fund 25% of this additional work.

POGA has also submitted another project titled "Develop New Strategies to Efficiently Utilize Oat Grains in High Production Dairy Cows to Maximum Economic Return and Benefit to Prairie Oat Growers," by Dr. Peiqiang Yu to ADF/WGRF for potential funding. The objective of this project is to use a systematic approach to develop new strategies to more efficiently utilize feed oats and milling oats by integration, with maximum replacement of barley, in sustainable dairy production. This study hopes to show that oats improve animal production and health which will assist Canadian dairy industry to develop low-cost feeding strategies by utilizing oats as an alternative feed resource. POGA has committed 25% of the project cost for this important research.

In 2013, SODC committed to budget \$12,000 per year for three years to post registration variety performance trials by the Saskatchewan Variety Performance Group.

SODC, through POGA, continues to fund and administer an oat breeding collaboration project with the industry and the Government of Canada under the AgriInnovation program.

The Prairie Oat Breeding Consortium (POBC) project is designed to fund a breeding program aimed at developing food and milling quality cultivars adapted to the western provinces. POGA has agreed to fund 25% of the costs of this program along with a group of eight oat industry stakeholders. The Manitoba Oat Growers Association pays the full cost of the POBC membership.

SODC, through POGA, also provides financial support to Oat Advantage, a private oat breeding program, for further oat breeding in Saskatchewan. This funding supports four main goals 1) Improved oat line quality selection for low hull content 2) Improved oat line selection for variation of groat surfaceborne trichomes (hairs) 3) Improved seed purity in early generation harvest and 4) Steady flow of breeding material through winter nursery utilization.

SODC, through POGA, is also funding research, along with ADF, to determine the possible link between reducing colic in horses by feeding oats. In addition, we have three projects partially funded through Western Diversification Canada (WD) that expired in March 2014. This money contributed to the development of an Oat Research Advisory Board for oat research related to equine in the United States. It will also help fund a strategy to develop the Mexican market for Canadian oats and work with the transportation industry to find better opportunities for moving oats between Canada and the large oat importers, mainly the USA.

SODC, through POGA, received funding through AgriMarketing starting in the 2015-2016 year to advance the Canadian Oat Market in Mexico. The goals of this project include increasing the per capita consumption of oats and therefore increasing the amount of Canadian oat exports to Mexico. In addition, POGA will work directly with the government of Mexico regarding their food security and nutrition programs and with the Mexican nutrition and dietitian's community to incorporate more oats into the Mexican diet.

Finally, SODC, through POGA, provides funding for two additional research projects at The University of Saskatchewan: Healthier Oat Oil Through Improved Stability, and Fatty Acid Profile and Improving the Nutritional Value of Oat Through Increasing the Level of Water-Soluble Beta-Glucan. Both of these projects seek an oat with innovative nutritional and processing traits that will be desirable to consumers and industry while helping Canadian Prairie oat growers maintain (and potentially grow) their role as an important supplier of high value oat.

A key recommendation from the SODC study of world oat markets highlighted the need to investigate the potential to recapture the USA oat feed market. SODC/POGA then conducted a USA Equine Feed Study which clearly demonstrated the potential of these markets.

The Oat Sustainability Project (OSP), formerly called the Equine Feed Oat Project, is an initiative of POGA and was created in 2009 to research, educate and communicate information about oats to the equine industry.

To provide horse owners with important factual information, POGA commissioned a review of published research about oats used in horse feed. The review was performed by one of the leading equine nutrition experts in the industry, Dr. Laurie Lawrence, of the University of Kentucky, Department of Animal and Food Sciences. Dr. Lawrence reviewed over 260 published research documents covering nutritional

value of oats in the equine diet and her research concludes that oats are the best grain to feed horses.

The OSP has been working with the equine industry via various methods, including partnerships with equine associations, publications and experts in the field. The OSP wishes to educate as many members of the equine industry as possible about the benefits of oats. As of summer 2015, the OSP has been redesigned to focus on online advertising, TV and social media to better target the market.

POGA has also has two additional equine research projects: "Can oat beta-glucan improve the responsiveness of the immune system in horses?" (Co-funded by The Government of Canada through the AgriInnovation Program) and "Oats Improve the Gastrointestinal Health of Horses" at Penn State University and co-funded by WGRF.

Finally, in December of 2015 SODC, in conjunction with POGA, will host a "Future of Oat Forum" in Moose Jaw, SK. This event will include farmers, industry and researchers to determine the most pressing needs of the oat market and how to achieve them. The Saskatchewan Industry Organization Development Fund (IODF) is co-funding this event.

Summary

SODC has successfully contributed to the profile, representation and profit of Saskatchewan oat growers. Since 2008, oat growers in Western Canada have spent less than \$0.18 of every dollar spent on research and marketing. The great collaboration of industry, government and the oat organizations is displayed by the amount of research and marketing work that is able to continue for our small crop.

SODC will continue to develop the strategic relationship with POGA and work towards multiplying the producer investments in SODC with both industry and government partnerships to expand oat profitability and profile both locally and around the world.

Board of Directors

SODC and Saskatchewan's agricultural industry was saddened by the loss of Barbara Podhorodeski earlier this year (April 26, 2015). Barbara was no stranger to provincial agriculture organizations serving as a director on numerous boards, commissions and associations including The Saskatchewan Oat Development Commission. She was also actively involved in agricultural educational entities such as Agriculture in the Classroom and Soil Conservation. She will be missed by the Ag community of Saskatchewan.

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Payee List for SODC 2014-2015 Year

Personal Services (Total received by Directors, All others \$2,500.00 threshold)

Directors

Honorariums

Dwayne Anderson	\$	100
Allan Butuk	\$	850
Wade Hainstock	\$	800
Willy Zuchkan	\$	5,875
Elroy Trithardt	\$	900
Barbara Podhorodeski	\$	1,700

Out of Pocket

Allan Butuk	\$	262
Wade Hainstock	\$	1,634
Willy Zuchkan	\$	2,230
Elroy Trithardt	\$	432
Barbara Podhorodeski	\$	968

Research & Development (\$5,000.00 threshold)

University of Saskatchewan	\$	93,000
SK Variety Performance Group	\$	12,000

Extension (\$5,000.00 threshold)

Education

Agriculture in the Classroom	\$	15,000
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Supplier Payments (\$5,000.00 threshold)

Accounting

Collins Barrow	\$	5,280
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Levy Central Fees

Agricultural Council of Sask. Inc.	\$	26,619
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Market Development (\$5,000.00 threshold)

R&D and Communications funded via POGA	\$	516,413
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Other Payments (\$20,000 threshold)

\$ -

SODC 2015-2016 Budget

Revenue

Check-off levy (\$.50/tonne on 1,656,000 tonne)	\$828,000
Check-off refunds @ 6%	<u>(\$49,680)</u>
	\$778,320
Interest Income	<u>\$15,000</u>
	<u>\$793,320</u>

Expenses

Board of Directors	\$20,000
Communications	\$15,000
Levy Administration Fee	\$28,000
Producer Meetings	\$10,000
Proportionate expenses of POGA	\$475,000
Research and Development Grants	\$116,720
General and Administrative (Audit, Legal, Elections, memberships, etc.)	<u>\$9,950</u>
	<u>\$674,670</u>
Excess of revenues over expenses	\$118,650