



TheWheatField

THE NEWSLETTER OF THE SASKATCHEWAN WHEAT DEVELOPMENT COMMISSION

MARCH 2017 EDITION

Saskatchewan wheat producers approve resolution to move to single wheat check-off

Saskatchewan wheat producers approved a motion to assume the transitional Western Canadian Deduction (WCD) under the Sask Wheat check-off at the Sask Wheat Annual General Meeting on January 11, 2017.

The WCD, which currently funds wheat variety development research and the market development activities of the Canadian International Grains Institute (Cigi), will be ending on July 31, 2017. The WCD check-off is \$0.48/tonne while the Sask Wheat check-off currently sits at \$0.52/tonne. The resolution called for the Sask Wheat check-off to be expanded to \$1.00/tonne to assume the WCD funding and also called for the continuation of funding for Cigi and wheat research currently funded through the Western Grains Research Foundation (WGRF).

The resolution also emphasized that Saskatchewan wheat producers will face no net increase in check-offs. The amount will remain at \$1.00/tonne.

With the resolution ratified, Sask Wheat is now working with the Saskatchewan Agri-Food Council to ensure all provincial regulatory requirements are met to adjust the levy collection system and provide a seamless administrative transition on August 1, 2017.

"Moving to a single check-off means greater efficiency and accountability to Saskatchewan wheat producers and signals to the federal government that producers are committed to wheat research," says Sask Wheat Chair Bill Gehl. "If there is a commitment from producers, governments and the private sector to fund wheat research, we will find quicker and more precise solutions to issues such as pests, diseases and environmental stresses."

The unanimous adoption of the resolution followed the announcement of a Memorandum of Understanding (MOU) signed by Sask Wheat, the Alberta Wheat Commission and the Manitoba Wheat

and Barley Growers Association. This collaborative MOU will further support and strengthen variety development and market support initiatives with the goal of improving net returns for western Canadian wheat producers.

The MOU formally confirms the commitment and focus of the three wheat commissions to sustaining funding for the technical support and education services that Cigi provides to the wheat value chain and its customers, and core wheat breeding activities currently being funded through the WCD. The commissions will be working together to set collaborative research priorities for funding commitments at or above the current levels funded through the WCD.

For more information on the WCD or the MOU, please go to the Sask Wheat website: saskwheatcommission.com.

From two check-offs to one

<p>CURRENT</p> <p>Sask Wheat</p> <p>\$0.52/tonne</p> <p>+</p> <p>WCD</p> <p>\$0.48/tonne</p> <p>(\$0.15/t for Cigi, \$0.30/t for research through WGRF, \$0.03 for admin)</p> <p>\$1.00/tonne</p>	<p>→</p>	<p>AUG. 1, 2017</p> <p>Sask Wheat</p> <p>\$1.00/tonne</p> <p>(\$0.15/t for Cigi, \$0.30/t for research commitments under WGRF)</p> <p>NO INCREASE FOR PRODUCERS!</p> <p>\$1.00/tonne</p>
--	----------	---



In this issue

- Chair's message..... 2
- General Manager's report 3
- Sask Wheat Semi-Annual Meeting 3
- World and Canadian wheat markets:
winter 2017 4
- 2017 wheat midge forecast..... 5
- Many benefits to a diverse crop rotation 6
- Sask Wheat scholarships awarded to
U of S students 7
- Work continues on carbon initiatives..... 7
- SR&ED tax credits for 2016..... 8

CHAIR'S MESSAGE:

Moving wheat research and transportation forward



It has been a busy start to 2017 for the Saskatchewan Wheat Development Commission.

We kicked off the new year with the CropSphere conference, which was sold out, and our Annual General Meeting (AGM). The two Sask Wheat presentations, featuring University of Saskatchewan plant pathologist Randy Kutcher and Peter "Wheat Pete" Johnson, were well attended, with producers seeking to learn more about managing the risk posed by fusarium head blight and maximizing their wheat yields in the coming year.

The AGM gave us an opportunity to report to producers on the work Sask Wheat has done on their behalf over the past year. Sask Wheat's research program grew significantly in 2015-2016 with over \$3 million in producer money invested in variety development, production and post-production projects.

Over our first three years, Sask Wheat has committed nearly \$5.7 million to 33 projects. This has helped leverage more than \$42 million in funding from all sources for these projects. It's important to point out that we have committed over \$3.1 million to projects that are directly addressing or have a significant component devoted to fusarium head blight.

The transition of the Western Canadian Deduction (WCD) to the established check-offs of the provincial wheat and barley commissions was a major focus of Crop Production Week for Sask Wheat. The day before our AGM, Sask Wheat, the Manitoba Wheat and Barley Growers Association and the Alberta Wheat Commission announced that a Memorandum of Understanding (MOU) had been signed by the three organizations. The MOU outlines the mutual agreement of the commissions to assume all financial obligations of the WCD for variety development, currently administered by the Western Grains Research Foundation (WGRF), as well as providing funding for the Canadian International Grains Institute (Cigi). The goal of the MOU is to provide a foundation for collaboration between the commissions in setting research priorities and collaborative decision making that meet the needs of all wheat farmers in Western Canada.

A resolution was also passed at the AGM, signalling that Sask Wheat intends to assume the funding obligations currently under the WCD for Cigi and WGRF funding recipients. The new combined check-off will be \$1.00 per tonne, which is the same amount as the current Sask Wheat check-off and the WCD amount. It was important to Sask Wheat that there will be no net increase in check-offs for Saskatchewan producers.

On the national front, General Manager Harvey Brooks and I went to Ottawa in early February to meet with elected representatives and officials on issues of transportation, research and trade. We advocated for a continued strong and hopefully stronger public plant breeding program that has served Canada well for over 100 years.

The primary focus of the trip was advocating for the producer issues arising in the Canadian Transportation Act review. It was important to bring the producer voice on transportation to Ottawa. The producer coalition of Sask Wheat, Sask Barley and the Agricultural Producers Association of Saskatchewan (APAS) has taken the lead on advocating for a fair transportation and handling system, pushing for a costing review of the system, the retention of the MRE (Maximum Revenue Entitlement) and transparent freight and basis prices.

The officials we met with were aware of the issues because of the efforts of the coalition and had read the submissions of the coalition to the Canadian Transportation Act (CTA) review.

Finally, I would like to encourage all producers to consult the Seed Guide for information prior to purchasing seed. The guide has important information on various diseases including FHB resistance ratings as well as yield potential. It's important not to look only at the yield column as disease susceptibility and resistance is a driver for any yield potential. In addition to the Seed Guide, make sure to talk to your local dealers and your neighbours to ensure you are getting a variety that will do well in your region.

I look forward to meeting many of you this year and hope to see you at our semi-annual meeting at the Farm Progress Show on Wednesday, June 21.

Bill Gehl, Chair



BOARD MEMBERS:

Bill Gehl, Chair
Regina

Dan Danielson, Vice-Chair
Saskatoon

Rod Flaman
Edenwold

Scott Hepworth
Assiniboia

Laura Reiter
Radisson

Ken Rosaasen
Preeceville

Glenn Tait
Meota

STAFF:

Harvey Brooks
General Manager

Pat Tremaine
Office Administrator

Blair Goldade
Research Program Manager

Dallas Carpenter
Communications Manager

The Wheat Field is a publication of the Saskatchewan Wheat Development Commission (Sask Wheat). Articles are not to be reproduced without written permission from Sask Wheat. Articles represent the opinions of the authors and do not necessarily reflect the opinion of Sask Wheat.

CONTACT US:

Saskatchewan Wheat Development Commission

310 - 111 Research Drive

Saskatoon SK S7N 3R2

Phone: 306-653-7932

Fax: 306-653-7935

saskwheatcommission.com

info@saskwheatcommission.com

Want to receive this newsletter by email? Send your request to:
info@saskwheatcommission.com

GENERAL MANAGER'S REPORT:

Producers' Coalition provides unique contributions to transportation debate



The spring sitting of parliament will be critically important for the western Canadian grain industry as Canadian Transportation Act legislative reform has been promised by the current government. It was with this in mind that Sask Wheat visited elected officials and senior departmental staff in Ottawa in early February to provide a uniquely "pure producer perspective" to the transportation debate.

Building on the body of work developed by and for the producer coalition, made up of the Saskatchewan Wheat Development Commission (Sask Wheat), the Saskatchewan Barley Development Commission (SaskBarley) and the Agricultural Producers Association of Saskatchewan (APAS), Sask Wheat outlined the unique contributions the coalition has made during the CTA Review Process including:

- Research commissioned by Sask Wheat and carried out by Dr. Richard Gray (University of Saskatchewan) indicates that **constraints in the grain handling and transportation system, in the 2013/14 – 2014/15 crop years, resulted in a loss of farmer revenue amounting to \$5-6.7 billion.** (saskwheatcommission.com/wp-content/uploads/2015/09/The-Economic-Impacts-Of-Elevated-Export-Basis-Levels-On-Western-Canadian-Grain-Producers-2012-2015.pdf)
- Research commissioned by the Producer Coalition and carried out by Travacon Research Ltd shows that for the 2013/14 crop year, based on the Maximum Revenue Entitlement (MRE), **CN and CP combined earned a contribution from statutory grain of \$478.4 million, which was \$322 million in excess of the contribution level of 20 per-cent that was deemed fair and adequate under the Western Grain Transportation Act (WGTA).** Travacon believes this is the maximum that could be earned under effective competition. (saskwheatcommission.com/wp-content/uploads/2015/03/Estimated-Contributions-Earned-by-Railways-from-Handling-of-Statutory-Grains-and-Grain-Products.pdf)
- Research commissioned by Sask Wheat and carried out by Dr. Mohammad Torshizi and Dr. Richard Gray indicates that **without increases in rail and port capacity, production increases will lead to an expected loss for farmers of approximately \$10.8 billion for the 2016-25 period.**

(saskwheatcommission.com/wp-content/uploads/2015/08/PolicyBrief_Final-Torshizi-Grey-2016.pdf)

- Results of the same study also indicate that **without the MRE, the railways can maximize their profits by reducing their grain transportation services to 25 MMTs, which would result in a shortage of rail capacity and high export basis levels in most crop years.** (saskwheatcommission.com/wp-content/uploads/2015/08/PolicyBrief_Final-Torshizi-Grey-2016.pdf)
- Torshizi and Gray further conclude that **if incentives to increase rail capacity are developed, it is important that they are done through negotiation with producers groups and shippers and remain within the current MRE structure to avoid the "perverse incentives" that would be created if railways can drive up rail rates by reducing service and volume levels.** Most importantly, policy makers need to recognize that "those who benefit from a constraint cannot be allowed to control the constraint." (saskwheatcommission.com/wp-content/uploads/2015/08/PolicyBrief_Final-Torshizi-Grey-2016.pdf)
- **Sask Wheat is the only organization that currently reports weekly FOB prices and estimates export basis levels to Canadian port positions.** FOB data is critical for producers as a benchmark for evaluating primary elevator prices and to determine the basis being paid. (saskwheatcommission.com/wheat-market-outlook/#FOB)

Our message was clear! The MRE is working: Railways are provided a fair profit (and then some) and producers are afforded some protection from excessive railway rates. Both railways and grain companies make more money when they move more volumes and there are currently incentives in the system to expand capacity – witness the recent announcements by grain companies for increased primary elevator high throughput facilities and new terminals by G3 Canada and P+H/Patterson, as well as recent terminal expansions by Viterra and Richardson Grain. We also stressed that farmers are uniquely affected by grain transportation as they alone have no ability to pass on costs.

We thought we got our message across but were also keenly aware that for every visit by producers there are many more by other market participants. Producer voices are necessary in this debate! The future growth of the western Canadian grain sector will rely on continued balanced policy in grain transportation and we will see the direction of this policy in this spring legislative session. Stay tuned!

Harvey Brooks, General Manager

Attend the Sask Wheat Semi-Annual Meeting at Farm Progress Show

All registered wheat growers are encouraged to attend the third Sask Wheat Semi-Annual Meeting, June 21, 2017, during Farm Progress Show in Regina. This meeting is a chance for wheat producers to meet with Sask Wheat staff and Board members, to share their input on the industry and their check-off investments, and to learn more about the work Sask Wheat is doing for producers. Speakers are also planned during the meeting.

Registration is free and includes a complimentary breakfast.

Meeting details

Wednesday, June 21, 2017

8:00 a.m. to 8:30 a.m. – Breakfast

8:30 a.m. to 10:30 a.m. – Meeting and presentations

Ballroom A, Queensbury Convention Centre

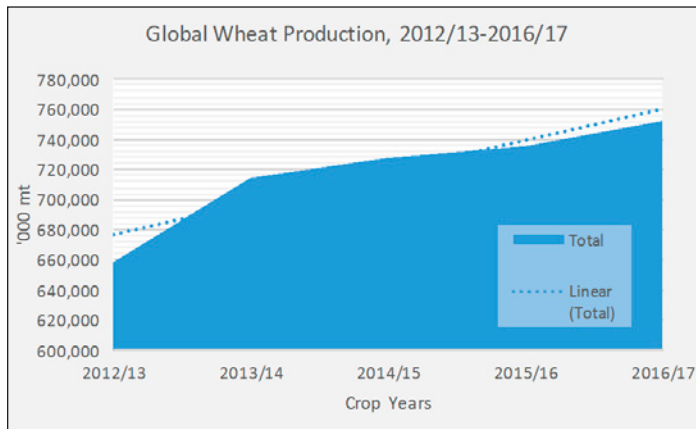
Evraz Place, Regina (during Farm Progress Show 2017)

To register: • Visit: www.saskwheatcommission.com

• Phone: 306-653-7932

World and Canadian wheat markets: winter 2017

by Marlene Boersch, Mercantile Consulting Venture Inc.

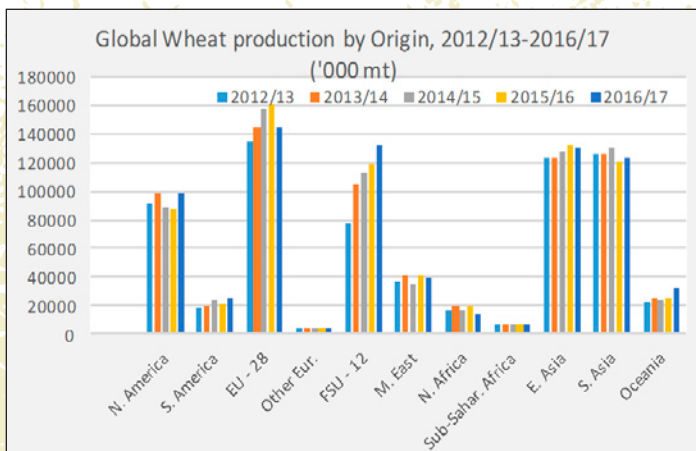


Global wheat markets have faced some headwinds this crop year, primarily because of a record world wheat production that kept getting bigger and bigger with almost each harvest around the world.

The latest world wheat review in January raised production to 753 million mt (metric tonnes) due to larger crops in Argentina, the EU, and Russia. This production number now is 2.3 per-cent (or 17 million mt) bigger than the 2015/16 global wheat crop. Global wheat supplies (production plus carry-in from the previous year) are estimated to reach 993 million mt, up 4 per-cent from the 2015/16 record supply. These facts should serve as a reminder that even with a relatively high 31.7 million mt of wheat production this year (4.2 per-cent of global wheat production), Canada is but one player within the world of wheat.

At the same time, there was a reduction in quality wheat due to harvest problems in Europe. This led to an unusually high premium for quality wheat, which should have been an opportunity for Western Canadian wheat growers. This opportunity shows up in much improved US wheat export numbers, but unfortunately not in Canadian export numbers. In reality, North American wheat has been internationally competitive into Pacific and South American destinations; however, it has not been as competitive in eastern destinations.

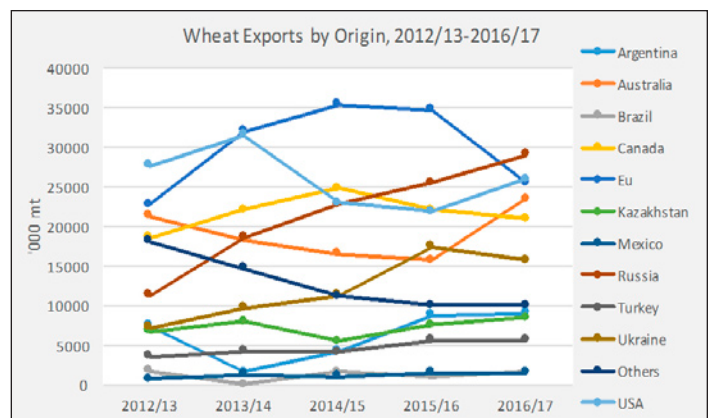
Overall global wheat consumption, and importantly global trade in wheat is up significantly over last crop year at 740 million mt (+ 4 per-



cent) and 177 million mt (+ 3 per-cent), respectively. This is based on stronger import demand from several Asian countries and Brazil. But larger exports for Russia, the US, Australia and Argentina are partially offset by a decrease in exports for Canada this crop year (-1.14 million mt from 2015/16). In other words, Canada is not participating in the bigger market and is actually losing market share.

A closer look at this year's exports by origin shows that wheat exports from the US have increased very substantially by about 30 per-cent year-to-date over last year's exports. The United States Department of Agriculture (USDA) is projecting to make gains in exports especially in the HRW and HRS wheat classes, where Canadian wheat would be applicable as well.

In contrast, USDA forecasts Canadian wheat exports to fall by 3 per-cent (this includes eastern Canadian wheat; we think the drop will



be much bigger), and durum wheat by up to 20 per-cent. According to the Statistics Canada stocks numbers, as of December 31, 2016, total Canadian wheat stocks combined climbed by 17 per-cent or 3.6 million mt over the previous year. Wheat stocks excluding durum rose by 5.4 per-cent or 930k mt over last year, while durum wheat stocks are up by a huge 63.1 per-cent or 2.7 million mt.

Over the past five years, it is Russia which has shown the most consistent gains in exports from 11.3 million mt in 2012/13 to a projected 29 million mt in 2016/17. If achieved, this will make Russia the world's largest wheat exporter this crop year for the first time ever. The success in expanding Russian wheat exports is partly based on their ability to ship grain from Black Sea ports into increasing markets in the Middle East, Europe, and North Africa. It is hard for North American grain to compete with the relatively cheap freight rates from Black Sea ports, but as mentioned, it has been competitive this year into Asian and South American countries.

The slow start to the Canadian export season because of a delayed harvest and subsequent quality problems may have caused exporters to miss the fall market. But in reality, most internationally traded wheat standards can be met by Canadian wheat. And a look at the ongoing wheat tender business shows that frequently no Canadian wheat was included in the offers.

It is hard to ascertain why Canadian exporters are not more aggressive in the market. Beyond quality, our rail transportation system may carry some blame. But it is hard to tell if there is a lack of railcars or if it is a lack of orders by the shippers. The increased

working capital necessary to carry wheat since the changes in the Canadian wheat marketing system also seem to work against wheat. Nonetheless, the result of the sluggish Canadian wheat export program will be that wheat stocks will increase, thus adding to next year's supply.

We do not expect Canadian exporters to improve on exports meaningfully for this crop year. The market is already getting ever closer to the start of the next Northern Hemisphere harvest in Europe (June), while it is still dealing with the fallout of a bigger than expected South American crop that still needs to be sold. And the next EU wheat crop is expected to be big with notable improvements in quality over this year. Still, next year's global wheat crop will likely produce a big soft wheat crop, but a relatively small hard wheat crop.

Given the dynamics of the export markets and the positive wheat production outlook in Europe, we can conclude that there is plenty of

wheat against tepid overall demand. Projected global wheat ending stocks this crop year are projected to increase to 248.6 million mt from 240.8 million mt previously.

In addition, we expect the current premiums for quality wheat in the markets to diminish as the next harvest comes on stream in Europe. And while we have seen stronger prices for medium and quality wheat in the export markets of late, they do not seem to get translated into stronger cash prices on the Prairies. We recommend that farmers sell wheat nearby (even quality wheat) rather than carry it forward into the next crop.

Weekly wheat market outlook and prices, including full grade spreads, FOB prices and basis rates are provided weekly by Mercantile Consulting to Sask Wheat. See the reports at saskwheatcommission.com.

2017 wheat midge forecast

The Saskatchewan Wheat Midge Forecast Map for 2017 indicates high risk in areas across the province. Higher populations are noted in eastern regions and west of Prince Albert. There are pockets of risk throughout central regions but of special note is the southwest. This region is drier in most years and less frequently at risk to wheat midge.

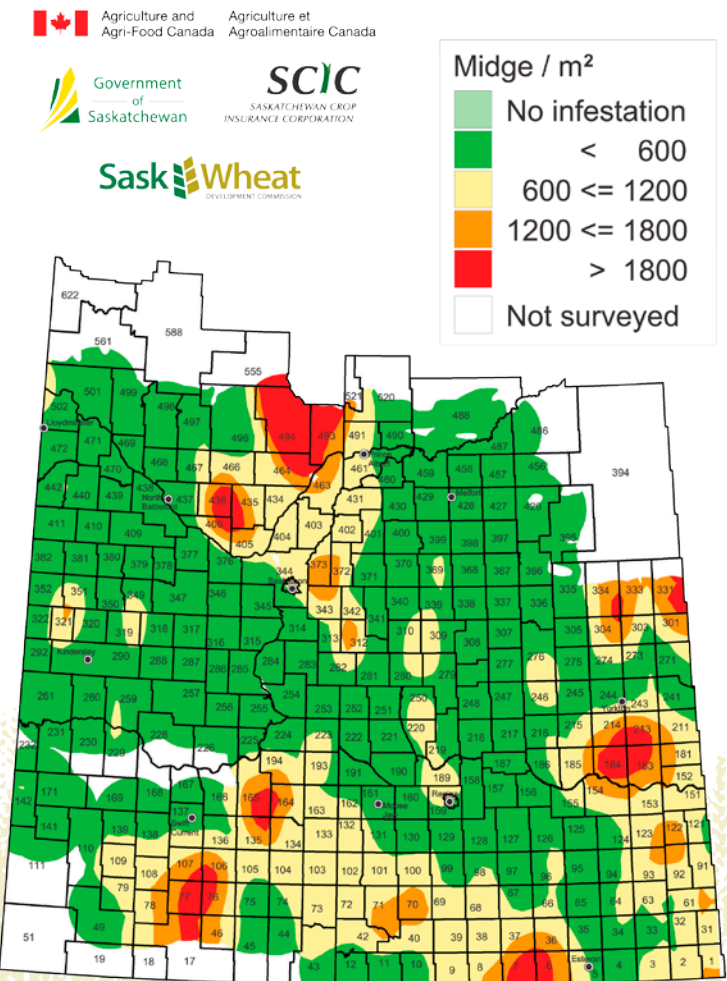
Although the 2016 growing season started warm and very dry for much of the Province, wetter, humid conditions later in the spring and into the summer, favoured wheat midge populations in most areas.

In areas indicating levels greater than 1,200 midge per square metre on the map, producers planning to grow conventional spring wheat as part of their crop rotation are advised to include the cost of insecticide application in their 2017 budget. Keep in mind that areas of infestation indicating over 600 wheat midge per square metre on the wheat midge map may still result in significant damage and yield loss, especially if environmental conditions are favourable for the wheat midge. The intention of the forecast is to provide a regional representation of wheat midge populations present in the fall of 2016. There are a limited number of fields sampled. There were 423 samples used to produce the 2017 risk map.

There options for managing wheat midge. If spring wheat is planned as part of a rotation, there are midge tolerant wheat varieties available as varietal blends (VB). For 2017 varietal blends are available in CWRS, CWES, CPSR and CWAD (durum) wheat classes. Visit The Midge Tolerant Wheat Stewardship Team's website for information on midge tolerant wheat and varietal blends. Also refer to the 2017 Saskatchewan Seed Guide for information.

Crop rotation to a non-host crop can be considered. Since spring wheat is the primary host for wheat midge, planting a non-susceptible cereal crop (e.g. oats, barley) or a broadleaf crop (e.g. canola, pulse) is an option.

To determine midge populations and, if necessary, timing of an insecticide application, growers are urged to monitor conventional wheat fields during the susceptible period (when the wheat head



becomes visible as the boot splits until mid-flowering (anthesis). Regular field scouting on multiple nights in succession is important to understand wheat midge population changes in a particular field. Temperature and wind conditions significantly influence egg-laying by the adult female midge. High temperatures and high winds tend to reduce activity of egg-laying female midge.

Many benefits to a diverse crop rotation

by Delaney Seiferling

As we head into a new growing season, many farmers in Saskatchewan are wondering how they can avoid having another year like the last.

And one of the most common pieces of advice is one we've heard before ... and will again.

"The most important thing is diversity," says Clark Brenzil, the Provincial Weed Control Specialist with the Saskatchewan Ministry of Agriculture. "Diversity of crops, and diversity of management of those crops."

Maintaining a diverse crop rotation leads to a more robust agronomic cropping system, which is then better able to withstand stresses from environmental extremes and pests. And although Saskatchewan farmers are always looking to combat weeds, diseases and insects, one of these diseases in particular is currently a top priority.

Fusarium head blight affected a significant amount of Saskatchewan-grown wheat and durum in the last growing season. The growing presence of this disease in the province further stresses the importance of a proper crop rotation, says Stewart Brandt, Research Manager for the Northeast Agriculture Research Foundation (NARF).

"Fusarium in wheat survives on the residues of last year's crop and as long as you grow a crop that's susceptible to this disease, the inoculum levels that cause the disease will remain high," he says. "If you break those cycles by introducing a broadleaf crop like flax, canola or even legume crops you can break those cycles and decrease risk."

The same approach is true for all diseases, Brandt says.

"By not growing the same crop every year you break the disease cycle and inoculum levels drop down."

Employing a proper crop rotation is also a key tool for pest management, Brenzil says.

"When you have a less robust system you open up niches for weeds, disease or insects to flourish. If you have a particular crop that is favoured by a pest, that pest will increase in numbers and it may or may not favour the crop that follows."

The importance of a four-year rotation

Economic concerns cause many farmers to cut corners when it comes to crop rotation, but a well-planned four-year rotation is still the ideal, Brandt says, especially when you are dealing with fusarium.

"For fusarium management you really have to get out of cereal crops for more than one year in order to have a big impact," he says.

"Even a three-year rotation – something like wheat followed by peas and then an oilseed crop might be a good choice."

Farmers who are tempted towards a two-year rotation are cautioned about the longer-term effects this could cause.

"In many cases a single year break between susceptible crops is not enough to bring inoculum levels down so we need a broad diversity of crops in order to do a good job of managing diseases through crop rotation."

Integrated approach

Overall, as we've heard before, the best approach to pest management is an integrated approach that includes growing competitive/resistant varieties, targeting fertilizer to the crop row, increasing seeding rates, seeding in narrow rows, practicing adequate crop rotations to break disease cycles, and using pesticides when necessary.

It's also important for farmers to think long term when planning their pest management strategies, Brenzil says.

"We're realistic enough to know that a lot of what farmers do focuses around economic prospects, but we also want to make sure they're considering the agronomics in a program and the way that the natural system is going to react to their choices," he says. "We want to maintain the effective management options that producers have now well into the future and not lose them to resistance. There have been no new herbicide modes of action brought to market in the last 30 years and few if any projected on the horizon."

"We want to maintain those management options into the future."

A final consideration for farmers when it comes to pest management strategies is to always consider your end-use market and tailor your management practice towards that market, Brandt says.

"If you're growing hard red spring and you anticipate a significant premium for high protein, you might want to look more closely at your nitrogen management and your crop rotation to ensure you are growing, or have a high probability of growing, high protein wheat," he says.

If you're growing wheat for another market where protein isn't as valued, consider a different management strategy, he says. Nitrogen fixing pulse crops might be good to include, as these have shown to increase protein in subsequent wheat crops.

For more information about best management practices for growing wheat or durum in your area of the province, contact the Ag Knowledge Centre at 1-866-457-2377.

Did you know?

One bushel of wheat yields approximately 42 pounds of white flour OR 60 pounds of whole-wheat flour. That's enough to make 42 one-and-a-half pound commercial loaves of white bread OR about 90 one-pound loaves of whole wheat bread.



Sask Wheat scholarships awarded to U of S students

Each year, Sask Wheat presents essay awards to four undergraduate students from the University of Saskatchewan's College of Agriculture and Bioresources. The 2016 awards, valued at \$2,500 each, were presented to four students at the annual Bean Feed event held November 18, 2016 at TCU Place in Saskatoon.

The recipients of these scholarships were selected on academic merit as well as an essay based on wheat research. The four recipients for 2016 were:

- Amy Genik (4th year, Agronomy)
- Samantha McKee (4th year, Crop Science)
- Alanna Orsak (4th year, Crop Science)
- Cassandra Schroeder (4th year, Agronomy)



Zelalem Mengiste Taye with Sask Wheat Director Laura Reiter.

Sask Wheat also provides \$100,000 annually in post-graduate scholarships to University of Saskatchewan students. The purpose of this award is to attract and retain graduate students who plan to conduct research with social or scientific relevance to a sustainable and profitable western Canadian wheat sector.

The fifth recipient of the Sask Wheat Post-Graduate award for 2016 is Zelalem Mengiste Taye. His thesis topic is "Beneficial plant-microbial interactions in agroecosystems" and his supervisor is Eric Lamb.

From left: Cassandra Schroeder, Amy Genik, Sask Wheat Director Laura Reiter, Alanna Orsak, Samantha McKee.



Work continues on carbon initiative

Sask Wheat directors and staff have been participating in a "carbon file" initiative being pursued by the Saskatchewan Soil Conservation Association (SSCA) and other Saskatchewan crop commissions. The initiative seeks to create a registry through which growers would hold ownership over carbon sequestered through their farming practices.

In a market for carbon, where emitters of greenhouse gasses (GHGs) are subject to a carbon tax or emission reduction limits, it is imperative that those who sequester GHGs from the atmosphere are equally recognized by any carbon pricing mechanism. Recognizing the full emission/reduction balance is equitable for all market participants and provides market-based incentives for emission reductions to occur through the most cost-effective means possible.

The SSCA has been communicating with both provincial and federal government officials on the carbon initiative, bringing to light many years of scientific analysis that demonstrates the benefits of minimum-tillage farm practices on the soil/atmospheric carbon balance. The federal government has indicated it is considering the year 2005 as the baseline not only for Canada's

climate change reduction targets but for all other offset reductions and removals that might become part of that climate change plan, which will essentially eliminate the opportunity for the province of Saskatchewan and producers to make a significant contribution to the national climate change strategy.

With the very high number of early adopters of direct seeding in Saskatchewan as an effective soil management practice in the 1990s, Saskatchewan achieved a high level of sequestration by 2005 which will be ineligible under the current climate change strategy. Therefore, it is crucial for producers that the offset and removal of carbon through minimum-tillage be recognized and accounted for with a unique baseline so producers receive proper credit for the amount of carbon removed by their farming practices.

Sask Wheat and the other crop commissions continue to support the SSCA in pursuing a producer-friendly solution to carbon reduction. It is hoped a plan for crediting producers for their carbon removal and reduction efforts will be in place prior to the introduction of a carbon levy in Saskatchewan.

SR&ED tax credits for 2016

The Scientific Research and Experimental Development (SR&ED) Program is a federal government program that encourages research and development by providing tax-based incentives.

By using levy contributions to finance research and development work that benefits Saskatchewan wheat producers, Sask Wheat is able to participate in this program and distribute these tax-based incentives to producers.

The program gives registered wheat producers access to investment tax credits (by means of cash refunds and/or reduction to taxes payable) for their levy contributions that are spent on qualifying research.

For 2016, producers may claim 19.07% of their levy contributions as a qualifying SR&ED expenditure on their federal tax return.

Investment tax credits may be claimed by filing form T2038 (IND) for farm individuals or T2SCH31 for farm corporations.

In addition, farm corporations may also claim 17.55% of their levy contributions as a qualifying expenditure towards the Saskatchewan Research and Development Tax Credit program. This credit may be claimed by filing form T2SCH403.

Producers that have requested a refund of their levy are not eligible for either tax credit.

Please see the Sask Wheat website for links to the tax forms and more information.



310 - 111 Research Drive, Saskatoon SK S7N 3R2
Phone: (306) 653-7932 | Web: saskwheatcommission.com

