



Saskatchewan Food Industry
Development Centre Inc.

Annual Report

2011



Innovation to the Industry



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VISION

The Saskatchewan Food Industry Development Centre Inc. (Food Centre) will be
 THE FOCAL POINT in Saskatchewan where all food processing companies seeking
 TO DEVELOP NEW FOOD PRODUCTS AND EXPLORE NEW MARKET OPPORTUNITIES
 can obtain the expertise and services required to support their goals in
 product development, interim processing and technology.

GOAL

The Food Centre will continue to be leaders in developing the
 Saskatchewan food processing industry.



This is an exciting time to be a resident of Saskatchewan. The population is growing, the economy is buoyant and there are dozens of opportunities for business growth and enterprise development. Our provincial food industry is an important industrial sector that provides opportunity for enthusiastic business owners to identify business potential and to contribute to the province's future prosperity.

The Saskatchewan Food Centre was created over 13 years ago to support the growth and development of the food industry. The Food Centre provides access to production equipment, product development assistance, business knowledge, as well as technical and processing expertise. In addition to customized technical supports, the Food Centre offers high quality seminars, training programs and information sessions. Regulatory considerations, Dairy and Cheese Production, Extrusion Technology, HACCP on-line, are a few examples of Food Centre programs that have had strong enrollment numbers and continue to be a cornerstone of the Centre's activities.

We are grateful for the ongoing support of the Governments of Saskatchewan and Canada. Through their financial and moral support, the Food Centre continues to grow to meet the needs of the industry in the province. Each year, technologies and programming are added to the Centre's complement of programs and services as a result of government support. This past year has seen new technology in extrusion, dairy production, processing of grains, oilseeds and fruit production.

Our goal is to support the growth and advancement of the food industry in the province of Saskatchewan. This includes entrepreneurs who are in the start-up phase of their busi-

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A handwritten signature in black ink, which appears to read "Muriel Garven". The signature is fluid and cursive.

ness, processors who are expanding into new markets and food companies who already have a strong business and want to diversify with new production ventures. The Saskatchewan Food Centre, through its scientific expertise, market knowledge and creative production solutions, provides a service our food industry's needs.

The Board of Directors are proud to highlight the accomplishments of the Centre in this Annual Report.

"Over the past year, the Food Centre has seen an increase in clientele developing and marketing new products with international flavours. Our industry continues to move up the value chain to provide nutritious healthy foods and ingredients to a global market. The Food Centre and its staff are proud to assist Saskatchewan entrepreneurs in their journey of discovery, innovation and success."



Saskatchewan's food industry has embraced the prosperity of Saskatchewan. The industry is expanding its product offerings and seeking new ways to add innovative products to meet the diversity of our growing population's culture. Over the past year, the Food Centre has seen an increase in clientele developing and marketing new products with international flavours. Our industry continues to move up the value chain to provide nutritious healthy foods and ingredients to a global market. The Food Centre and its staff are proud to assist Saskatchewan entrepreneurs in their journey of discovery, innovation and success.

The Food Centre's multifaceted services were expanded, partly supported by new funding programs received in 2011 from Western Economic Diversification (WD), Canadian Agriculture and Agri-Food Program (CAAP) and the Saskatchewan Government, to provide proactive development and a unique set of services. Our partnerships with Saskatchewan Ministry of Agriculture, Saskatchewan Food Processors Association, University of Saskatchewan, and numerous outside organizations have also helped in expanding development and commercialization capacity for Saskatchewan's food industry.

Year 2011 saw the completion of two programs funded by Agriculture and Agri-Food Canada's Advancing Canadian Agriculture and Agri-Food Saskatchewan (ACAAFS) program; namely the Extrusion Technology Program and the Food Safety Program. Both programs have had significant impact on the food industry in Saskatchewan. New developments in extrusion are paving the way for incorporation of Saskatchewan grown pulses and commodities in new food and ingredient applications. Under the Food Safety Program, a total of 747 individuals were trained and over

100 companies reached. The high uptake on this area of food processing reinforces the Food Centre's important role as food safety educators to Saskatchewan's food industry.

With the completion of the two programs, is the start up of two other programs. In 2011, WD provided funding for the purchase of new technologies to increase the capacity of the Food Centre to assist the industry in development and support of economic growth. Several projects in 2011 have already utilized this equipment to assist in new innovations in agriculture and the development of new food products.

In 2012, under CAAP funding approved in 2011, the Food Centre will deliver new skills development programs targeting sectors such as fruit, vegetable, dairy, processed foods and meat. Workshops on processes, labelling for health, unique technologies, regulations, and HACCP are just some of the training that will be offered. These programs are targeted at developing and increasing knowledge on food processing and ultimately spur industry to explore new ideas and opportunities.

The Food Centre will continue to work with industry to identify areas of growth, capture new opportunities and overcome challenges to success. The Food Centre's strategic direction is to build on the expertise of our people, assist the industry in developing highly qualified people, focus on our strengths and in turn expand the agri-food industry through education and innovation.

I would like to thank the Food Centre staff and our industry partners for their commitment in providing the food industry with the resources to capitalize on innovation and technology.

Call us innovators, business advisors, technical and food experts, or friend; the Food Centre has been in the food industry for over 13 years as all of these roles to Saskatchewan's food industry.

The Food Centre is a non profit organization providing innovation and technical expertise to support entrepreneurs, food processors, associations and research institutes in the development and manufacturing of new products and ingredients for the marketplace.

Our expertise includes food and process development, interim processing, extrusion technology, food safety training and education and path finding.

The Centre's federal processing facility is the only commercial incubation centre for food processing. Our many certifications such as organic; HACCP approved; FDA and CFIA inspected for processing of meat, dairy and processed foods provides clients with new export opportunities. By providing the necessary tools for commercialization, Saskatchewan's food industry is strengthened and is better equipped to meet challenges ahead.

In addition to our partnerships with Saskatchewan Ministry of Agriculture, Saskatchewan Food Processors Association and the University of Saskatchewan, the Food Centre is continually forging new relationships with external organizations to expand development and commercialization capacity for Saskatchewan's food industry.

Our Clients

Food Centre clients come from around the globe and are of all sizes. Our job is to assist the client to reach the best possible solution in all areas regarding food development, processing and safety.

In 2011, the Food Centre provided service contracts to 53 clients. Fifteen clients were using our facility mainly for

Services for the Food Industry

- product development
- interim processing
- federal facility
- extrusion technology
- technology assessment & transfer
- process development
- product testing
- path finding
- skills development
- food industry training
- online training
- nutrition labelling
- label review
- packaging
- ingredient sourcing

processing; 13 for food development; 10 clients were using our food development and processing service concurrently; 13 for extrusion and 2 using our food development and extrusion concurrently (figure 1).

Over 60% were made up of start-up and small sized companies and the same percentage were using the Food Centre's services for test marketing purposes. Service contracts usually equate to a revenue stream for the Food Centre; however every year, thousands of inquiries and consultations are fielded by staff and are provided at no cost. These consultations and activities range from 5 minute phone calls to hours in meetings. In 2011, Food Centre staff fielded an estimated 4,623 inquiries/consultations from industry. The meat sector continues to show the most need for our services with 15% of the consultations and activities (figure 2). Product development and technical services were the most accessed in 2011 (figure 3).

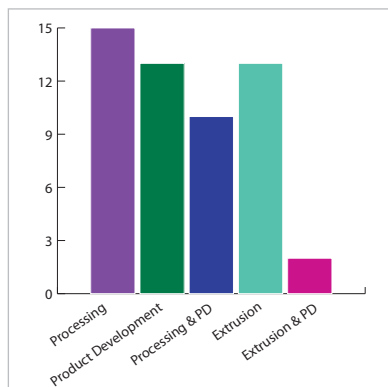


figure 1

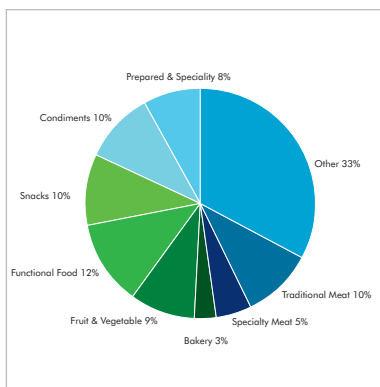


figure 2

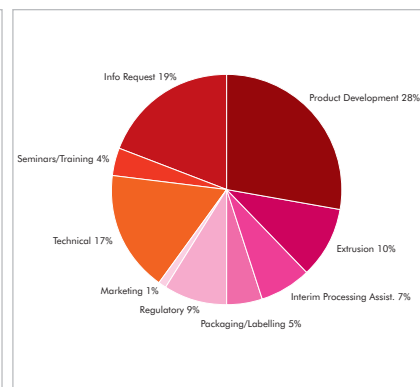


figure 3

**“Developing Your Agribusiness”
Province-Wide Info Sessions**

Food Centre staff braved the Saskatchewan winter and provided info sessions to 9 rural locations in 2011. The intent of the info sessions was to provide information and promote the services provided by government, related organizations and the Food Centre to rural entrepreneurs and processors. Business start-ups face a challenge of understanding the steps required to enter the food business and processing food products safely. By providing valuable information of the services of the Food Centre and potential funding that may be available; these companies are better prepared when it comes to entering into the value added industry. The province wide info sessions were delivered in partnership with the Ministry of Agriculture and drew almost 100 registrants.

Innovation to Commercialization

After the successful province wide info sessions, the Food Centre followed up with two sessions in Regina and Saskatoon, titled “Programs and Services to Foster Innovation”. Both were well attended. Industry organizations and funding agencies were invited to speak at these two sessions. Participants were able to learn about the different funding agencies and industry organizations’ services first hand. Many appreciated the one-stop-shop concept of the session.

Welcoming the Community to the Food Centre

The Food Centre has always held an open door policy to visitors from local, national and international levels. In 2011, the Food Centre hosted workshops to over 100 students as part of National Biotech Week; provided a glimpse of the Food Centre’s R&D capabilities to the business community through the Saskatoon Chamber’s “Science in the City” Program; welcomed a media tour organized by SaskPulse Growers, and welcomed many international delegates from China, Korea, Beijing, India, Nigeria, Indonesia and Ethiopia, as well as potential clients.

We continue to keep the food industry informed of news and events through our eFood Focus newsletter, eBlasts, tradeshows and numerous speaking engagements.



WD Minister Lynne Yelich and MP Brad Trost assisted with the Food Centre’s filling line at the March 2011 news conference.

News Conference

The Food Centre hosted a news conference in March to announce \$800,000 in funding from Western Economic Diversification for the purchase of new technologies to increase our capacity in development and processing. WD Minister Lynne Yelich made the announcement.

With this investment, the Centre will work towards acquiring technologies that are new and innovative to the industry and present new opportunities for food processors. Please see the processing and technology section of this annual report for a list of equipment purchases.



Over 100 students from National Biotech Week seasoning their own snacks made from the extruder.



“The expertise and facility we have at the Food Centre is a huge benefit to the food industry. The Food Centre strives to find ways to reach potential agri-businesses from all over Saskatchewan. We will continue to expand our connections with other industry players to foster innovation in this province.” - Carmen Ly, Communications Director

2011 food development activities resulted in:

- 95 prototypes
- 24 introduced into the marketplace
- 29 products for promotional uses by industry associations
- many waiting for scale up production in 2012

Making its way to the marketplace:

- DIPS
- HUMMUS
- DONAIRS
- QUINOA LASAGNA
- CHERRY PRODUCTS
- SPICY FRUIT JAMS
- BISON JERKY BITES
- PROTEIN BAR
- SAUSAGES
- BAKING MIXES
- INGREDIENT APPLICATIONS

Since inception, the Food Centre has developed almost 600 products for test marketing.

The Food Centre’s Product Development Division work closely and confidentially with all clients to provide innovative solutions in new food development, fine-tuning recipes, product reformulation, product packaging and processes.

In 2011, the Product Development Team developed an estimated 95 prototypes for 26 clients with many making its way to the marketplace for test marketing. This year saw an increased interest in adding value to Saskatchewan grown fruits and the focus on “healthy” food products and ingredients.

The Food Centre assists several companies annually to access the Ministry of Agriculture’s Saskatchewan Agri-Value Initiative (SAVI) Program. Without the financial assistance of the provincial government under this funding program, many SME’s would not have been able to start up their food processing business.



D.A.M.N Fine Foods



Garlic Guru



Clear Lake Enterprises

In addition to developing new food products, clients also access the following services offered through the Product Development Division of the Food Centre:

- Product troubleshooting
- Reformulating
- Sourcing alternative ingredients
- Functionality and sensory evaluation
- Label review
- Nutritional labelling
- Shelf life testing
- Process development
- Regulation review
- Packaging alternatives

The innovation and entrepreneurialism in Saskatchewan is growing year after year. Expect to see many new local products in retail shelves; many projects are moving on to 2012 for development completion and scale up processing.



Canadian Rangeland Bison Ranch



Three Farmers Prairie Fruit Processors Santa Fe Foods



“The innovativeness of the food industry in Saskatchewan never ceases to amaze me. This year saw several unique products launched into the retail market. When I see these on the shelves, it always makes me feel proud to be part of the Food Centre and to be part of our clients’ success.”

- Sara Lui, Product Development and Technical Services Manager

The Food Centre’s federal facility is uniquely set up and certified to manufacture a variety of food products for the global marketplace. For a daily rental fee, food processors have access to state of the art equipment to process a small batch for test marketing or a larger run for commercial distribution.

In 2011, 25 clients used the federal facility to manufacture a variety of food products such as fruit jellies, spicy sauces, jerky, sausages, bacon, jams, samosas, oils, hummus, etc. Our many certifications have made possible for clients to sell their products beyond Saskatchewan.

Processing and usage of the federal facility has increased slightly from 2010. Roughly 56% were processing to bring products to test markets and 40% were using the facility for incubation purposes.

Our capacity in development and processing were expanded thanks to Western Economic Diversification’s \$800,000 funding for the purchase of new technologies. New and novel technology will be purchased to diversify the food industry and reduce the risk and cost of bringing new products to market.

Several pieces of equipment were purchased in 2011 including:

- granola bar former
- flow wrapper
- vacuum packaging machine
- ISM A20 Induction sealer
- cup filler



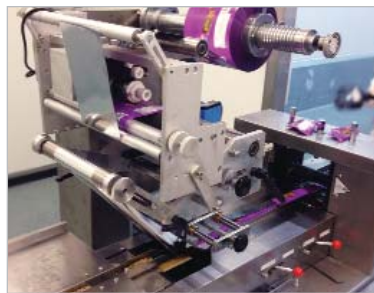
Rheon Machine

- horizontal form and fill for 1oz jam packs
- horizontal form fill
- tea bag machine
- pouch machine & auto filler
- rheon machine
- pasta machine and dryer
- pasteurizer and chiller
- slurry coater
- particle size analyzer
- fluid bed dryer
- several analytical and auxiliary equipment

This funding will encourage the development of new food products, ingredients, byproduct utilization, and expand research into novel and healthy foods.



Granola Bar Former



Flow Wrapper
(granola bar packaging machine)



Fluid Bed Dryer



“With the WD funding for new equipment, the Food Centre is strategically positioned to assist the food industry in exploring innovative food concepts. I am looking forward to working with new and existing clients in utilizing these technologies.” - Brev Chesky, Processing Coordinator



The Extrusion Technology Program funded by Agriculture and Agri-Food Canada's Advancing Canadian Agriculture and Agri-Food Saskatchewan (ACAAFS) program, was completed end of year 2011. After 3 full years of extrusion activity, this program funding has escalated the Food Centre as the place for R&D and test marketing of value added food and non food products using extrusion and has accomplished the following milestones:

- creating over 60 new prototypes with 25 different companies
- as a result of product development and research activities, extruders have been purchased for use in Saskatchewan
- assisted in the intellectual property and development of the technology patent on high-protein direct-expanded snacks
- received industry based projects and grants to move extrusion activity forward to 2012
- licensing technology involving extrusion to an international company
- multiple products developed have been presented to several multi-national food companies
- several extrusion workshops drew participants from around the globe

The Food Centre maintains a strong partnership with Clextral Inc., world leader in extrusion technology, to explore

new applications for new ingredients such as pulse products as replacements for soy and wheat in extruded products.

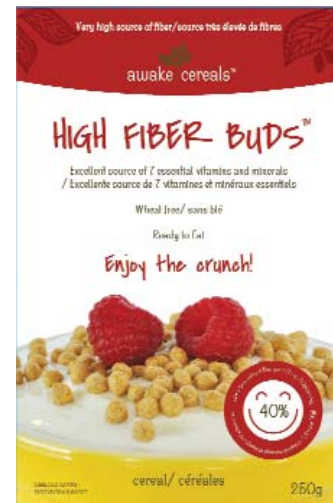
Extrusion and Co-extrusion Workshop

The Food Centre hosted a very successful workshop which drew participants from around the world. Participants learned about raw material selection, incorporating healthy ingredients, co-extrusion, seasoning units, coating equipment and plenty of hands on demonstrations with our twin screw extruder.

Extrusion Facility

As new auxiliary equipment are moved into the Extrusion Facility, it is now fully equipped to test run a variety of extruded products. The Tunnel Dryer further cooks the product to create a "crunchy" texture; the Tumbler Coater can flavour the product with any seasoning unit; and the Vertical Form & Fill Packaging machine packages the product in foil material, creating a professional looking end product, ready for test marketing.

Awake Cereals launched their high fiber buds



In 2011, the Food Centre provided extrusion service to 15 clients. Seven were international, four interprovincial and four in Saskatchewan. Client projects are highly confidential as many clients using the facility are engaged in R&D and test marketing.



"We are grateful for the funding assistance from the ACAAFS program and Western Economic Diversification to help spearhead the Food Centre into a new area of expertise. The value-added opportunities to incorporate Saskatchewan grown commodities are enormous. It's a very exciting road ahead." - Shannon Hood-Niefer, Extrusion Manager

Impact of the Food Safety Program

The Food Safety Program, funded by Agriculture and Agri-Food Canada's Advancing Canadian Agriculture and Agri-Food Saskatchewan (ACAAFS) program, started in September 2008 and was completed in 2011. This program has provided the industry with programming that is current, relevant and in accordance with the demands of regional and global markets. The programming has increased the capacity of the industry through educational endeavors, hands-on assistance and by providing networking opportunities. The industry is now better equipped to overcome challenges associated with trade, new regulations and the ever changing climate of the agri-food industry.

Overall, the program has seen great success since inception. A total of 747 people have been trained and over 100 companies have been reached. These numbers reflect the high uptake of the program and speak volumes to the overall success and reach of the program.

Online Training

The Food Centre's online training has provided flexibility for food manufacturers to have employees upgrade skills at their own pace without interruption to daily production.

Since the launch of the GMPs online training in June 2007, 57 companies have accessed the training including 8 out of province and 7 international companies. The GMPs online training was initially funded by the provincial government and is free for Saskatchewan companies. Many companies and educational institutions have found the benefits of this online training.

The online HACCP and Food Safety Certificate Program has seen tremendous uptake since its launch October 2008. A total of 82 students registered for the online training and 59 have already

graduated. In 2011, there were 30 new registrants and 24 graduates; majority students are from Saskatchewan, Ontario and British Columbia.

www.GMPsOnline.ca

www.HACCPonline.ca

New Skills Development Program in 2012

The current state of the food industry offers many new challenges and opportunities for the agri-food sector. The Food Centre received funding in 2011 for "Implementing Strategies and Processes to Advance the Saskatchewan Food Processing Industry" through the Canadian Agricultural Adaptation Program (CAAP) provided by Agriculture and Agri-Food Canada. In Saskatchewan, this program is delivered by Agriculture Council of Saskatchewan.

New regulations, technologies, unique products and changing consumer lifestyles make it extremely difficult to enter the food industry. With this new funding, the Food Centre will deliver skills development programs that are specific, convenient, affordable and immediately relevant to the agri-food sector. SME's, specifically start-ups, will be able to explore new technologies in processing and new options in value added food products. Processing and skills development

workshops will be offered targeting sectors such as Fruit, Vegetable, Dairy, Processed Foods and Meat.

Workshops being planned for 2012 include:

- Cheese Making
- Pasteurization Course
- Food Labelling for Health
- Fluid Bed Drying, Granulation and Agglomerations
- Fruit and Vegetable Processing
- Train the Trainer
- HACCP Workshops
- Regulations
- Natural Health Products

2011 food safety activities resulted in:

600 individuals trained

565 inquiries

GMPs Online training of 72 companies to date

HACCP online training of 82 students to date - 59 have graduated.

Two 3-Day HACCP Training Workshops

Presentations to over 550 individuals at various events

Ongoing food safety assistance to several Saskatchewan companies



"Small food processors are starting to understand and see the value of implementing a food safety system in their operations. With the new funding from CAAP for skills development, Saskatchewan's food processors will be better equipped to access new markets or pursue new business ventures."

- Erin Hiebert, Skills Development and Food Safety Manager

The Food Centre was founded on a partnership arrangement with Saskatchewan Ministry of Agriculture, University of Saskatchewan and the Saskatchewan Food Processors Association. This partnership provides resources targeted at growing and diversifying Saskatchewan's food processing industry.

The Food Centre also collaborates with many industry organizations and funding agencies to deliver valuable services to the food industry.

Saskatchewan Ministry of Agriculture

www.agriculture.gov.sk.ca

The Ministry of Agriculture offers valuable support to the Saskatchewan food industry. Their experienced staff is available to assist the agriculture industry through its service offerings such as business expertise and leadership, research, etc. The branches in Ministry of Agriculture are committed to enhancing the development of a vibrant agricultural industry. The Food Centre is pleased to be working with the Ministry of Agriculture in many value-added initiatives.

University of Saskatchewan

www.agbio.usask.ca

The Food Centre works closely with the research scientists at University of Saskatchewan's College of Agriculture and Bioresources. The College links processors to the latest technology and research information. The Food Centre is pleased to be working together in the expansion and diversification of Saskatchewan's value added industry.

Saskatchewan Food Processors Association

www.sfpa.sk.ca

The Saskatchewan Food Processors Association (SFPA) is an industry association that provides marketing and business development programs to assist Saskatchewan's food industry in market expansion and forging alliances with leaders in the industry. The SFPA's role as an umbrella organization plays an important link in the promotion, support, and growth of its member companies.



**Saskatchewan
Ministry of
Agriculture**



Funding Support for 2011

The Food Centre's expertise and capacity continues to expand and evolve, thanks to continued financial support from several agencies in 2011 for special projects. The impact of these projects will help Saskatchewan companies to focus resources and energy on building its business and entering new markets with limited risk.

Saskatchewan Government

Agriculture Council of Saskatchewan - Canadian Agriculture and Agri-Food Program (CAAP)

Western Economic Diversification

Initial strategic funding and support was provided by:



Food Centre Staff (as of Dec. 31, 2011)

Dan Prefontaine
President

Mohamed Khan
Healthy Foods Specialist

Brev Chesky
Processing Coordinator

Valerie Menzies
Administrative Assistant

Shannon Hood-Niefer
Senior Food Scientist,
Extrusion Program Manager

Nolan Langer
HACCP Coordinator

Sherree Wood
Accountant

Matthew Marcotte
Extrusion Equipment Operator

Mike Baht
Pilot Plant Operator/Supervisor

Carmen Ly
Communications Director

Erin Hiebert
Skills Development and Food Safety
Manager

Barry Motilag
Equipment Maintenance

Sara Lui
Product Development and Technical
Services Manager

Anula Perera
Commercialization and Food Safety
Specialist

Phil Sarenco
Pilot Plant Sanitation

Nai-Yee Jay
Product Development Specialist

Shelley Ferley
Food Safety Specialist

Part-time Staff

Catherine Querimit
Product Development Assistant

Board of Directors (as of Dec. 31, 2011)

Directors

Muriel Garven (CHAIR)
Garven & Associates Management
Consultants

Jennifer Evancio
Saskatchewan Trade & Export
Partnership

Mary Buhr
University of Saskatchewan

Jason Skotheim
Horizon Pet Nutrition

Brian Sim
Saskatchewan Ministry of Agriculture

Cory Whyte
NutraSun Foods

Steve Naccarato
Saskatchewan Food Processors
Association

Harry Meyers
Saskatchewan Seed Potato Growers'
Association

Carl Flis
LT Global Services

Rick Green
POS Bio-Sciences

Members

Rick Burton, Assistant Deputy Minister
Saskatchewan Ministry of Agriculture

Dr. Richard Florizone,
Vice-President Finance and Resources
University of Saskatchewan

Steven Naccarato, Chairman
Saskatchewan Food Processors
Association

Board Advisor

Gavin Conacher
Agriculture and Agri-Food Canada

Ryan Boughen
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Audited 2011 financial statements are available upon request by contacting the Food Centre by tel: (306) 933-7555 or by email: info@foodcentre.sk.ca



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www.foodcentre.sk.ca

www.FoodIndustryTraining.ca