



Manitoba Flax Growers Association

ANNUAL GENERAL MEETING Minutes

Thursday, February 15th, 2018 @ 10:00 a.m. – 10:50 a.m. (CST)

Victoria Inn Hotel & Convention Centre

AGM Room – Wellington A

1808 Wellington Avenue, Winnipeg, MB.

Attendees:

Eric Fridfinnson, *Chair*

Cam Laxdal, *Vice-Chair*

Chris Raffard, *Communications Chair*

Hugh Drake, *Finance Chair*

John Dueck

Nick Matheson

Dane Froese, *Observer*

Present:

Monika Haley, MFGA (*recording*)

Members: 9

Guests: 24

The Chair called the meeting to order at 10:00 a.m.

1. Welcome – Eric Fridfinnson, Chair

The Chair welcomed everyone and introduced the MFGA Board of Directors.

2. Approval of Agenda

The Chair suggested the following changes:

- a. *Appointment of Accountants, item #5, PWC change to D.F. George Chartered Accountant Inc. of Carman, MB.*
- b. *Move the Nominating Committee Report, item #10 to item #9.*

MOTION: H. Drake/G. Froese that the agenda be adopted as distributed with the above noted changes.

Carried

3. Approval of minutes of last AGM – February 16th, 2017 (see attached)

MOTION: C. Laxdal/C. Raffard that the minutes of the February 2016 Annual Meeting of Members be adopted as distributed.

There was no business arising from the minutes.

Carried

4. “Notice to Reader” Financial Statement Year Ending July 31st, 2017 – Hugh Drake

Mr. Drake presented the Financial Statement to the Members.

MOTION: H. Drake/F. Greig that it be resolved that the Financial Statements Year Ending July 31st, 2017 be adopted as distributed.

Carried

5. Appointment of Accountants – Hugh Drake

MOTION: C. Raffard/C. Laxdal that D.F. George Chartered Accountant Inc. of Carman, Manitoba, be appointed Accountants for the Manitoba Flax Growers Association for the 2017/2018 fiscal year.

Carried

6. Chair's report

Good day flax growers. I am pleased to be here this morning to review last year's activities and talk about the future of our organization and the future of flax production in Manitoba.

It has been another busy year with a lot of change in our industry and beginning a new programming cycle with AAFC is always a stressful time within all of our commodity organizations. Limited budgets, shrinking resources within Agriculture Canada, and the structural changes of the Western Canadian crop mix, are providing us with genuine challenges to provide the new technologies needed to keep flax a competitive crop. That said, we still believe flax offers an excellent cropping alternative with the application of best management practices and also offers the opportunity to improve overall farm management by offering an excellent rotation choice.

We are very fortunate to have a strong partner in the Saskatchewan Flax Development Commission and are working with them to sponsor a comprehensive program to move flax forward over the next few years. This program is being supported through the crop cluster funding mechanism and I have asked Wayne Thompson to review the proposed projects and talk about the cluster process later in our program. We also plan to work with Manitoba Agriculture to provide early line testing for flax breeders so that our production environment is considered when new germplasm is being tested. We also want to evaluate varieties from other production areas that may have potential for us here in Manitoba.

In Manitoba flax was acreage shrunk to under 70,000 acres with under 50,000 insured by provincial crop insurance. Soybeans and Corn have displaced smaller crops like flax and sunflowers, especially in the southeast and south central portions of the province. We are seeing somewhat more interest in other parts of the province and strong returns from flax in 2017 will hopefully result in a larger 2018 crop.

Our organization is facing change from the restructuring process within the Flax Council of Canada. Due to dissatisfaction from a couple of our major funders FCC has laid off the staff and closed the office. The board is working toward developing a new structure that would offer reduced services at a greatly reduced cost. We hope to have this structure for consideration by members within a few weeks. In the interim, the executive committee continues to meet on a weekly basis, to interact with government, members and customers. We continue to operate the website and have contract staff to complete our research program and deal with other issues as required.

It is a great loss to the industry to lose this institution. The understanding of the health benefits of using flax, GRAS status for the crop, which enabled it to become a serious food ingredient in America, and the management of the Triffid situation are some of the obvious accomplishments of the past few years. Rachel Evans agronomy program which developed a shopping list of beneficial management practices that greatly increase flax yield and quality is another. But, like many of our institutions, some of the most important issues are behind the scene on issues like MRLs, low level presence etc. are never really heard of. Hopefully industry recognizes this and gets behind the reorganization effort.

This has direct implications for us in a couple of ways, first we have partnered with the Flax Council for the majority of our research activities. The existing program is over at the end of March. The Flax Council under a new structure is unlikely to be involved in production research so we need to develop new ways to move the crop forward. We have also based Manitoba Flax Growers in the Flax Council office at the Grain Exchange building. And Monika Haley, administered our organization on a part time basis.

Your board has been able to come to an agreement with the Manitoba Pulse and Soybean growers to administer our organization. We are moving to their office in Carman and are very pleased to have this level of professional service available to us. Thanks to Francois Labelle, his staff, and the board of directors for making this opportunity available. We will add to the hub of commodity groups already at this office. We also want to acknowledge the wonderful relationship we had with the staff of the Flax Council over the past many years. Especially Monika who has always done a great job of administering our organization. We wish her well in her new endeavours and are sure that her work ethic and ability will ensure her continued success.

Manitoba Flax Growers is also considering a major change in how the crop will be supported and promoted in our province in the long term. As most of you will likely have noted, we have joined with the National Sunflower Association, Manitoba Wheat and Barley, Manitoba Corn Growers, and the Manitoba Pulse and Soybean Association to form a multi-commodity organization to further the interests of all of these crops. This is a major change in structure and we are in the consultation/promotion stage of development for this concept. A series of regional meetings has taken place over the past couple of months with further discussions here at the Crop Connect Conference. Our aim is to use a consultation process to refine the proposal and gauge producer support for the concept, with a decision being made by farmers at the 2019 annual meetings of the organizations.

There have been concerns raised about the proposal, and a good deal of constructive criticism about an effective governance model to ensure that producer's best interests keep being central to the new organization. There are several reasons our board decided to participate in this initiative. The most obvious is that small crops like flax, or sunflowers have some difficulty operating with a small budget, and we run the danger of too much of our resources going to administrative overhead. To me this is likely the weakest of the arguments for the new structure. I have been involved with other small organizations, and as long as there is recognition that a cost structure must reflect available resources, this should not be a critical issue. A small focused group can achieve results, and provide real value to its members.

That said, a larger more professionally managed structure should be able to offer better services, with overall efficiencies of scale. In marketing and promotion, many of the target audiences are the same or connected as well. I believe our board felt several issues could be better served under the new structure. Some of these are that new crop opportunities could be offered initial launch support. This is often the toughest and most critical time for what can be tremendous opportunities. Many of the most serious problems facing prairie agriculture today are really not commodity specific. Some examples are, the development of sustainable crop rotations, herbicide resistant weed management, resistant insect pest management, soil management that retains soil

health and prevents further degradation, this is a multi-facet issue with everything from compaction, organic matter levels, the health of soil biota, and adaption to climate change. The multi-commodity structure also more closely resembles the structure of the farmer members it represents. None of us is a wheat farmer, or a flax farmer, or a soybean farmer. All of us try to assess where the best cropping opportunities are, and then invest our time and resources to successfully grow them. And even if I am not presently a sunflower, pea grower, or even a hemp, or quinoa grower, I may well want to be.

The intention is that all of our cross-provincial relationships with like-minded organizations will continue and we want to be strong partners to promote and build all of the crops we will represent.

This is a concept being put to Manitoba farmers to consider and to build on over the next year. None of the organizations sees this as something to push onto our members. We do however feel the responsibility to challenge the status quo, and to try to offer better value to our members. They will make the decision on the fully developed proposal in 2019. Our vice chair Cam Laxdal is going to speak in more detail on this topic and explain the process we have followed over the past couple of years. We will record all opinions and suggestions. If there are questions we cannot answer, we will record them, find answers and get back to you.

Thanks to my fellow board members, the staff that so effectively operated the Flax Council of Canada for many years, and our newest board member Dane Froese who represents Manitoba Agriculture. He brings new enthusiasm that we all appreciate. With that we shall move to our agenda so that we are able to rejoin the conference and not miss any of the exciting presentations that have been prepared for us.

7. Resolution to approve all actions of the MFGA Board over the past year

MOTION: G. Froese/F. Greig that it be resolved that all acts, contracts, and payments, made, done, and taken by the directors and officers of the Association holding office from time to time since the last meeting of Members as previously reported or are as set out or referred to in the Financial Statements of the Association, be and are hereby approved, ratified, sanctioned and confirmed.

Carried

8. Saskatchewan Flax Development Commission (SFDC)

Mr. Stokke, Chair of SFDC, reported in Saskatchewan the growing season would be described at best as an average year for flax production. The increase in acres for flax happened to be in the areas south of the Trans-Canada highway which also was the area of the province that had very

little rain. This will result in a lower levy income for SaskFlax. However, to keep the flax industry on a solid footing SaskFlax has worked hard to keep important activities in the flax industry in place and working for all flax producers.

Under Growing Forward 2 the Flax Council of Canada administered the research activities for flax. During 2017 SaskFlax stepped into the role of working with our industry partners and researchers to be prepared for the new AAFC program known now as the Canadian Agriculture Partnership. The research funding will come from Manitoba Flax Growers Association, Western Grains Research Foundation, and SaskFlax. We are still waiting for AAFC to make decisions about funding, but if approved this will ensure we continue to have a viable flax breeding program, at the Crop Development Centre, that will develop improved flax varieties. The activities in submitted as part of the Canadian Agriculture Partnership are around developing new flax varieties and health benefits of flax.

In addition to the Canadian Agriculture Partnership, SaskFlax continues to fund flax agronomy research across Western Canada in partnership with WGRF and Sask Ag. Fertilizer and weed control remain significant areas of agronomy research. The area of straw management is a high if not the highest priority for farmers when it comes to flax production. The importance of developing a flax plant that has characteristics that make it easier to combine has been heard by Dr. Helen Booker at the Crop Development Centre and is becoming a more prominent focus in the flax breeding program. In addition to working on the flax straw question in the breeding program, SaskFlax will soon be putting out a call for research proposals to find innovative ways to manage flax straw on the farm. We are currently working with the Crop Development Centre to come to a five year agreement on funding of the Flax Program.

The health benefits of flax are also an important area of research with the goal of providing information to the food industry and consumers about the benefits of including flax in a daily diet. The interest in flax continues to grow and supporting the research will help determine the benefits of flax not only for people but also pets and livestock. All of this is working toward the goal of creating increased demand for flax.

SaskFlax is happy to report that over 50% of organizations budget was spent on research in the last fiscal year.

Staying active with market development is important for the flax producers and industry to grow demand. In 2017 SaskFlax participated on trade missions to Mexico and China, organized by the Saskatchewan Trade and Export Partnership (STEP). These missions are important for promoting flax to international markets and to gain market information that is not always found in market reports.

One of the most important efforts we can do is growing the demand for our Western Canadian flax production. Here in Manitoba the competition with other crops in the rotation is evident and the pressure it puts on flax production and supply. We are seeing dramatic increases in production in the Black Sea region. Today China is our biggest market for flax, however the supply in Kazakhstan is larger than ours and given the shorter distance for transportation of Kazakhstan compared to Canada we need to work hard to promote the Canadian flax crop or risk losing significant market share in China. On the most recent trade mission to China it was very

nice to see and learn that the consumer interest in flax is rapidly taking off. Flax is well known in regions of China that also grow flax. In the area where flax is not grown the consumption of flax as a food was not a significant flax market. This looks to be changing as consumers are listening to the Chinese government message about eating food that also has a health benefit. This is creating new market demand in the areas that have not traditionally eaten flax.

It is the opportunities in the consumer market that will drive the demand for our flax production.

Over the past year we have seen a lot of changes in the flax organizations. The producer organizations will continue to work together to fill any activities that were part of the Flax Council of Canada for research, market development, trade, and agronomy information.

Last fall, Manitoba and Saskatchewan directors meet for two days in Brandon to discuss how we can work to drive the flax industry into the future for the benefit of all that are involved. It was a good time to meet given all that is going on and the effort in working together will be important for flax to be a crop to consider in the rotation on the farm and growing the demand for flax.

The changes and evolution at SaskFlax over the past year have been significant. Not only has the scope of the activities increased in the organization but we have moved to a new office, after being in the same location for almost twenty years. SaskFlax is also happy to note that the number of staff has grown by one this week. Michelle Beath has joined the organization as the Flax Agronomist. Michelle will be available to answer questions producers have about flax production and be part of the team to provide advice about what research is needed and seek opportunities for flax research.

Thank you to everyone here for listening and to Manitoba Flax Grower Association for me to provide an update about what we see is happening in flax. There are many opportunities in the flax industry and we look forward to continuing to work with everyone in Manitoba and our other industry partners.

9. Nominating Committee report – Nick Matheson

On behalf of the Nominating Committee, Mr. Matheson presented the following Directors who have let their name stand for a three year term:

Eric Fridfinnson

Hugh Drake

Mr. Matheson called for nominations from the floor three times. There being none, nominations were closed. Eric Fridfinnson and Hugh Drake were appointed to the MFGA Board for another three year term.

10. Manitoba Commodity Organization Amalgamation Proposal

Mr. Laxdal presented the report (see attached).

11. Other business

The Chair informed the Members that the reorganization of the Board will take place at the next regular Board meeting. He asked for Members to send in any concerns as the MFGA looks at some reorganizing within the Association.

12. Adjournment

MOTION: C. Laxdal/H. Drake to adjourn @ 10:45 a.m.

Carried