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Alberta Chicken Producers Annual Report



Alberta Chicken Producers

45th Annual Report

Fiscal Year

December 1, 2010 – November 30, 2011

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Vision

Alberta Chicken Industry's Shared Vision

By working together, Alberta's Chicken Industry will continue to grow, be profitable, and satisfy consumers by providing safe, high quality chicken products.

Mission

To serve our producers by:

- ***Providing an environment for profitable chicken production;***
- ***Encouraging a competitive, consumer-focused chicken industry.***

Standards of Leadership

Consistent with the industry Vision, the Alberta Chicken Producers Board is committed to:

- ***Value our people***
- ***Behave fairly and legally***
- ***Be efficient and cost-conscious***
- ***Be open and transparent***
- ***Be a good corporate citizen in the community***
- ***Consult with producers, industry, and consumers***
- ***Be positive and future-focussed***
- ***Be responsive to markets***
- ***Actively create new opportunities***



Left to Right: Scott Wiens (Chair), Karen Kirkwood (Executive Director), Jacob Middelkamp, Ite Veurink, Rudy Froese, David Hyink (Vice-Chair)

Board Structure

Scott Wiens
CHAIRMAN

PUBLIC RELATIONS
MEDIA SPOKESPERSON

Completes his second 3-year term in 2012

David Hyink
VICE CHAIRMAN

MEDIA SPOKESPERSON

Completes his second 3-year term in 2014

Jacob Middelkamp
DIRECTOR

PROMOTION/SPECIAL EVENTS

Completes his second 3-year term in 2013

Ite Veurink
DIRECTOR

Completes his first 3-year term in 2013

Rudy Froese
DIRECTOR

FINANCE / BUDGET

Completes his first 3-year term in 2014

Directors are elected at the Annual General Meeting by their peers for a three-year term, to a maximum of nine years (three terms).

Committee Appointments

Agri-Environment Partnership of Alberta

Martin Van Diemen, David Hyink

Alberta Farm Animal Care (AFAC)

Rudy Froese

Animal Care Committee

Ite Veurink, Rudy Froese

Canadian Broiler Council (CBC)

Jacob Middelkamp

Chicken Farmers of Canada (CFC)

David Hyink, Director
Jacob Middelkamp, Alternate Director

Governance Committee

Jacob Middelkamp, Ite Veurink

Intensive Livestock Working Group (ILWG)

David Hyink

Policy Advisory Group

Scott Wiens, David Hyink

Quality Committee

Scott Wiens, Rudy Froese

Research Committee

Jacob Middelkamp, Ite Veurink

Specialty Production

David Hyink, Jacob Middelkamp



Chairman's Report

This past year is marked once more by a spirit of cooperation and an attitude of prudent leadership in our industry led by you, the producers. Over the years, these have become the hallmark of the Alberta industry and have facilitated a productive year for your Board of Directors in 2011.



Scott Wiens

The Quality Committee marked significant progress as the work that had been done over the past years came to fruition in the form of the Quality Document. This document will serve to set expectations for producers and industry alike in the areas of cellulitis, pododermatitis and fecal contamination. I expect that the document will provide meaningful, credible and achievable measures for the industry through the years ahead.

Allocation continued to be a priority for our Board this year. The Chicken Farmers of Canada entertained a number of discussions on the topic; and, in July, the Executive tabled a proposed solution that reflected differential growth in a number of areas across the country. In November, this proposal was not supported by the CFC Board and further discussion on the proposed solution was not entertained. Late in December, your Board submitted an Exceptional Circumstances Request to CFC; and, this specific request will be discussed at length at the CFC meeting in February. Needless to say, Differential Growth continues to be a significant priority for your Board into 2012.

Animal Care was also an area of prioritized focus for the Board as we undertook a study focused on establishing baseline data for Alberta's production facilities. This information will be compared to the current Animal Care Program expectations and potentially used to determine credible standards in the years to come. Thank you to those of you who have availed yourselves for these purposes.

In reference to the Animal Care Program implementation, our producers are to be commended above their peers across the country. Despite challenges and uncertainty, we have continued to be leaders in the development and adoption of future focused programs that position our industry for success in the years to come.

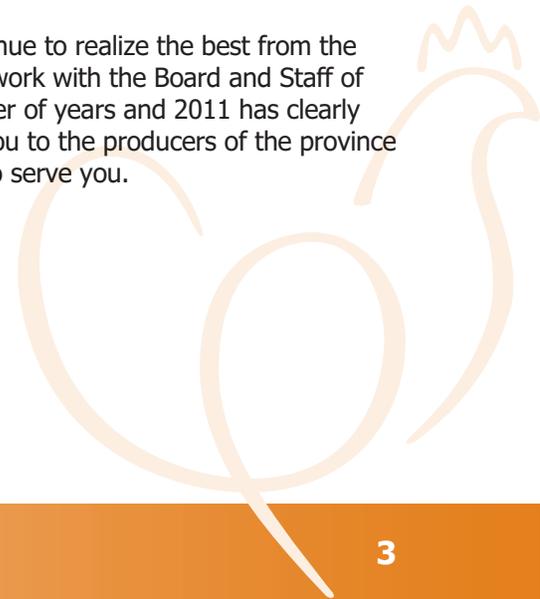
Inside the province, the Board was active in meeting with all six candidates in the Progressive Conservative leadership race from June through September. We also continued to benefit from the transparent and positive working relationships with the Department of Agriculture. We anticipate this relationship to continue as many of the goals and directions of the Department are similar in nature to those of your Board.

We are anticipating a renewed effort in deliberately strengthening relationships with all of our industry partners in 2012. This will facilitate better communication among all parties and allow better decision making at all levels – ultimately serving producers in the best manner appropriate.

I am confident that producers in the industry continue to realize the best from the Board they have elected. It has been an honor to work with the Board and Staff of the Alberta Chicken Producers over the past number of years and 2011 has clearly built on the progress made in years prior. Thank you to the producers of the province and members of the industry for the opportunity to serve you.

Respectfully Submitted,

Scott Wiens, Chair



Executive Director's Report



Karen Kirkwood

It is humbling to reflect upon the longevity and strength of the Alberta Chicken Producers in this its 45th year. It is a privilege and sincere pleasure to report on the achievements of the chicken industry over this past year. Alberta Chicken Producers' success is largely attributed to its guiding principles of integrity, stewardship, and industry relations, which have enabled the organization to thrive and respond to the needs of its stakeholders for forty-five years.

As the world continues to recover from the global recession, Alberta's chicken industry has continued to experience healthy returns for producers and industry partners in 2011. A higher price of corn and relatively strong dollar in 2011 caused the Canadian chicken industry to respond with lower allocations in the latter part of 2011. Despite relatively flat growth in 2011, the chicken industry is well-positioned for growth and continued profitability for all stakeholders in 2012.

The Board of Directors has maintained a clear focus in addressing its Strategic Priorities over the past year; and, significant progress has been made in achieving the goals and objectives set forth for 2010-2011. This past year saw the implementation of a mandatory Animal Care Program, the development of a Quality Expectations Document, and significant progress at the Chicken Farmers of Canada table to address Alberta's allocation.

System Integrity remains a focus for the Board and Staff, and new processes have been implemented to ensure the accuracy and timeliness of data received and managed by the Board Office. Amendments to the Leasing of Quota and Producer-Processor Relationship Policies, as well as numerous enhancements to the Grower Program over the past year, have promoted data integrity by simplifying and streamlining processes. Forms have also been improved and updated to accommodate the timely and accurate reporting from all stakeholders. We appreciate the cooperation of producers, processors, and hatcheries in implementing initiatives that will serve us well into the future.

In addition to addressing its Strategic Priorities, your Board has also undertaken many other important industry initiatives in 2011. The Board established a Specialty Production Committee, which has developed a draft Direct Marketing Lease Program; a Governance Committee, which has refined the Board's governance policies, and procedures; and a Regulations Review Committee, which has undertaken a full review of the Regulations upon consultation with producers. The Board met with each of the leadership candidates following the announcement of Premier Stelmach's retirement in early 2011; and, the Board engaged in media interviews and public relations opportunities in response to the attention Supply Management received in the Fall of 2011. The dedication and commitment of your Board in responding to emerging issues is a testament to the strength and stewardship of Alberta Chicken Producers.

Team building and governance are highly valued by the Board and Staff; and I urge producers to become involved in your industry. The industry needs strong, positive, future-focused leaders; and I encourage you to participate in our Leadership Development Programs and to consider becoming engaged in your industry as a Producer Representative or future Director of the Board.

Thank you to the Board of Directors and producers for this opportunity to serve you and Alberta's chicken industry. The success of the industry is a testament to the commitment and cooperation of its people. It is an honour and privilege to work in an industry that is committed to cohesive, positive relationships and collective success.

Executive Director's Report Continued

The true work comes from within; and, the achievements over this past year would not have been possible without the unique talents and commitment of our Staff. Thank you to each and every Staff member and our team of Auditors. Each is individually exceptional in their roles and collectively a high-functioning and supportive team that is committed to delivering exceptional service to producers and industry. I am fortunate to work in this leading industry comprised of many outstanding and supportive individuals.

Alberta Chicken Producers is committed to strengthening and maintaining cohesive relationships with our processors, hatcheries, government, and partner organizations. This high degree of collaboration and cooperation among stakeholders is unique and provides for collective success that is built on teamwork, open communication and trust. I urge and challenge all producers to adopt this focus in 2012. We each have a role and responsibility in delivering a safe, high quality product to meet the needs of the consumer. Issues and challenges are an inevitable reality, pushing us to adapt and evolve over time. Continuously striving to turn challenges into opportunities will enable the industry to achieve responsible, profitable growth into the future!

Respectfully Submitted,



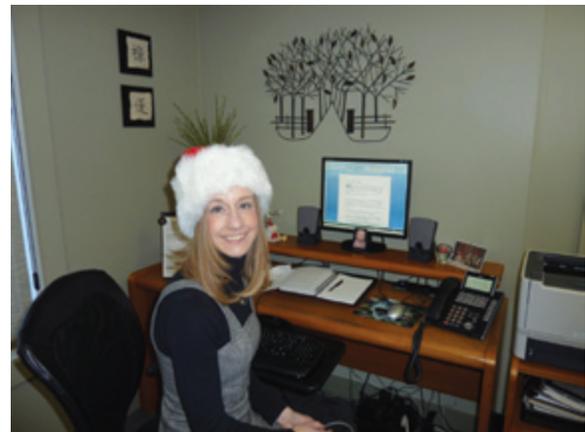
Karen Kirkwood



Minister Gerry Ritz, Karen Kirkwood, Brian Storseth (MP), & Erna Ference at the Canadian Poultry Industry's Joint Annual Reception - March 23, 2011 in Ottawa.



Executive Director Karen Kirkwood keeping "Premier Stelmach" dry at the Farewell to Ed and Marie Stelmach event.



Ho, Ho, Ho! Merry Christmas!

Meet the Staff



Karen Kirkwood – Executive Director

Karen oversees all operations, and serves the Board of Directors. She implements and administers the Board's Regulations and Policies, and executes the strategic priorities of the Board. She conducts regular coaching sessions with new staff and serves as public liaison.



Vera Ward – Office Manager

Vera manages all personnel and office requirements; provides support to the Executive Director; and oversees the administration of Board meetings and documentation. She also serves as coordinator of Alberta Poultry Industry Emergency Management Team, and represents our organization on the Condo Board.



Trevor Prout – Producer Programs Manager

Trevor oversees our team of field Auditors, and coordinates On-Farm Food Safety and Animal Care Programs. He serves as data management coordinator for the Emergency Response Team, and is coordinator of the Research Committee.



Karen Miller – Market Analyst

Karen performs statistical analysis, oversees the Grower Program, communicates production figures and quota utilization, updates market information statistics, prepares reports to support the Board and Committees, and submits allocation and Market Development statistics to Chicken Farmers of Canada.



Laurie McAvoy – Producer Services Coordinator

Laurie is our primary contact for producers. She updates and maintains the Grower Program, processes quota lease, reallocation (sale) requests, and manages weekly reports for Marketings and Placements by working with producers, hatcheries, and processors.



Zack Siezmagraff – Marketing & Communications Coordinator

Zack updates Alberta Chicken Producer's website, sits on the SM-5 Communications Working Group, prepares the Newsletter and Annual Report, handles promotional items and sponsorship requests, and executes the Marketing & Communications Strategic Plan.



Twila Martin – Administrative Assistant

Twila is the primary point of contact in our office. She is in charge of reception and office administration duties, which include: general communications, meeting arrangements, and supporting fellow staff members as required.



Wendy Jevne – Bookkeeper

Wendy is Alberta Chicken Producer's part-time contracted Bookkeeper who works two days per week on administering receivables and payables; maintaining financial records, cash flow reconciliations, and providing accurate Financial Statements to the Board on a monthly basis.

All employees are responsible for ensuring their roles are cross-trained with other staff members to provide smooth operations at all times.

Tribute: Erna Ference



Erna Ference

Erna Ference was elected to the Alberta Chicken Producers Board in 2004. During her tenure, she has served on various committees including Quality, Promotion, Media Spokesperson, Industry Advisory Committee among others.

In addition, Erna served as Alberta's Director to Chicken Farmers of Canada from 2004 – March 2011. In 2008, Erna served on the CFC Executive Committee, a position she retained until this past year. Erna's exuberant vision, strengths and leadership skills have significantly contributed to the success CFC has attained over the years. Also deserving of mention is Erna's national involvement with the Canadian Federation of Agriculture (CFA) where she collaborated with all facets of Canadian agriculture.

A great passion of Erna's is in the political arena, where her connection and involvement with numerous elected officials has enabled Alberta Chicken Producers to elevate connections. She has proven to be an effective communicator with Provincial and National politicians; and, she has carried a strong voice for Supply Management at every opportunity presented. Erna annually participates in organizing political charitable golf tournaments and in speaking to Erna, she noted that a definitive highlight of her time with ACP was the development of the Catching Manual. In particular, she was proud that the process brought the many facets of the industry together, and in particular, she enjoyed listening to the catchers concerns and in implementing their comments into fruition and ultimately, the completion of the Catching Manual.

Please join us in extending a heartfelt 'thank you' to Erna Ference for her immeasurable contributions to Alberta Chicken Producers. Erna proudly and passionately represented Alberta Chicken Producers during her time on the Board. Her dedication to the industry will be dearly missed, and we take this opportunity to acknowledge Erna for representing the needs and interests of her fellow producers.

We know Erna will enjoy spending more time with her family and friends and participating in the athletic activities she so passionately enjoys.

In Memorium: Graham Marriott

It is with extreme sadness that we say 'good-bye' to an extraordinary man, Graham Marriott, who passed away suddenly on December 18, 2011, while on assignment in Cleveland, Ohio.

Graham's zest for life and his extraordinary contribution to Alberta's poultry industry will be greatly missed. Graham has served as Auditor for Alberta Chicken Producers since November 1998. He was respected and popular among producers, industry and staff. He truly lived life to its fullest and has left many fond memories with all of us.

Graham worked all over the globe – from the Bering Sea to Vietnam. Graham had a wonderful personality where he made everything look easy. Nothing was too much for Graham to handle, and you would never recognize how hard he worked and how full his day was; often time working unconventional hours, because he always made time for everyone.



Graham Marriott

Producer Representatives

Producers are elected from four Regions to represent their fellow producers. The four Producer Representatives become members of the Industry Advisory Committee, and as part of their responsibility, are required to provide communication between producers and the Board.

The Alberta Chicken Producers' Producer Representatives meet with the Board prior to the Industry Advisory Committee meeting. At times, Director's schedules do not permit them to attend some events or meetings, and Producer Representatives may be requested to represent Alberta Chicken Producers on their behalf. We would like to recognize their participation and thank them for attending Board related meetings or events when called upon.



Ryan Isaac
North of Fox Creek



Scott Van't Land
Calgary South



Kelly Froese
North of Wetaskiwin to Fox Creek



Arjan Spelt
North of Calgary to Wetaskiwin



Activities & Achievements

Board Meetings:

- Twelve (12) Board Meetings took place over this past year (9 at the Board Office in Edmonton, and 3 meetings in Calgary).
- Ten (10) Conference Calls were held; topics included allocation, pricing and policy issues.
- The Board conducted its Annual Strategic Planning Session with representatives of the three major processors and Hatching Egg Producers Board and General Manager over two-days in Canmore, AB.

Board Training:

- Team Building is a fundamental component of Board development, especially for newly elected Board Directors. In 2011, the Board held a Team Building Session in Calgary.
- The Board and Executive Director conducted a Leadership Development Session in Edmonton.
- The Board and Executive Director participated in a Media Training Course at the Board office.
- The Board participated in a Governance Excellence Assessment (GEM), sponsored by Marketing Council.

Industry Relations:

- The Executive Director regularly met with Marketing Council to discuss Regulatory issues.
- Members of the Board and the Executive Director met with Honourable Minister Even Berger, and former Minister of Agriculture and Rural Development, Jack Hayden.
- The Executive Director, Chair and Vice-Chair continue to meet with Lilydale, Maple Leaf and Sunrise to discuss and collaborate on issues of common interest.
- The General Manager's and Directors of the four Western Provinces (BC, AB, SK, MB) met three times in 2011 to discuss issues of mutual concern and of relevance to each province. Each province rotates hosting the Meetings.
- The Chair attended the two-day Wild Rose Agricultural Producers (WRAP) Leaders Conference.
- A 'Producers Only' Meeting was held in the summer.
- Regional Meetings were held in late October – early November in Edmonton, Red Deer, and Lethbridge.
- The Chair and Executive Director met with Canadian Food Inspection Agency (CFIA) and the Executive Director of the SPCA to foster relationships.
- Annual General Meetings: Wild Rose Agricultural Producers, Poultry Research Centre, Alberta Milk, and Alberta Pork; Chicken Farmers of Saskatchewan, Manitoba Chicken Producers, BC Chicken Marketing Board, Chicken Farmers of Ontario, and the Chicken Farmers of Canada Annual General Meeting.

Stakeholders Relations:

The representatives of the Board and/or Executive Director also participated in the following activities throughout the year:

- Marketing Council's Boards and Commissions Workshop
- Poultry Research Centre (PRC) 25th Anniversary
- Poultry Service Industry Workshop
- Farm Products Council of Canada (FPCC)
- Growing Forward II Roundtable Consultations
- National Industry Forums
- National AMR/AMU Workshop
- Presentations to Financial Institutions

Staff Development & Enhanced Learning:

- As part of the learning process of the chicken industry, new Staff members were able to tour a chicken farm to see first-hand how chicken production occurs. In addition, tours were arranged of a hatchery, a processing plant and the University of Alberta Research farm and their processing facility.
- All Staff members attended the annual Team Building session in September.
- Alberta Chicken Producers values its people. As such, professional development and a commitment to ongoing learning are encouraged for all Staff members. Individual Staff members took advantage of expanding their learnings by attending the following sessions: Website Joomla Training; Dealing with Difficult People; Level I Outlook Express.
- Staff meetings are held at least once per month to share information and learn from one another.

Activities & Achievements

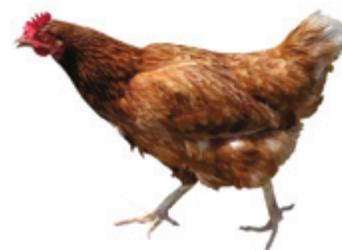
Strategic Planning

The Board held its Annual Strategic Planning Session in October; and representatives from Sofina-Lilydale Inc., Sunrise Farms, Maple Leaf Foods, and the Alberta Hatching Egg Producers attended the first day of this planning session to provide valued feedback on the achievement of Strategic Priorities to date and provide input into the establishment of the Board's Strategic Priorities for the upcoming year.

Considering the input and feedback of our industry stakeholders, the Strategic Priorities established by the Board for 2011/2012 are as follows:

1. Alberta's Allocation
2. Strong Industry Partnerships
3. Animal Care
4. Quality

The establishment of these Priorities will continue to guide the actions of the Board, Staff, and our producers over the coming year.



Regulation Review

Alberta Chicken Producers Regulations follow a standard five-year review process and are set to expire in May 2012. A Regulation Review Committee, composed of one Director and the Executive Director, was struck in 2011 to commence with the review process. As presented at the 2011 Regional Meetings, major changes to the Regulations are not anticipated. The Committee welcomes the feedback from producers in this process; and, the final amendments will be presented to producers for approval at the 2012 Annual General Meeting.

Activities & Achievements

On-Farm Food Safety & Animal Care Programs

This past year has seen significant progress for Alberta Chicken Producers with respect to the On-Farm Food Safety Assurance (OFFSAP) and Animal Care Programs.

The Animal Care Program, which was approved by Chicken Farmers of Canada (CFC) in December of 2008, advanced significantly in the past year. At the Annual General Meeting in March 2011, Alberta Chicken Producers voted in favor of the Regulatory Amendment and Directive to make compliance with the technical parameters of the Animal Care Program mandatory as of December 1, 2011. The Animal Care Program became mandatory as of December 1, 2011, as a condition of a producers' license to produce chicken.

Progress was also seen in the completion of barn measurements prior to the target date of July 2011. The cooperation of producers throughout the measurement process has been greatly appreciated.

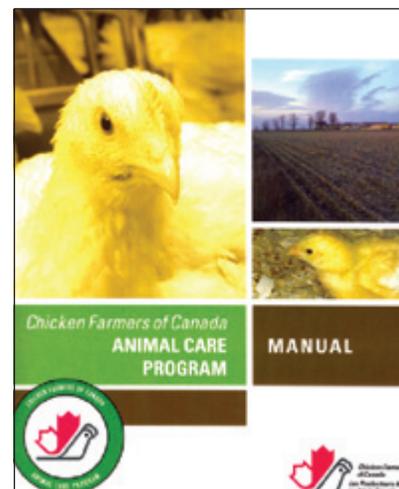
As of December 31, 2011, 96% of producers have successfully completed a full audit of the Animal Care Program and received certification, with the remaining 4% in the process of completing corrective actions to complete certification early in 2012.

In 2010, Alberta Chicken Producers received a grant from the Alberta Meat & Livestock Agency that enabled the Animal Care Committee to deliver an efficient and effective Animal Care Program to Producers. Over the three-year grant, \$202,000 was provided to cover the costs of barn measurements, equipment, barn signage, print materials and general program administration.

At the national level, progress was made with respect to the On-Farm Food Safety Assurance Program. In the Fall of 2011, Chicken Farmers of Canada approved an action plan to achieve 3rd Party recognition for the On-Farm Food Safety Assurance Program. Chicken Farmers of Canada is proceeding with a review of 3rd Party Auditors and the Audit process is scheduled to commence in the summer of 2012.

Having a credible and auditable *Safe, Safer, Safest* OFFSAP and Animal Care Program is essential to meeting the needs of today's consumer. As market demand increases for safe, high quality food raised in a humane manner, it is increasingly important that producers are united and committed to meet the needs of consumers. Implementation of these programs delivers benefit to each producer in Alberta, by providing guidelines for management practices that will ensure the safety and quality of the final product.

A special thank you is related to our Auditors: the late Graham Marriott of Marriott Inspections, Boyd Bresnahan and our new auditor Rodney Swanek for their diligence and commitment to Alberta Chicken Producers.



Activities & Achievements

Quality Committee

Alberta Chicken Producers formed a Quality Committee in 2009, with a mandate to develop a credible and responsible quality program for Alberta. The Committee is composed of representatives from each of the three major processors in the province, as well as two Directors and two Staff members of the Alberta Chicken Producers.

In 2009, the Committee selected three quality issues to address: cellulitis, pododermatitis, and fecal contamination. These issues were selected for their ability to be measured objectively. To develop a credible and responsible 'quality' program, the Committee determined the need for benchmarks, specific to Alberta, against which to set quality targets and a document to communicate the expectations for meeting these quality targets.

Over the course of 2010 and 2011, raw data from Periods A-99 through A-104 was submitted to the Board Office from the three provincial processors for analysis. Upon completion of the analysis, baseline levels for cellulitis, pododermatitis, and fecal contamination were established, which accounted for seasonal and climatic variations.

During 2011, the Quality Committee met on four occasions to develop and finalize quality targets and a Quality Expectations Document. The Quality Expectations Document sets forth the targets for cellulitis, pododermatitis, and fecal contamination, outlines the best-practices to achieve these targets, and includes a Conflict Resolution process to address quality issues. The document was presented to producers at the 2011 Regional Meetings and will be implemented in the spring of 2012.

Specialty Production Committee

The Specialty Committee was established with a mandate to explore options for specialty production in Alberta. The Committee's objectives are:

- To review the current Organic Lease Program and existing opportunities within the current Regulations;
- To identify challenges and explore solutions for producers engaged in direct marketing activities; and
- To review requests for Specialty Chicken received by the Board Office.

The Committee is composed of two Directors, two Producers, and two Staff members; and four meetings were held throughout 2011. The Committees' first two meetings focused on defining specialty production and direct marketing, as well as brainstorming of opportunities and prioritizing areas for action.

In response to the challenge faced by independent producers who do not market chicken commercially to obtain quota, the Committee brainstormed options to address this challenge. A Direct Marketing Lease program was drafted with the purpose of assisting direct marketers in developing a sustainable business through the provision of production quota for direct marketing purposes.

The Specialty Committee presented a draft Direct Marketing Lease Program to producers and industry stakeholders at our fall 2011 Regional Meetings. Based on the feedback received at Regional Meetings, the Committee will be bringing the proposal Direct Marketing Lease Program to producers for a vote at the 2012 Annual General Meeting.

Governance Committee

The Alberta Chicken Producers Board of Directors and Executive Director conducted a half-day Board Governance Workshop using the STRIVE! Governance Excellence Model (GEM). Based on the opportunities identified through this workshop, the Board has established a Governance Committee to focus on refining the Board's governing policies, including succession planning, leadership training, and Board Director development. The Committee is composed of two Directors and the Executive Director.

Activities & Achievements

Lloyd Johnston Scholarship Award



Dr. Iwona Paulina (Executive Director, Poultry Research Centre, University of Alberta), Brad Johnston, Brent Johnston, Marlene Johnston, Karen Kirkwood (Executive Director, Alberta Chicken Producers) and Cibele Torres (Award Winner)

Cibele Torres, accepts the Lloyd Johnston \$2,000 Scholarship Award for 2011 at the Poultry Research Centre's 25th Anniversary/Annual General Meeting. The Scholarship Fund was established by Alberta Chicken Producers in 2011 in honour of Lloyd's contributions to the chicken industry.

ILT Policy Development

In June 2010, Growing Forward funding was received to proceed with the development of a *Disease Control Policy for ILT*. Scott Wiens and Karen Kirkwood have represented Alberta Chicken Producers as members of an Infectious Disease Policy Advisory Committee, which is comprised of members from the Alberta Department of Agriculture, Alberta's four poultry boards, hatcheries, and representatives of the industry's unregulated sector. A comprehensive draft ILT Policy for Alberta's Poultry Industry was finalized in the spring of 2011.

Although it remains in draft form, this final draft Policy has been successfully deployed in response to several cases of ILT this past year. Going forward, the Policy document will serve as a template for the development of other policies pertaining to provincially reportable diseases in Alberta.

Poultry Research Centre - Celebrated 25 Years of Partnership and Excellence in Research and Learning

The Poultry Research Centre (PRC) celebrated its 25th Anniversary this year. Over 200 children from kindergarten to grade six enjoyed the PRC Open House on June 2, 2011.

Representatives from government, the university, and industry leaders participated in the VIP tour at the Open House, which featured interactive displays explaining egg production, meat processing, and other poultry-related issues. In addition to learning about the history of this prestigious centre, visitors learned about current research and met graduate students working at the PRC. Many more visitors, alumni and friends attended the Open House displays before heading to the Reunion BBQ in the evening, where participants enjoyed Dr. Frank Robinson's account of PRC stories.



Government Relations

Government Relations

The SM-5 (Alberta Chicken Producers, Alberta Egg Producers, Alberta Hatching Egg Producers, Alberta Milk, and Alberta Turkey Producers) continue to believe that presenting a united voice from the Supply Managed sector to our various governing bodies is the most effective approach to addressing the challenges faced by our industry. Our activities in 2011 were largely centered around the leadership race; and, over the course of the summer, Alberta's SM-5 had the privilege of meeting with each of the leadership candidates. ACP hosted SM-5 receptions with Gary Mar and Rick Orman.

Meeting with our government officials to promote Supply Management is an important activity of the Board. Our engagement in political events and fundraisers throughout the year continue to provide us with unique opportunities to establish personal connections with elected officials. We will continue to engage our Federal and Provincial Ministers and will work closely with Alberta Agriculture and Rural Development to discuss the needs of our industry and to enhance understanding of the opportunities and challenges we face.

Alberta Chicken Producers attended the following:

- Doug Horner's Golf Tournament
- Doug Griffith's Golf Tournament
- Ray Prin's Golf Tournament
- Prime Minister's Stampede Barbeque
- Premier's Stampede Breakfast
- Jack Hayden's Golf Tournament
- Premier's Capital Ex Breakfast
- Central Alberta Premier's Dinner
- George Groenveld's Golf Tournament
- Farewell to Ed and Marie Stelmach
- Doug Griffiths' Leadership Breakfast
- Doug Horner Meet and Greet Reception

In addition, Alberta Chicken Producers sponsored the Dave Quest Golf Tournament and served chicken sausages in a bun to the many golfers who passed by the ACP station.

Special thanks are extended to Erna Ference who readily attended some events on behalf of Alberta Chicken Producers.

We sincerely appreciate and acknowledge the efforts of Bill Donohue, our SM-5 contracted Government Relations expert, for facilitating our participation in meetings, functions, and events with our elected officials.



Gary Mar visits the SM-5 during the PC leadership race. L to R: Albert Kamps, Meb Gilani, Gary Mar, Tina Notenbomer, Jacob Middelkamp, Roelof Meijer, Kevin Tiemstra



Premier Stelmach with the Sponsors of the Premier's Breakfast. Scott Wiens and David Hyink are on the far right.



Strathcona MLA Dave Quest enjoys a chicken sausage on a bun at his golf tournament.

Government Relations

**ALBERTA SUPPLY
MANAGEMENT**

*Local farmers
producing
quality products*

Supply Management & the Alberta SM-5

The SM-5 is committed to ensuring that when decisions are made which could potentially impact Supply Management, our industries are strongly considered and consulted wherever possible. We appreciate the support and consideration of our provincial and federal government in engaging our industries over this past year when discussing matters of trade and expressing their support for Supply Management.

Alberta's SM-5 has and will continue to monitor the trade negotiations and potential impact of the WTO, Canada – European Union Trade Agreement, Agreement on Internal Trade and the Trans-Pacific Partnership Agreement.

In the summer of 2011, the Alberta SM-5 launched its own website: **www.albertasupplymanagement.com**. This website has proven to be a useful tool in educating both our elected officials and the public about our supply managed industries. In addition, a new logo was developed in efforts to increase brand awareness and demonstrate SM-5 unity.

ALMA Update

The Alberta Livestock and Meat Agency Ltd. (ALMA), a Government of Alberta agency, is an important component of the Alberta Livestock and Meat Strategy (ALMS). ALMA provides ideas, information and investment while delivering on the priorities of the ALMS: increasing market access, increasing demand, enhancing competitiveness and advancing information flow.

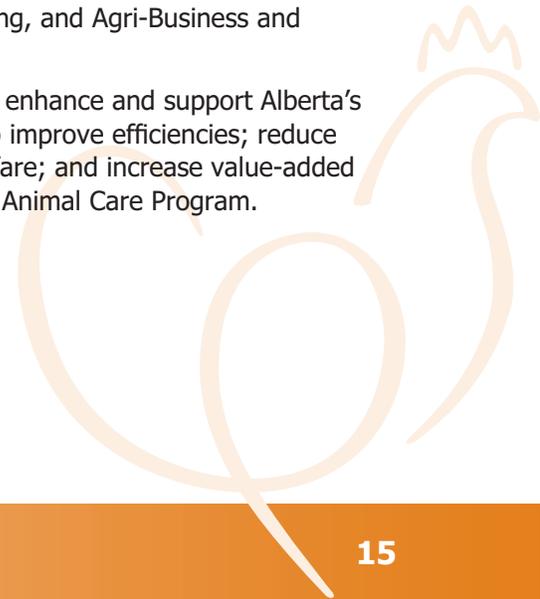
ALMA delivers three grant programs focused on research and development, industry and market development, and Growing Forward. Growing Forward is a federal-provincial-territorial initiative. In partnership with Growing Forward, ALMA administers the Agri-Business Automation and Lean Manufacturing, and Agri-Business and Product Development programs.

Since January 2009, ALMA has approved more than \$80 million for projects that enhance and support Alberta's livestock industry, with a total projected value of \$313 million. ALMA grants help improve efficiencies; reduce operational costs; expand production; increase food safety; improve animal welfare; and increase value-added processing. An example is ALMA's \$202,000 grant to Alberta Chicken Producers' Animal Care Program.

ALMA looks forward to future partnerships with Alberta Chicken Producers.

Nicole Paradis-Clancy
Communications Officer
Alberta Livestock and Meat Agency

ALMA
Alberta Livestock
and Meat Agency Ltd.



Chicken Farmers of Canada



1) Consumer Outreach

Since introducing the newly-revamped chicken.ca website in late 2010, there has been a measurable growth in CFC's online relationships with consumers. The growth, and indeed the quality, of CFC's relationship with consumers demonstrates that its current course is sound, and that its goals are realistic. CFC's engagement with visitors to its website continues to improve. Traffic to the site is growing, due mainly to the effect of the search engine optimization work that started in early 2011.

Farmers & Industry Web Portal

Following the revamp of the chicken.ca website, which effectively consolidated a great deal of non-consumer content to one area, CFC further expanded its membership and industry communications efforts online in a manner that does not detract from the consumer focus of chicken.ca. CFC thus improved the usability of the existing Farmers & Industry section by expanding its content and making this section an independent site. The portal was launched in September.



David Hyink

Social Media

Facebook



The CFC page facebook.com/chickenfarmers had almost 2,800 'likes' by the end of 2011 and the fan-base is still growing. The engagement on Facebook has proven to have a greater reach than anticipated. CFC posts are being 'talked about' and passed along via shares from Facebook followers, and crossing back into other social media platforms. This is also a venue for regular contests and promotions to keep fans engaged.

Twitter – Tweeps or Twerps?



CFC's Twitter following (@chickenfarmers) surpassed 1,100 mark in the fall of 2011. This was largely due to CFC's various initiatives to connect to 'digital women'. Although the benefits of Twitter participation can be difficult to see, this is an example of an effective use of Twitter.

2) Animal Care

Animal Care continues to be an expectation of Canadian consumers. Over the years, CFC has been proactive in order to address consumer questions and to demonstrate the high level of care on Canadian chicken farms. In 2011, the number of Canadian chicken farms certified under the Animal Care Program doubled, demonstrating Canadian chicken farmers' commitment to the Program. By the end of 2011, over 65% of Canadian chicken farmers have received full audits and over 50% of farmers are certified on the Animal Care Program.

As with the On-Farm Food Safety Assurance Program (OFFSAP), the Animal Care Program is developed and maintained by CFC, while the delivery, certification and enforcement is performed by the 10 Provincial Boards. To ensure consistency of implementation, the Animal Care Program on-farm audits have been combined with the OFFSAP audits.

When the Animal Care Program was approved, CFC Directors requested that a review of the density requirements be performed one year after implementation to assess the new requirements, evaluate any new science and consider international developments. This review was performed in 2011, considering the feedback of the provincial boards and industry stakeholders. CFC Directors agreed that any future changes should wait until the final paper from the research scientists committee of the Code of Practice is released for review. A full review of the ACP is scheduled to occur in 2013.

The *Recommended Code of Practice for the Care and Handling of Chickens, Turkeys and Breeders from Hatchery to Processing Plant* review is underway and will be completed by early 2014. CFC is actively involved in this process and sits as a member on the Scientist Review Committee. The scientists' report is expected to be completed by the end of 2012, after which time the Code Development Committee will focus on developing the new Code of Practice.

Chicken Farmers of Canada

3) On-Farm Food Safety

Canadian chicken farmers are implementing the program on their farms and undergo an annual audit of their farm practices and the implementation of the *Safe, Safer, Safest* program requirements. To date, over 97% of the 2,700 chicken farmers in Canada are certified on the OFFSAP.

CFC has been auditing and fine-tuning *Safe, Safer, Safest* for over a decade and has been actively involved in the government recognition process which provides credibility to the program. CFC was the first commodity to receive Technical Recognition Part I from the FPT governments for the OFFSAP producer manual, and was the second commodity to receive Technical Recognition Part II for the management manual.

The final step, to receive Full Recognition from the FPT governments, requires a 3rd party audit which will assess the implementation of the producer manual and the management manual. CFC is currently in the process of initiating this audit with the objective of obtaining Full Recognition in 2012. Upon successful completion, CFC would then become the first commodity in Canada to receive Full Recognition by the FPT governments.

4) Animal Health

CFC, in conjunction with provincial Boards and government partners, have developed and implemented a strong Animal Disease Preparedness and Response Plan. In 2011, the focus was on participation in the National Farm Animal Health and Welfare Council, recognition of chicken's traceability system and finalization of a set of biosecurity guidelines for the service sector.

A key component of the disease response toolbox has been traceability within the Canadian poultry industry. Much of the traceability data that is required when a disease has been identified is available due to the benefits of Supply Management. In addition, provincial Boards have implemented further capabilities based on lessons learned from previous cases of disease.

Currently, all farmers are identified, all premises and barns are identified, farm locations have been mapped using GPS and data that is collected for each flock includes the identity of the hatchery, placement date, number of birds placed, identity of the processor, planned shipping date, actual shipping date and the number of birds shipped.

Due to these systems, farms within 3 km and 10 km zones can be identified within hours and this information can be quickly transmitted to governments via pre-existing emergency response teams that are located in each province. This data collection and traceability approach meets the objectives of the FPT traceability standards and recent avian influenza cases have demonstrated international acceptance with the policies and procedures that are being implemented.

5) CPRC

CFC is one of the five founding members of the Canadian Poultry Research Council (CPRC) and is proud to be involved with an organization that focuses on Canadian research for Canadian farmers.

CPRC was established in 2001 with a mandate to create and implement programs for poultry research and development that address current and future industry needs. Jacob Middelkamp, from Alberta, is CFC's representative on the CPRC Board of Directors and is the current CPRC Chairman.

To date, CPRC has allocated \$2,540,058 to foster poultry research and these funds have been leveraged to over \$12.4 million. Furthermore, CPRC has committed an additional \$412,493 to poultry research for projects that are currently under consideration for matching funding and which could be leveraged for another \$2.3 million.

By the end of 2011, CFC's research fund reached just over \$5.6 million, demonstrating CFC's on-going commitment to research. Interest earned by the Research Fund is the source of CFC's annual support for poultry research projects and initiatives.

Chicken Farmers of Canada

6) Antimicrobial Use

Antimicrobial use and resistance continued to be a critical priority for CFC in 2011. CFC's 2011 action plan built on the successes of 2010 and the implementation of CFC's five-point plan towards addressing antimicrobial use (AMU) and resistance (AMR).

The five points of the Plan are:

1. Working cooperatively with the Canadian Integrated Program for Antimicrobial Resistance Surveillance (CIPARS) of the Public Health Agency of Canada to perform surveillance;
2. Actively funding research examining antimicrobial resistance and alternatives to antibiotic use;
3. Implemented the *Safe, Safer, Safest* On-Farm Food Safety Assurance Program to standardize on-farm food safety production practices;
4. Educating consumers on safe handling and cooking of chicken; and
5. Developing an industry strategy on antimicrobial use and resistance that includes assessing methods for reducing antibiotic usage.

For several years, CFC has worked cooperatively with the Canadian Integrated Program for Antimicrobial Resistance Surveillance (CIPARS) of the Public Health Agency of Canada to perform antimicrobial resistance surveillance. Since 2002, CIPARS has been performing surveillance activities at processing plants and at retail.

CFC has actively cooperated with the CIPARS to expand this program to include an on-farm surveillance component that will monitor antibiotic usage and antibiotic resistance levels. This program is set for implementation in early 2012 and will be important in framing future antibiotic use and resistance policies.

7) Government Relations

Government Relations continues to be a priority for CFC. Our industry is continuously working toward addressing the challenges presented by changes in government, legislation and policies. Our mandate is to ensure that the voices of our farmers are heard, in both domestic and international discussions, when important agriculture, food safety, and trade policy decisions are made.

New GR Strategy

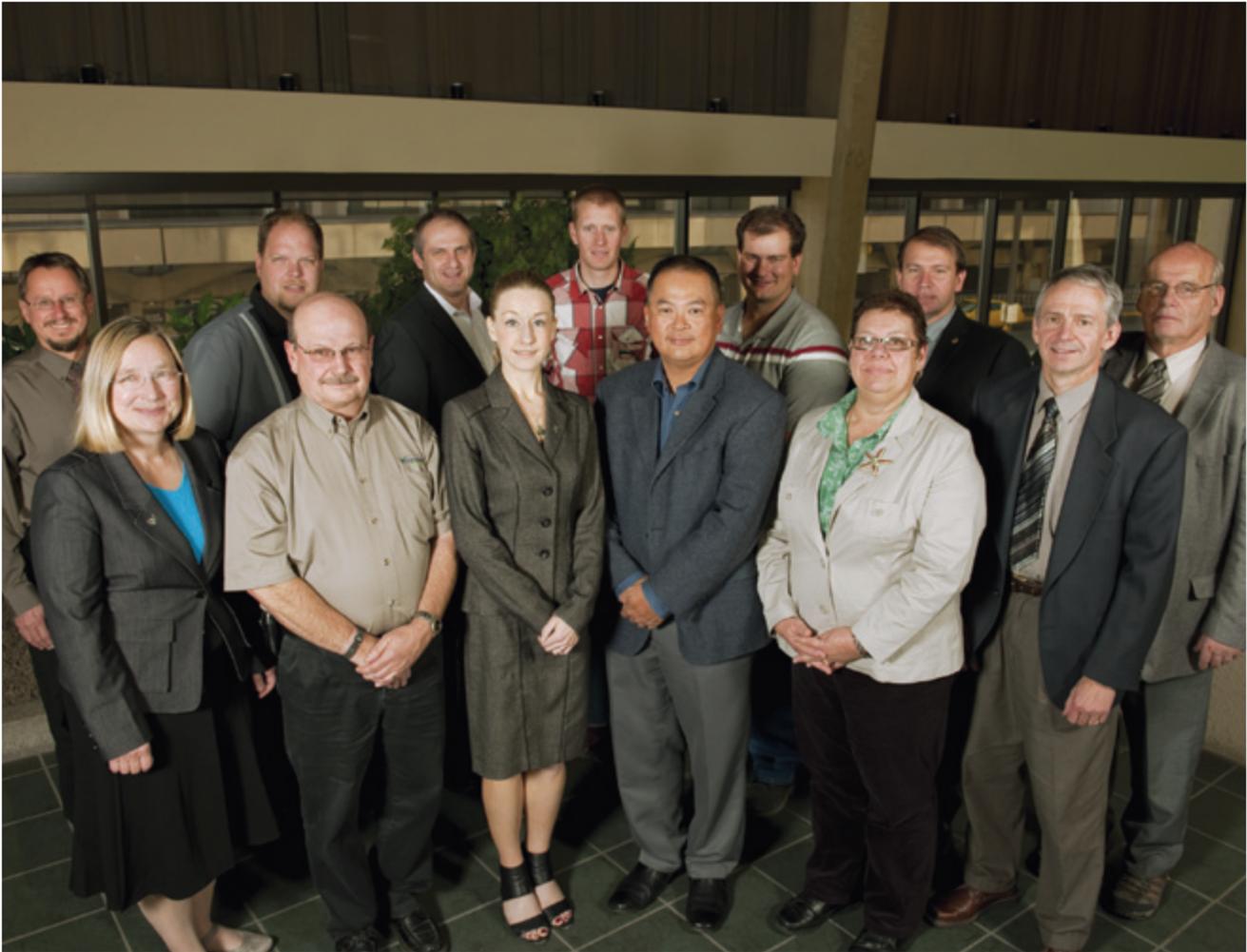
In 2011, CFC began implementing an enhanced Government Relations Program. In this first year of the strategy, CFC focused on increasing its monitoring activities; establishing key relationships with Ministers' offices, key committee chairs, and opposition critics; implementing an issues management process; planning and developing an issues briefing book; increasing its involvement with CFA; and providing input into Growing Forward II to ensure that the Canadian chicken industry is well supported.

The Canadian Broiler Council

The Canadian Broiler Council (CBC) is a standing committee from the Chicken Farmers of Canada (CFC) which meets the evening before the CFC meeting. The members of CBC are the alternates of the provincial representatives to CFC. The committee discussed the allocation and other farmer related issues, such as animal care and food safety, and provided provincial updates.

Jacob Middelkamp was elected as the Vice-Chair of the Canadian Broiler Council for 2011.

Industry Advisory Committee



Back Row (L to R): Frank Maenhout, Kelly Froese, Scott Wiens, Arjan Spelt, Scott Van't Land, David Hyink, Ite Veurink

Front Row (L to R): Dr. Iwona Pawlina, Don Buhay, Karen Kirkwood, Sunny Mak, Tina Notenbomer, Mike Pearson

Regrets: Ryan Isaac, Bob Smook, Eduard Fetting

The Industry Advisory Committee meets twice per year to collectively report and discuss issues affecting the Alberta chicken industry. Producer Representatives consult with their fellow producers, and bring topics to the Board's attention for discussion.

Committee members are: Animal Nutrition Association of Canada: Don Buhay; Alberta Poultry and Processors' Association: Eduard Fetting; Alberta Hatchery Association: Frank Maenhout; Government (Animal Industry Division): Dr. Iwona Pawlina; Marketing Council: Mike Pearson; Alberta Hatching Egg Producers: Tina Notenbomer / Bob Smook; ACP Producer Representatives: Ryan Isaac, Kelly Froese, Scott Van't Land, and Arjan Spelt; ACP Directors / Executive Director: Scott Wiens, David Hyink, Jacob Middelkamp, Ite Veurink, Rudy Froese, and Karen Kirkwood.

Industry Relations

Alberta Poultry Industry Emergency Management Team

The Alberta Poultry Industry Emergency Management Team (APIEMT), which consists of members of the province's four poultry Boards, the Chief Provincial Veterinarian's Office, feed, processor, hatchery and egg grader representatives, met twice this year to discuss and incorporate changes that have occurred in the industry as well as the numerous membership updates within the team. These meetings provide an opportunity for the team to work closely with the Chief Provincial Veterinarian's office and CFIA to ensure documentation and procedures are current.

During this year's meetings the team undertook an extensive review of the APIEMT manual, resulting in numerous updates to the Plan that will streamline the response process. Changes to the Plan include a more user-friendly version of the 'producer's section' of the manual. The team is planning a Tabletop Workshop, in conjunction with the 2012 Annual General Meeting, to introduce producers to this updated version of the manual. This Workshop will also serve as an opportunity to familiarize producers with the manual, the response, and biosecurity procedures involved in an emergency situation.

In early 2011, the Emergency Response Plan was activated when a case of ILT was confirmed in a commercial broiler flock in Alberta. All commercial poultry producers in Alberta were issued a Fax Broadcast advising them to increase their biosecurity to an 'alert level'. Due to the coordinated effort and effective use of the Plan, this case was contained with minimal impact to the poultry industry. We appreciate the vigilance of producers during this period of time. Late in the year, the Response Plan was again activated following the confirmation of low pathogenic H7 Avian Influenza detected in wild birds in Manitoba and Saskatchewan. In response, an information bulletin was circulated to producers, serving as a reminder to maintain heightened biosecurity.

The APIEMT continues to encourage producers to register for their Premise Identification numbers as required under the Alberta Animal Health Act. To date, 95% of broiler producers have received a Premise Identification number, while the remaining 5% are in the process of obtaining a number or making corrections to the account. Once producers' Premise Identification numbers have been assigned, the poultry Boards will have access to the Premise-ID System to streamline the emergency response procedures in the event of an emergency.

Thank you to all producers that have completed their registration to date.



Relationship with AHEP

The Alberta Chicken Producers continue to build on their corporate relationship with the Alberta Hatching Egg Producers. Together, we host an annual golf tournament which attracts representatives from the processors, hatchery, feed, and government. AHEP also attends the annual Strategic Planning session with Alberta Chicken Producers in the fall, and we value their partnership in other joint initiatives undertaken throughout the year.

Industry Relations

Poultry Health Services

The last year brought some exciting opportunities and challenges for the veterinary team at the Poultry Health Centre of Excellence. Through our support of the Alberta Chicken Producers, we have had the opportunity to work with individual growers as well as on Provincial and National initiatives. At the farm level, we have seen some changing patterns related to early broiler health problems but overall have had a good year. There were a number of nutritional disease challenges and a series of investigations to prevent residues in chicken products completed in accordance with the CFIA food safety requirements. While protecting food safety and bird welfare has been a priority for the Alberta and Canadian chicken industry the processes by which the programs and outcomes are being judged has become more rigorous and intensive. The technical and scientific requirements of these requirements are more complex and will require increased capability and resources in the future. The industry is well positioned to meet these standards with the On-Farm Food Safety and CARE Programs. Careful review of the requirements for the medication of flocks and appropriate withdrawal periods will be key areas to focus on.

As a follow up to the Chicken Farmers of Canada Workshop on Antimicrobial Resistance held in Ottawa in 2010, we were invited to attend and contribute to the strategic planning for judicious use of medications by the Canadian Chicken industry. The media had a strong focus on issues related to antimicrobial resistance in human pathogens. Understanding the role of health management products in the development of resistance in poultry pathogens will be important to protect bird health and preserve our access to medications. There is also important scientific work to be done to better understand the roles and interactions of antimicrobial resistance between and across species including humans. To ensure that medications are being used at the right time in the right way it is important to consult with your veterinarian.

We have been encouraged to increase the services offered and strengthening support for the industry over the last year and at the company level we are pleased to introduce Nick Wolanski to our team as Research and Field Services. Nick graduated from the U of A where he completed his Master of Science degree with Dr. Frank Robinson. Nick has worked with a primary chicken breeder company in Holland and brings valuable experience as well as a great attitude, work ethic and dedication. Nick will be based out of Edmonton and help our company to support producers in the North as well as collaborating on research with the industry and the U of A. At the national level I have had the opportunity to continue to work with and provide technical support for the Chicken Farmers of Canada, CFIA on the topics of the use of antimicrobials and also Salmonella enteritidis control. From the farm level to Ottawa we are working hard to understand and address the needs of poultry producers.

In 2011 our company has had the opportunity to work with the Alberta Chicken Producers and the Canadian chicken industry in a number of capacities and we are glad to have these opportunities to contribute the health, welfare and success of the industry.

We look forward to a productive, profitable and healthy year in 2012 for the industry. On behalf of our team, I would like to thank you for your ongoing support.

Dr. Tom Inglis
DVM, BSc. Ag. Diplomate ACPV
Company President
Poultry Health Services



Industry Relations

Agri-Environmental Partnership of Alberta (AEPA)

AEPA is a stand-alone, multi-stakeholder group representing approximately 24 industry organizations (crop & livestock), Alberta Association of Municipal Districts & Counties, Ducks Unlimited Canada, & the Government of Alberta Ministries of Environment & Water, Sustainable Resource Development, and Agriculture & Rural Development. AEPA's Vision statement: "Alberta's agriculture industry is profitable, thriving, accountable & recognized for its pro-active, responsible environmental stewardship". AEPA has two main advisory teams:

Land-use Framework Advisory Team

The Land-use Framework has been a priority issue of the Agri-Environmental Partnership of Alberta (AEPA) given the agriculture sector is a significant land manager in the province. In 2011 the Government of Alberta (GoA) consulted on two regional planning processes: the draft Lower Athabasca Regional Plan, and on the Regional Advisory Council's Advice on the South Saskatchewan Regional Plan (SSRP) (workbook only). The AEPA reviewed both documents and in response, developed and communicated key messages to the GoA. In addition, a letter of support for effective land-use planning with important considerations for agriculture was also forwarded to Premier Redford.

Water Advisory Team

The AEPA recognizes agriculture has a major role to play in the development and review of water policies related to the Land-use Framework and other planning processes. Agriculture stakeholders need to be aware of current water issues to help them participate and add their voice to these processes. The AEPA formed a Water Advisory Team in 2011 to proactively inform and engage agriculture stakeholders in order to effectively participate in provincial water quality and supply initiatives, and the development of water policies related to agriculture.

The team will examine three priority water issues this year: water allocation, water/watershed management plans/frameworks, and wetland policy.

Looking Forward

AEPA has been planning for the next three year cycle throughout the year, with the development and approval of the 2012-2015 Strategic Plan, as well as confirmation of support from Alberta Agriculture and Rural Development for continued operational funding. Next steps include development of the Business Plan for the next fiscal year, as well as review and revision of the Communication Plan.

Critical to the continuing work of the AEPA has been the involvement and participation of the various agriculture commodity groups. These groups, including the Alberta Chicken Producers, Alberta Egg Producers, Alberta Turkey Producers, and Alberta Hatching Egg Producers, have been actively involved both at the Board and project team levels.

AEPA Supports:

- Effective land-use planning as a tool to address agri-environmental issues, guided by clear, well-articulated GoA policies that integrate water resource management, the efficient use of land, land stewardship, biodiversity and conservation management.
- Continued agricultural industry development opportunities and voluntary approaches to encourage private land stewardship that recognizes agricultural landowner property interests.
- Continued early engagement with the agriculture sector in the development of land-use planning policies is necessary to prevent unintended consequences to our industry, and to ensure agriculture is able to continue to operate in an economically, environmentally, and socially sustainable manner.

Industry Relations

Intensive Livestock Working Group

Land Use Planning

It is becoming apparent that the evolution of Government policy on water, air and land issues will be delivered through the development and implementation of regional plans as directed by the Land Use Framework.

The ILWG has and will continue to put a major emphasis on influencing the development of regional plans that protect livestock/poultry producer interests. The South Saskatchewan Regional Plan will set the template by which many of the other regional plans will be developed over the next 3 to 5 years.

Water Policy

It is expected the Government will review the Water Act after the 2012 provincial election. The most critical issue for livestock producers is that the government's water policy review may include consideration of new forms of water allocation. It is an ILWG priority that livestock/poultry producer's water rights are protected through the retention of the Government's 'first-in-time, first-in-right' water allocation policy.

Phosphorous Strategy

The ILWG is making good progress in the development of a pilot project that will help guide nutrient management planning of the livestock/poultry industry, plus the development of government policy in addressing the impacts of phosphorus on water quality. The prime objective is to develop a 'tool' that helps CFO's identify risks and opportunities associated with their existing nutrient management system. The tool will also present mitigation options that can reduce 'P' loss through runoff.

Managing Odour in Problem Areas

This project was part of an industry commitment to the Clean Air Strategic Alliance (CASA) to conduct a thorough analysis of NRCB's odour complaint data from the past 9 years to identify areas where odour from CFO's could be considered a significant problem. Major contributions were made by ARD and the NRCB to complete the project.

The analysis identified 'problem areas' are limited to a few operations receiving greater than 10 complaints (over the 9 year assessment period) and these operations are randomly spread throughout the province. Further analysis indicates significant improvements have been made by these operations over the past three years. It is concluded there are no 'problem areas' and that odour may be a large problem for some people living near a relatively small number of operations. Odour does not seem to be a major industry issue affecting a large number of operations.

Odour Assessment Tool

This was another commitment industry made to the Clean Air Strategic Alliance (CASA) The ILWG and Alberta Agriculture (ARD) have jointly developed an Odour Management Plan Assessment Tool with a format somewhat similar to that used by the Environment Farm Plan. The tool has been reviewed by a number of ILWG member organizations and in the field with producers (beef, dairy, pork, poultry). It is now in the final formatting stage and will be available to producers in 2012.

Ron Axelson
Executive Director
Intensive Livestock Working Group



Industry Relations

Animal Farm Animal Care

Alberta Chicken Producers and the Alberta Farm Animal Care (AFAC) Association are committed to promoting responsible animal care. The current Alberta Chicken Director on the AFAC Board is Rudy Froese. To learn about AFAC's Mission and Guiding Principles, please visit www.afac.ab.ca. **The AFAC vision is that livestock in Alberta are respected and well cared for.** The year 2011 has been a busy one at AFAC during which the Board implemented governance procedures that were re-visited and updated in 2010. Here are a few of the year's highlights:



Livestock transport

In 2011, AFAC received a grant for \$320,000 through the Canadian Agricultural Adaptation Program to expand an Alberta-based initiative into a truly national program – the Canadian Livestock Transport (CLT) Certification Program. To date, over 1500 drivers and handlers have participated in CLT courses. CLT is an excellent example of how the livestock and poultry industry is being proactive to ensure that livestock are handled and transported humanely.

Ensuring Responsible Animal Care

The ALERT Line continues to provide an invaluable service to Alberta's livestock and poultry industry. Connecting with producers who may need a little extra help or a reminder that their actions could impact the way the non-agricultural public views the entire industry and encouraging those producers to improve practices before animals become distressed is a safeguard for the entire industry.

One of the strengths of the ALERT Line is the network of relationships we continue to build with groups working towards similar goals - the Alberta SPCA, the Alberta Agriculture and Rural Development's Ag Info Centre, Livestock Identification Services, and the RCMP. Currently, these groups along with a contingent from the AFAC Board and the Alberta Veterinary Medical Association meet semi-annually to strengthen the collaboration between the groups and have an opportunity to share experiences and learn from one another. We also try to provide training at these meetings that may help those who are on the frontline responding to animal care calls.

Building Trust with the Consumer

The general public is increasingly interested in animal care and special interest groups often use misleading information to influence consumers and their food choices. Open and well-placed communication by the industry is very important. This year, AFAC participated in a number of public events where we connected with city and rural people to show that Alberta's livestock and poultry producers are committed to promoting responsible animal care. One such event was the Cattle Trail at the Calgary Stampede where we mainly discussed transportation and CLT and also had the opportunity to talk about AFAC and industry initiatives in general.

Looking forward to 2012:

- AFAC's Livestock Care Conference - March 21 & 22, Holiday Inn 67th Street in Red Deer. Agenda and registration at: www.afac.ab.ca/lcc.
- Nominate a producer or organization that deserves recognition through AFAC's Awards of Distinction for their contribution to advancing responsible animal care. More info can be accessed through the Livestock Care Conference website (above).

Lorna Baird
Executive Director
Alberta Farm Animal Care



Processors' Update

There are three federally inspected processors operating in Alberta. As a major stakeholder in the value chain, the Alberta Chicken Producers invited each processor to submit an update for the Annual Report. Reports are respectfully submitted by each processor.

Sofina-Lilydale

2011 will be viewed as a year when high feed costs, escalating live prices and slow consumer consumption growth challenged the Canadian poultry industry much as it did in 2007/08. A continued evolution in consumer demand driven by demographics, relative protein costs, taste and convenience will again drive the market in 2012. We believe that chicken will remain the protein of choice and are optimistic about prospects for the future.

During the year, we have spent a significant amount of effort and capital in our plants focusing on efficient production practices, and optimizing the yield of salable products from every kilogram of chicken that we receive from our growers. Demand growth in dark meat and related products as well as deli birds was strong. We also see incremental opportunities in the food service market in the coming year, particularly for fresh products.

In working collaboratively with the ACP Board and Staff, and with growers, we believe that the focus on optimizing bird quality in our province is having a positive impact with future benefits to all stakeholders in the system. We appreciate the leadership of Alberta Chicken Producers over the past several years to move this initiative forward.

We would like to acknowledge and thank our growers for their continued support in 2011 and look forward to working with them in 2012.

Sunrise Farms

2012 – Support for Differential Growth and the Supply Management System.

Sunrise Farms sees the opportunity for the Alberta chicken industry and company for 2012; but are hampered to a degree by the overall supply of chicken for the Alberta market. We strongly support the ACP Board and growers in their desire to achieve differential growth, given Alberta's increasing population and economic weight within Canada.

We are also strong proponents of the Supply Management system in Canada, and will look at ways at working with our local growers, provincial Boards and national organizations to ensure that this system remains a cornerstone of Canadian agriculture and the national economy.

In many ways, Sunrise Farm's investment in western Canada would be dramatically reduced and altered if it were not for Supply Management, and millions of dollars in annual investment, payroll and economic development would be lost to foreign markets.

On a positive note, we are expanding our Lethbridge Hatchery by adding additional space, incubators, hatchers, wash equipment, etc. This significant investment will better allow Sunrise to tailor bird age and sizes to meet market demand.

Our Lethbridge processing plant continues to grow and add products on an annual basis. We will be adding a new Individual Quick Freeze (IQF) line to the plant, providing additional options for our retailers.



Processors' Update

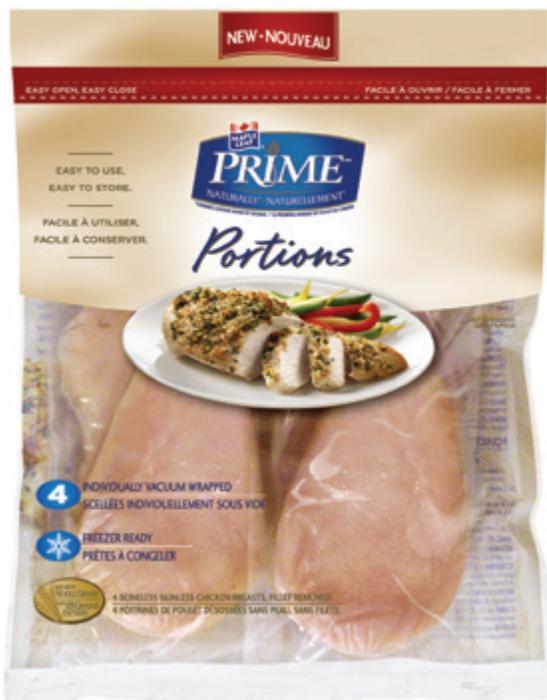
Sunrise Farms (cont'd)

As a company, we continue to bring innovative, value-added poultry products to the market place through our plants and Sunwest Food Processors.

Much of our success and optimistic view is a direct result of our continued positive relationship with our growers, who provide our plant with excellent chicken. We thank our growers for a good year in 2011 and look forward to working together in 2012. Sunrise Farms will again be providing our producers approx. 3 - 4 million kilos of New Market Development (Export) for this processing year.

We would like to thank our Grower Committee for their excellent work: Chairman Scott Van't Land, Evert Vandenberg, Allan van Zeggelaar, Rob van Diemen and Marty Vredegoor – who all provide Sunrise with excellent feedback and ideas at each meeting.

We also thank the Alberta Chicken Producers Board and Staff for a good year and wish all growers success and prosperity for 2012.



Maple Leaf

Maple Leaf continues to drive growth in fresh, processed and foodservice sectors.

In Retail 2011 was another stellar year for innovation for the ML *PRIME*® brand. Maple Leaf continues to drive growth in the premium segments of the fresh and further processed retail chicken categories, introducing new items in retail chicken sales such as:

- A portion controlled, individually wrapped fresh chicken breast offering, in a re-sealable bag, under the name ML *Prime*® Naturally Portions, that allows for ease of use and storage.
- A refreshed Maple Leaf *PRIME*® ready-to-cook marinades line-up.
- An update of two new products to the Maple Leaf *Prime*® premium frozen boxed meats category.

2012 promises to be another exciting year for the *PRIME* brand, as Maple Leaf continues to plan additional major expansions within the fresh and further processed chicken and other new categories. As well, a new focus will be

brought to the Schneiders brand in further processed chicken, to drive further growth and expansion of this brand. Maple Leaf will be focusing on trends that include the absence of negatives, and the demographic shifts occurring in Canada, along the lines of 1-2 households, ethnicity and aging boomers.

Maple Leaf Foodservice had a record year for volume in poultry, driven by branded growth, new product launches, and promotions by key national chain customers. In 2011, Maple Leaf launched 7 new branded products, including Grilled and Ready Premium Thick Carved Strips, Prime Stuffed Breasts, Maple Leaf Fully Cooked Chicken Dippers and others. Maple Leaf Foodservice is expanding beyond mainstream markets – as well as being the market leader in healthcare, in 2011 we launched our complete lineup of school feeding products. Our team of product developers has the unmatched expertise and capacity to develop products that meet this important segment and will allow Maple Leaf to be the brand of choice for years to come.

Promotion

Biosecurity Booth

In 2011, Alberta Chicken Producers launched their new biosecurity barn display at Aggie Days in Lethbridge. The new barn display focuses on the principles of the On-Farm Food Safety Assurance Program, the Animal Care Program, and the National Avian On-Farm Biosecurity Standards. The entrance is a service room where the public learn about what chicken farmers do before they enter the main area of their barns. The service room includes an electronic thermostat for temperature and humidity control and a mock producer dressed in bio-security clothing to demonstrate on farm practices conducted before entering the barn.

Once visitors enter the barn, they see a backdrop photo depicting space where chickens roam freely. The interior of the barn includes lighting, feeders, and nipple drinkers, step-over blocks, and flooring samples of straw, shredded paper and wood chips.



Biosecurity barn



Biosecurity booth interactive touch-screen

An interactive touch-screen with multiple choice questions educates the public about chicken production practices. In addition, a series of eight Q & A Boards test the visitor's knowledge of the chicken production cycle. Alberta Chicken Producers extends many thanks to Growing Forward for the Biosecurity Grant that enabled us to develop this state-of-the-art booth. It has proven to be an effective means of demonstrating to the public the on-farm bio-security, food safety, and animal care practices of our producers.

Events & Trade Shows

This year, Alberta Chicken Producers participated in Aggie Days in Lethbridge and Calgary, the Calgary Stampede, Edmonton Farm Fair, and the Stony Plain City Slickers.

These events continue to provide us with the opportunity to showcase Alberta Chicken Producers and educate the public about rural life and chicken production. At these events, children were provided with resource materials and activity books, along with promotional materials such as tattoos, Wikki Stix, pencils and chicken erasers. Alberta Chicken Producers will also pursue opportunities in the future that focus on the nutrition and health benefits of chicken.



Biosecurity booth interactive Q & A boards



Biosecurity barn interior

Promotion

Producer Volunteer Recognition Program

The Producer Volunteer Recognition Program continues to be very successful and beneficial for producers who volunteer at trade shows. The program provides: (1) encouragement; and (2) a reward system for the many producers who volunteer their time to speak to the visitors about the animal friendly farming practices in Alberta.

The first draw under this program took place at the 2011 AGM. Congratulations are extended to Henk Schuur, who won first place and enjoyed a two-night stay for two at a resort in Banff; to Nieske Schuur, who won a dinner for two as second prize; and Rudy Froese, who won an Alberta Chicken Producers corporate jacket.

We expect continued success of this program in 2012 and the years ahead.



Volunteer Willy Van Diemen holds a baby chick for the young ones.

Advertisements

In 2011, Alberta Chicken Producers focused its advertising efforts on promoting the healthy attributes of chicken:

Alberta Chicken Producers

Fuel up on Chicken
for maximum performance!

Chicken, a good healthy protein choice.

Alberta Chicken Producers
2518 Ellwood Drive SW
Edmonton, AB T6X0A9
780.488.2125
780.488.3570

abcp@chicken.ab.ca
www.chicken.ab.ca

Thank You to Our Volunteers

As we can appreciate that all producers are very busy we would like to take this opportunity to thank all our producer volunteers who so graciously commit to volunteering their time at Agricultural events throughout the province. Your commitment and contribution to help enables Alberta Chicken Producers to successfully connect Alberta's consumers with our industry.

We would especially like to acknowledge Martin Van Diemen, who dedicates his time to scheduling producers for these events; and Arnold Teunissen, our 'Special Events' Agricultural Coordinator in the South, who sets up our display and ensures the materials and promotional items are in place. Thank you also to Jacob Middelkamp, who ensures the Alberta Chicken Producers' display is set up in the North. This team effort ensures we are well represented at the trade shows and well prepared to promote our industry.

Education



Classroom Agriculture Program

The Classroom Agriculture Program (CAP) is a free, one hour, hands-on presentation to Grade 4 students to share the positive messages about agriculture. Volunteers visit Grade Four classrooms across Alberta to teach the students about where their food comes from and the importance of agriculture in their daily lives.

Each volunteer is supplied with educational material that is compatible with the Grade Four curriculum. Volunteers share their real-life stories, provide hands-on props and engage in interactive fun agriculture activities. Volunteers are provided the liberty to tailor their presentations based on their knowledge of agriculture. Students receive a CAP Activity Booklet and teachers receive a resource kit to assist the teacher in continuing education about agriculture following this initial presentation.

CAP is a great opportunity for rural and urban elementary students to learn about the tradition and future of agriculture. Both the Minister of Agriculture and Rural Development and the Minister of Education have endorsed the Classroom Agriculture Program.

Summary of Presentations Conducted in 2010/2011

Number of Classes	Number of Students	Number of Schools	Number of Volunteers
641	13,967	378	210

The 2010/2011 school year marked the 25th Anniversary of the CAP program. In 2011, CAP launched a bylaw review and revision, implemented a new Volunteer Recognition Program, and launched a new website (www.classroomagriculture.com). Future initiatives to be considered by the Steering Committee include an update to the classroom DVD, enhanced volunteer recognition efforts, and partnerships with other post-secondary institutions for volunteer recruitment and expanding volunteer recruitment efforts.

We are thankful to the Program members who continue to provide funding, which acknowledges the long-term benefits this Program brings to our youth. A special thank you is also relayed to our Classroom Agriculture Program Zone Coordinators and Volunteers for making time in your busy schedules to reach out to our youth to provide them with a better understanding of local food production.



Research

Agriculture Funding Consortium

Along with the eleven associate members, there are three major, Development Fund (ACIDF), and the Alberta Chicken Producers is one of eleven associate members of the Agriculture Funding Consortium. The associate members represent various commodity groups in Alberta. Along with the eleven associate members, there are three major funding consortium members: Alberta Innovates – Bio Solutions (AI-Bio), Alberta Crop Industry Development Fund (ACIDF) and the Alberta Livestock and Meat Agency (ALMA).

As an associate member, Alberta Chicken Producers Research Committee provides a voice for the chicken industry's research priorities and helps guide the focus for the future research and development in Alberta.

The Funding Consortium also provides many efficiencies and joint funding opportunities otherwise not possible by the Alberta Chicken Producers as a single identity.

The Agriculture Funding Consortium received 162 research and development proposals (Letters of Intent) for the 2011/2012 funding year. At the fall Consortium Meeting, 68 Letters of Intent were identified by the consortium for full proposals. This represents over 16.5 million dollars in funding commitment by the consortium. Prior to the fall Consortium Meeting the Alberta Chicken Producers Research Committee met on the 12 proposals that pertained to the chicken industry and selected 6 Letters of Intent for full proposals, which were supported at the fall consortium meeting and were part of the 68 total proposals selected for full proposals.

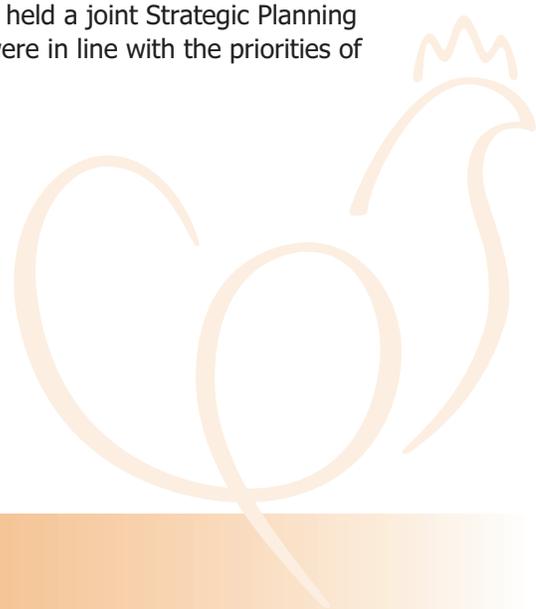
Full proposals must meet technical standards and criteria guidelines to be awarded funding; and, this review process takes place January through February 2012. The Agriculture Funding Consortium will meet to announce the supported projects to the successful applicants on February 24, 2012.

The top five 2011/12 research supported by the Alberta Chicken Producers Research Committee are:

- 1. Effect of barn sanitation on innate immunity, performance, microbiological and processing traits of commercial broilers.**
- 2. Improving foot pad quality in commercial broilers.**
- 3. Effect of incubator temperature profiles and parent flock age in two broiler strains on embryonic overheating during incubation.**
- 4. The influence of loading density on broiler physiology and welfare during cold weather transport.**
- 5. Subunit vaccines directed against *Salmonella Enteritidis* in poultry.**

In addition to the Funding Consortium, Alberta Chicken Producers supports the Poultry Research Center (PRC), which conducts on-going research that benefits egg and poultry producers and processors in Alberta. As a funding partner of the PRC, our 2011 commitment was \$80,419.

The Research Committee also provides feedback to the PRC on our Research Priorities and provides input and feedback into the PRC's strategic plan. This year, ACP and the PRC's researchers held a joint Strategic Planning Session and a Letter of Intent Preview Session to ensure the research projects were in line with the priorities of the Research Committee.



Research

Agriculture Funding Consortium (Con't)

Research Committee Members:

- Jacob Middelkamp, Chair, ACP
- Ite Veurink, Director, ACP
- Sunny Mak, Vice President, Live Operations Division, Lilydale Inc.
- Dr. Tom Inglis, Poultry Veterinarian, Poultry Health Services Ltd.
- Dr. Valerie Carney, Poultry Production Specialist, Alberta Agriculture and Rural Development
- Trevor Prout, ACP Staff Coordinator

Research and development of innovative technologies and techniques are essential to the competitiveness and sustainability of our industry. The money we invest in research and development benefits all stakeholders and moves our industry forward.

The Board thanks all researchers, industry partners, and committee members for their on-going commitment to research and development. The Board would also like to extend a sincere thank you to Dr. Tom Inglis for his years of service to the Research Committee. His input and insight into the poultry research area was a valuable contribution to the committee. To replace Dr. Inglis, we would like to extend a warm welcome to Dr. Jenny Fricke to the Research Committee.

Poultry Research Centre

With the support of ACP and other industry members, the Poultry Research Centre continues to fulfill our joint vision of advancing the development of value-added poultry products and production practices. As the Poultry Research Centre's 25th year comes to a close, we would like to thank ACP for its partnership over the year and as we move forward into the future. In 2011, the PRC team headed many research projects which promise to highlight the chicken industry; among them:

1. Evaluating the effectiveness of the inactivation of *Campylobacter jejuni*I by high hydrostatic pressure treatments. The study shows that strains of *C. jejuni* are susceptible to deactivation by pressure treatments, leading to safer products for consumers.
2. Adhesive production from wastes and by-products. A study done on spent laying hens, suggests the viability of using waste animal proteins in a way which reduces nutrient and biohazard emissions while yielding residual value to the industry. These new adhesives have great potential as they have demonstrated comparable or better performance relative to industrial adhesives.
3. The economic viability of raising broilers without antibiotics. Six tests were run, in the presence and absence of antibiotics - specifically Bacitracin Methylene Disalicylate (BMD) which prevents and controls necrotic enteritis caused by *Clostridium perfringens*- HyD (25-hydroxyvitamin D3) –a more active form of vitamin D- supplementation, and two different prestarter nutrient densities. High density pre-starter had the greatest effect on performance.
4. Relating diet to bone growth and discoloration. 25-hydroxyvitamin D3 was fed to developing birds, it was found that feeding the more bio-available form of vitamin D improved overall bone strength while causing no change in meat or bone discoloration.
5. Studying bone growth and development through the use of embryonic and post hatch bone staining. It was found that hen age plays a large role in the calcification of the long bones of her chicks, and that further; the bone thickness may be increased by the supplementation of more bioavailable minerals.

Valerie Carney, PhD.
Poultry Specialist

Market Report

Alberta's Total Chicken Production in 2011 is estimated to be 125.27 million live kgs; a decrease of 49,048 live kgs (0.04%) over 2010.

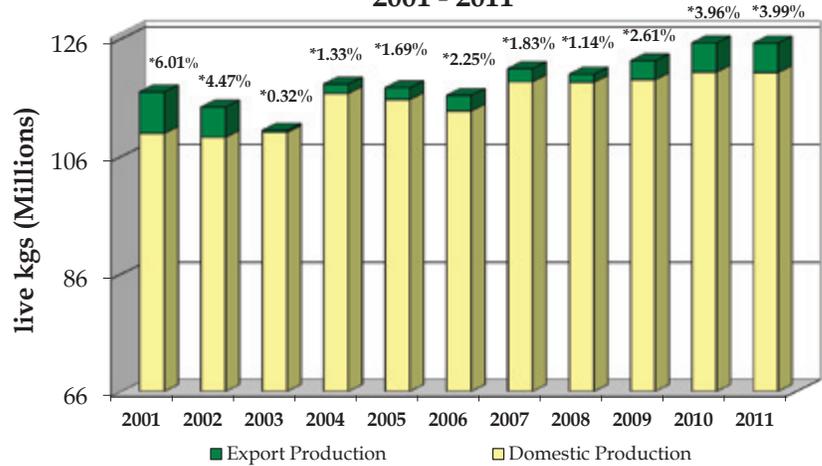
Alberta's 3 year production average (2009-2011) is 124.28 million live kgs.

2011 is 0.79% or 985,964 live kgs above the 3 year average.

Canada's Total Chicken Production in 2011 is estimated to finish at 1.389 billion live kgs; an increase of 0.75% over 2010.

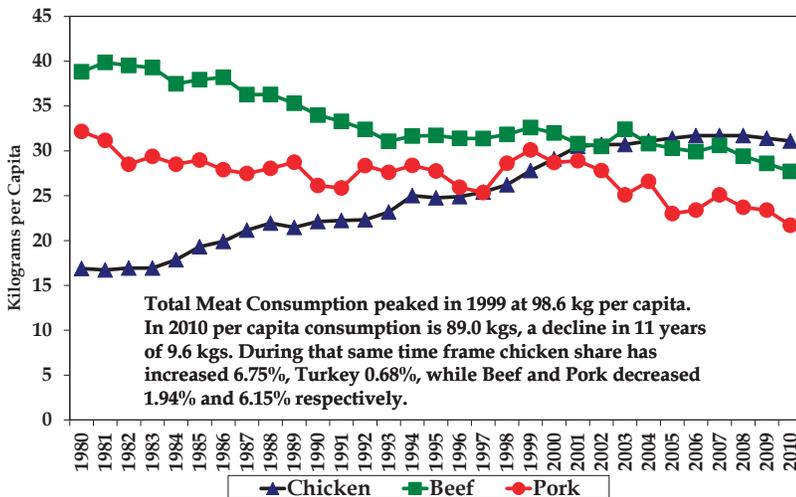
Canada's 3 year production average (2009-2011) is 1.383 billion live kgs; 2011 is 0.46% or 6.4 million live kgs above the 3 year average.

ALBERTA'S ANNUAL PRODUCTION 2001 - 2011



* Export as a % of Total Production

Meat Consumption (per Capita)



Alberta's Domestic Production in 2011 is estimated to be 120.27 million live kgs; a decrease of 89,049 live kgs or 0.07% over 2010.

(Canada's 2011 domestic production estimates are 1.321 billion live kgs; an increase of 15.05 million live kgs or 1.15% over 2010.)

Alberta's Market Development in 2011 is slightly over 5.0 million live kgs; an increase of 40,000 live kgs or 0.81% over 2010.

Alberta's Market Development represents 3.99% of Alberta's total production in 2011 versus 3.96% in 2010.

Comparatively, Canada's Market Development represents 4.85% of Canada's total production in 2011 versus 5.23% in 2011.

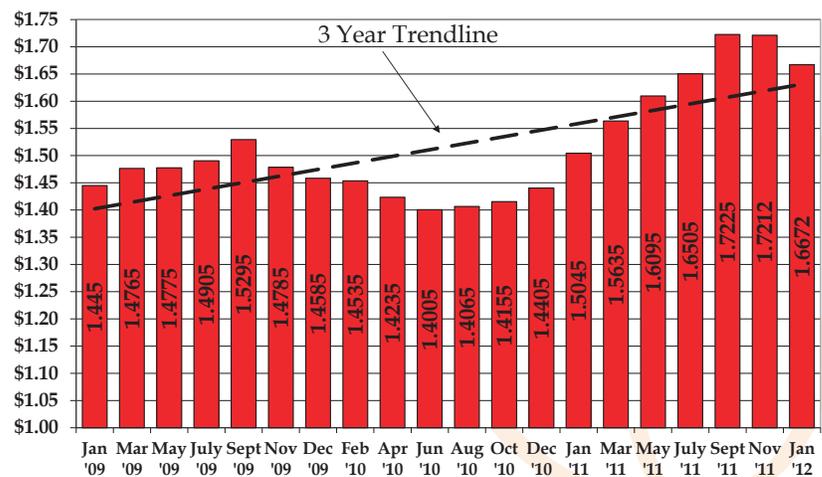
Alberta's Market Development remains relatively unchanged from last year while Canada's Market Development continues to decline.

2010 Per Capita Consumption in Canada for chicken is 31.1 kgs. This is down from the 31.4 kgs in 2009. Chicken enjoys the highest per capita consumption of all the meats. Following close behind is Beef at 27.7 kgs for 2010, which is down from 28.6 kgs in 2009.

When looking at per capita consumption as a share (% ratio) of total meats consumed, chicken has increased slightly to 34.9% share in 2010 from 34.2 % share in 2009. This share increase of 0.7% for chicken has mainly been gained from pork, which had a 1.14% year-over-year share decrease. Beef also showed a slight share decrease of 0.07% in 2010.

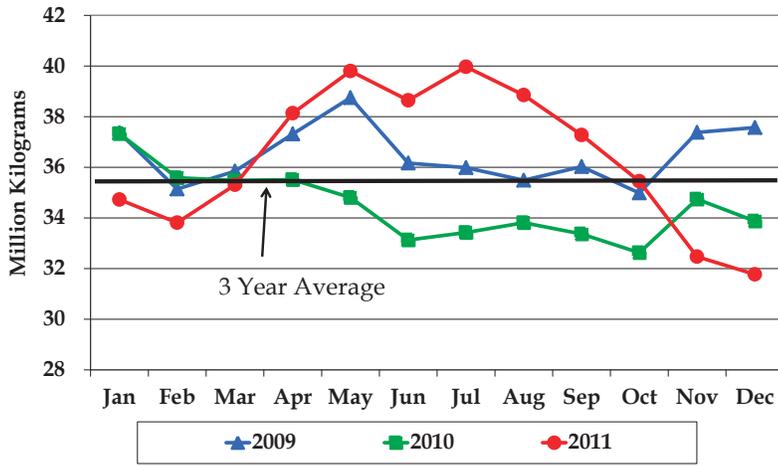
Total meat consumption in 2010, excluding fish, has dropped 2.7 kgs in one year (89.0 kgs in 2010 versus 91.7 kgs in 2009). This year-over-year decline has been a trend since meat consumption peaked in 1999.

ALBERTA LIVE PRICE



Market Report

CANADIAN STORAGE STOCKS



Alberta's Average Live Price for 2011 was \$1.6341/kg, an increase of \$0.2108/kg from the 2010 average. Alberta was on par with the Canadian average increases in 2011.

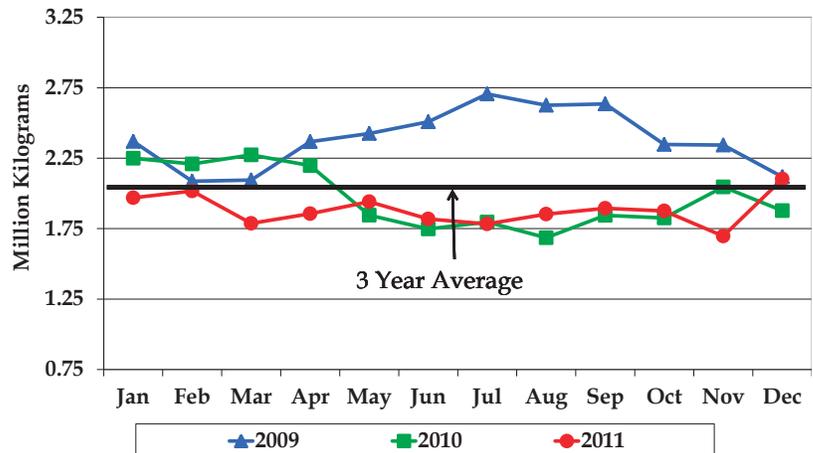
In 2011, Alberta's live price peaked in Period A-106 (Sept, 2011) - at \$1.7225/kg, and the low for the year was in Period A-102 (Jan, 2011) - at \$1.5045/kg. The difference between the high and low in 2011 was \$0.218/kg.

Alberta maintains a 3.35 cent price differential over the Ontario live price to reflect catching costs. Ontario's pricing formula looks at cost increases in chick and feed each A period and operational costs annually.

Canadian Storage Stocks in 2011 averaged 36.35 million kgs; an increase of 1.88 million kgs or 5.44% higher than 2010. The peak month was July and the lowest inventory level was seen in December. Conservative allocations set in the last two quarters of 2011 helped reduce July's peak inventory level to the lowest ending inventory balance since 2006.

Canadian Storage Stock levels as of Dec 1, 2011 were 31,722,920, close to 13% below the 2011 average.

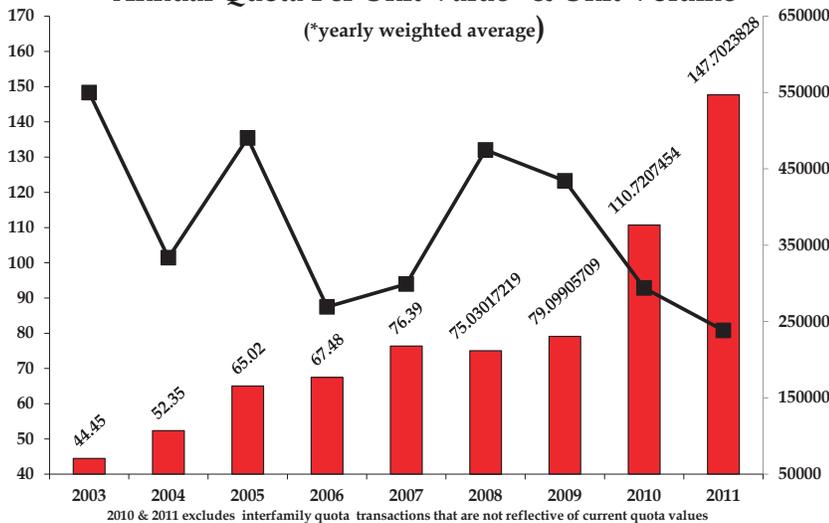
ALBERTA STORAGE STOCKS



Alberta Storage Stocks in 2011 averaged 1.88 million kgs; a decrease of 84,000 kgs or 4.26% lower than 2010. The peak month was December and the lowest inventory level was seen in July. Alberta Storage Stock in 2011 was the lowest yearly average since 1997.

Annual Quota Per Unit Value* & Unit Volume

(*yearly weighted average)



Market Report

Alberta's Utilization or Production Performance against allocation is compared with Western Canada and all of Canada in this Table.

Alberta's Utilization of allocation declined by 1% in 2011 when compared against 2010. In 2011, Alberta's underperformance was driven by underproduction in A-102 (Jan-Feb), A-105, A-106 and A-107 (June-Nov). Typically, January and February are not known for underproduction, but unseasonably heavy snowfall created roof collapses on barns and production losses during this time.

Over the last 2 years, Western Canada has paced slightly ahead of Canada with 100.5% utilization.

Alberta's 2 year utilization average was 99.9% versus Canada at 100.3%. To keep pace with Canada's utilization of 100.3%, Alberta's would have had to produce an additional 837,595 kgs over those 2 years.

Year		\$/Quota Unit	Volume of Sales	Number of Sales
2006	QTR 1	\$ 67.00	97,531	14
2006	QTR 2	\$ 67.17	105,596	12
2006	QTR 3	\$ 70.39	44,200	8
2006	QTR 4	\$ 64.76	21,800	5
2007	QTR 1	\$ 72.45	81,680	5
2007	QTR 2	\$ 75.10	67,400	11
2007	QTR 3	\$ 80.16	18,900	6
2007	QTR 4	\$ 78.48	131,080	10
2008	QTR 1	\$ 75.73	85,819	5
2008	QTR 2	\$ 75.40	110,950	8
2008	QTR 3	\$ 74.85	109,808	16
2008	QTR 4	\$ 74.54	168,125	20
2009	QTR 1	\$ 75.27	88,450	11
2009	QTR 2	\$ 76.53	174,686	14
2009	QTR 3	\$ 77.76	63,040	13
2009	QTR 4	\$ 87.15	108,119	13
2010	QTR 1	\$ 105.95	102,799	14
2010	QTR 2*	\$ 109.05	58,775	7
2010	QTR 3	\$ 110.91	47,034	4
2010	QTR 4	\$ 117.52	85,212	18
2011	QTR 1	\$ 128.39	49,577	8
2011	QTR 2*	\$ 133.95	25,967	10
2011	QTR 3	\$ 148.65	88,768	10
2011	QTR 4	\$ 164.33	74,021	8

UTILIZATION ANALYSIS

Period	Dates		Utilization			AB Compared to Canada	AB Compared to Western Canada
			Alberta	Western Canada	Canada		
A95	12/06/09	01/30/10	102.0%	102.0%	101.4%	0.6%	0.0%
A96	01/31/10	03/27/10	101.2%	101.8%	100.8%	0.4%	-0.6%
A97	03/28/10	05/22/10	99.1%	100.4%	100.3%	-1.2%	-1.3%
A98	05/23/10	07/17/10	98.4%	100.2%	98.8%	-0.4%	-1.8%
A99	07/18/10	09/11/10	99.4%	99.8%	98.4%	1.0%	-0.4%
A100	09/12/10	11/06/10	101.0%	101.8%	101.4%	-0.4%	-0.8%
A101	11/07/10	01/01/11	102.6%	101.1%	101.1%	1.5%	1.5%
A102	01/02/11	02/26/11	98.4%	100.7%	100.4%	-2.0%	-2.3%
A103	02/27/11	04/23/11	100.0%	99.4%	100.4%	-0.4%	0.6%
A104	04/24/11	06/18/11	100.1%	100.1%	100.3%	-0.2%	0.0%
A105	06/19/11	08/13/11	97.0%	98.0%	98.2%	-1.2%	-1.0%
A106	08/14/11	10/08/11	99.7%	100.3%	100.2%	-0.5%	-0.6%
A107	10/09/11	12/03/11	99.9%	100.8%	101.6%	-1.7%	-0.9%
2 YEAR AVERAGE			99.9%	100.5%	100.3%	-0.4%	-0.6%

*Q2, 2010 excludes 3 interfamily quota transactions all at below market value prices to better reflect true market conditions.

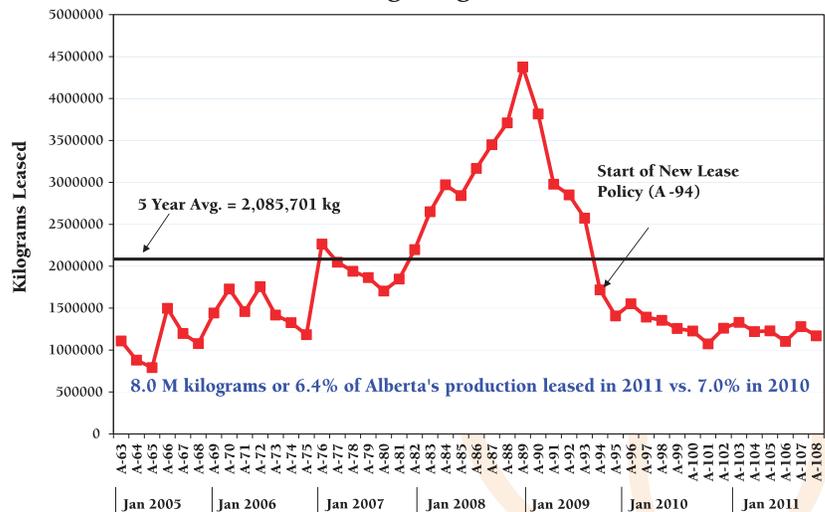
*Q2, 2011 excludes 1 interfamily quota transactions all at below market value prices to better reflect true market conditions.

A total of just over 8.0 million kgs or 6.4% of Alberta's total production was leased in 2011. This represents a decline of 564,953 kgs or 6.6% over 2010.

A total of 713 period leases were approved by the Board of Directors in 2011; a decrease of 61 period leases or 7.9% over 2010.

The volume of open leases was up in 2011. Open lease total for 2011 was 424,182 units; an increase of 33.35% over 2010.

Volume of Marketing Kilograms Leased Each Period



Financial Statements

Financial Statements of

ALBERTA CHICKEN PRODUCERS

Year ended November 30, 2011





KPMG LLP
Chartered Accountants
Commerce Place
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Edmonton, Alberta T5J 3V8
Canada

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Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Members of Alberta Chicken Producers

We have audited the accompanying financial statements of the Alberta Chicken Producers (the "Board"), which comprise the statement of financial position as at November 30, 2011, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as as at November 30, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

January 18, 2012
Edmonton, Canada

ALBERTA CHICKEN PRODUCERS

Financial Statements

Year ended November 30, 2011

Financial Statements

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Statement of Operations	2
Statement of Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5

ALBERTA CHICKEN PRODUCERS

Statement of Financial Position

November 30, 2011, with comparative figures for 2011

	2011	2010
Assets		
Current assets:		
Cash	\$ 153,223	\$ 138,621
Accounts receivable	121,968	97,346
Contributions receivable (note 7)	42,000	14,936
Prepaid expenses	3,600	3,500
Current portion of mortgage receivable (note 3)	6,183	5,943
	<u>326,974</u>	<u>260,346</u>
Investments (note 2)	1,882,480	1,786,915
Mortgage receivable (note 3)	96,239	102,422
Capital assets (note 4)	1,217,226	1,208,310
	<u>\$ 3,522,919</u>	<u>\$ 3,357,993</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 115,951	\$ 104,402
Deferred contributions (note 5)	21,455	100,000
Current portion of capital lease obligation (note 6)	4,015	-
	<u>141,421</u>	<u>204,402</u>
Capital lease obligation (note 6)	9,781	-
Net assets:		
Invested in capital assets	1,217,226	1,208,310
Unrestricted	2,154,491	1,945,281
	<u>3,371,717</u>	<u>3,153,591</u>
Liquidated damages resolution (note 10)		
	<u>\$ 3,522,919</u>	<u>\$ 3,357,993</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

ALBERTA CHICKEN PRODUCERS

Statement of Operations

Year ended November 30, 2011, with comparative figures for 2011

	Budget 2011 (Unaudited)	2011	2010
Revenues:			
Levy charged	\$ 1,995,690	\$ 2,033,052	\$ 2,016,479
CFC portion (note 10)	(548,815)	(559,078)	(554,472)
Net service charge	1,446,875	1,473,974	1,462,007
Monetary penalties	100,000	314,062	204,390
Grower program and other amounts	66,925	121,582	148,627
Animal care program contribution (note 7)	80,000	107,064	94,936
Biosecurity growing forward program contribution (note 8)	-	100,000	-
Livestock welfare growing forward program contribution (note 9)	-	103,695	-
Investment income (note 11)	75,000	47,326	92,010
On-Farm Food Safety charges	86,225	107,627	67,856
Diagnostic services	31,800	51,486	32,273
6000 Exemption	10,500	21,750	14,000
Quota reallocation fee	-	9,492	9,900
Producer license	-	-	350
Total revenues	1,897,325	2,458,058	2,126,349
Expenses:			
Employee wages and benefits (note 12)	469,000	442,088	417,518
Bad debts (recoveries)	-	224,350	(923)
Diagnostic services	196,824	208,966	191,656
Travel	237,755	205,086	202,191
Office and general	48,000	185,236	41,302
Board member benefits and per diems (note 12)	162,810	157,901	154,623
Advertising and promotion	100,000	118,508	109,009
On-Farm Food Safety inspection fees	124,140	113,237	66,445
Computer support	108,150	106,595	110,355
Research grants	125,000	97,419	86,589
Amortization of capital assets	78,500	89,665	76,352
Professional fees	55,000	64,002	89,700
Contract labour	40,000	47,784	43,356
Telephone and utilities	30,000	35,961	26,584
Dues and registrations	24,000	25,247	22,195
Courier	15,000	16,929	15,605
Printing	21,000	16,829	14,640
Business taxes	21,920	16,044	15,708
Equipment rental	25,000	14,810	21,179
Repairs and maintenance	15,000	13,748	13,740
Office lease	15,000	13,306	12,260
Donations	50,000	11,150	26,610
Web page and internet	9,000	8,352	12,702
Insurance	6,000	5,021	5,251
Interest and bank charges	1,400	1,552	683
Interest on capital lease obligation (note 6)	-	146	-
CFC excess marketing penalty (note 10)	-	-	60,507
Interest on term loan	-	-	3,777
	1,978,499	2,239,932	1,839,614
Excess (deficiency) of revenues over expenses	\$ (81,174)	\$ 218,126	\$ 286,735

See accompanying notes to financial statements.

ALBERTA CHICKEN PRODUCERS

Statement of Changes in Net Assets

Year ended November 30, 2011, with comparative figures for 2011

	Invested in capital assets	Unrestricted	2011	2010
Balance, beginning of year	\$ 1,208,310	\$ 1,945,281	\$ 3,153,591	\$ 2,866,856
Excess (deficiency) of revenues over expenses	(89,665)	307,791	218,126	286,735
Investment in capital assets	98,581	(98,581)	-	-
Balance, end of year	\$ 1,217,226	\$ 2,154,491	\$ 3,371,717	\$ 3,153,591

See accompanying notes to financial statements.

ALBERTA CHICKEN PRODUCERS

Statement of Cash Flows

Year ended November 30, 2011, with comparative figures for 2010

	2011	2010
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 218,126	\$ 286,735
Items not involving cash:		
Amortization of capital assets	89,665	76,352
Realized loss on sale of investments	48,951	-
Unrealized change in fair value of investments	(17,286)	(2,248)
<u>Change in non-cash operating working capital</u>	<u>(118,782)</u>	<u>60,047</u>
	220,674	420,886
Financing:		
Principal repayments on term loan	-	(500,000)
Investments:		
Purchase of investments	(178,858)	(89,929)
Proceeds from sale of investments	51,628	244,808
Principal repayment on mortgage receivable	5,943	5,712
Principal repayment on capital lease obligation	(1,030)	-
Purchase of capital assets	(83,755)	(12,094)
<u>Distribution of net assets of On-Farm Food Safety Program</u>	<u>-</u>	<u>16,380</u>
	(206,072)	164,877
Increase in cash	14,602	85,763
Cash, beginning of year	138,621	52,858
<u>Cash, end of year</u>	<u>\$ 153,223</u>	<u>\$ 138,621</u>
Supplemental cash flow information:		
Interest paid on term loan	\$ -	\$ 3,777
Other interest and bank charges paid	1,552	683
Interest paid on capital lease obligation	146	-

See accompanying notes to financial statements.

ALBERTA CHICKEN PRODUCERS

Notes to Financial Statements

Year ended November 30, 2011

Alberta Chicken Producers (the "Board") was incorporated under the Marketing of Agricultural Products Act to control the production and marketing of chicken in the Province of Alberta. The Board is a not-for-profit organization and is exempt from income taxes. The Board charges a service charge, quota allocation fees and monetary penalties, as authorized under regulation, to fund its activities and to assist in enforcing regulations.

1. Significant accounting policies:

(a) Revenue recognition:

The Board follows the deferral method of accounting for contributions. Restricted contributions are recognized in revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Service charges, monetary penalties and other fees are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income includes interest, dividends and realized and unrealized investment gains and losses. Unrealized gains and losses on held-for-trading financial assets are included in investment income and recognized as revenue in the statement of operations, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.

(b) Financial instruments and risk management:

Cash and investments are classified as held-for-trading and are measured at fair value. The Board records its investments on a settlement date basis and transaction costs associated with investment activities are expensed as incurred. Accounts receivable, contributions receivable and mortgage receivable is classified as loans and receivables and, after initial fair value measurement, are measured at amortized cost using the effective interest method. Accounts payable and accrued liabilities, and capital lease obligation are classified as other financial liabilities and, after initial fair value measurement, are measured at amortized cost using the effective interest method.

ALBERTA CHICKEN PRODUCERS

Notes to Financial Statements (continued)

Year ended November 30, 2011

1. Significant accounting policies (continued):

(b) Financial instruments and risk management (continued):

The Board does not have any derivatives that need to be recorded at fair value in its financial statements nor any embedded derivatives in its contractual arrangements that must be separated from the host contract and accounted for separately.

The Board has a risk management framework to monitor, evaluate and manage the principal risk assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk, liquidity risk and price risk. Price risk arises from changes in interest rates and market prices. It is management's opinion that the Board is not exposed to significant currency or credit risk arising from its financial instruments. The fair values of investments bearing interest at fixed rates are subject to interest rate price risk. The Board does not use derivative financial instruments to alter the effects of interest rate changes.

(c) Capital management:

The Board's objectives when managing capital are to safeguard the Board's ability to continue as a going concern, so that it can continue to provide service to its members.

The Board sets the sufficiency of capital required to meet service needs to the members. In order to maintain or adjust the capital structure, management looks forward to future needs and will recommend increased dues to secure any additional capital requirements.

(d) Capital assets:

Capital assets are carried at cost. Amortization is recorded using the following methods and annual rates:

Asset	Basis	Rate
Condominium unit	Declining balance	5%
Furniture and equipment	Declining balance	20%
Computer hardware	Declining balance	30%
Computer software	Declining balance	30%

ALBERTA CHICKEN PRODUCERS

Notes to Financial Statements (continued)

Year ended November 30, 2011

1. Significant accounting policies (continued):

(e) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ materially from those estimates.

2. Investments:

	2011	2010
Cash	\$ 20,873	\$ 1,484
Guaranteed investment certificates with interest rates ranging from 2.38% to 4.85% (2010 - 2.75% to 5.1%) and maturity dates from February 27, 2012 to July 4, 2016 (2010 - January 26, 2011 to October 20, 2015)	1,796,407	1,689,861
Common shares - Canadian	65,200	95,570
	\$ 1,882,480	\$ 1,786,915

3. Mortgage receivable:

	2011	2010
4% mortgage receivable, with monthly repayments of \$845, including principal and interest, due December 1, 2014, secured by land and an office condominium	\$ 102,422	\$ 108,365
Less current portion of mortgage receivable	(6,183)	(5,943)
	\$ 96,239	\$ 102,422

ALBERTA CHICKEN PRODUCERS

Notes to Financial Statements (continued)

Year ended November 30, 2011

4. Capital assets:

			2011	2010
	Cost	Accumulated amortization	Net book value	Net book value
Condominium unit	\$ 1,263,524	\$ 161,205	\$ 1,102,319	\$ 1,160,336
Furniture and equipment	348,284	249,736	98,548	29,561
Computer hardware	135,267	121,916	13,351	16,668
Computer software	106,918	103,910	3,008	1,745
	\$ 1,853,993	\$ 636,767	\$ 1,217,226	\$ 1,208,310

During the year, a photocopier in the amount of \$14,826 was acquired by means of a capital lease.

5. Deferred contributions:

	2011			
	Beginning balance	Contributions	Revenue recognized	Ending balance
Animal care program	\$ -	\$ 107,064	\$ (107,064)	\$ -
Biosecurity growing forward program	100,000	-	(100,000)	-
Livestock welfare growing forward program	-	125,150	(103,695)	21,455
	\$ 100,000	\$ 232,214	\$ (310,759)	\$ 21,455

ALBERTA CHICKEN PRODUCERS

Notes to Financial Statements (continued)

Year ended November 30, 2011

6. Capital lease obligation:

During the year, the Board financed photocopier equipment by entering into a capital lease arrangement. Capital lease repayments are due as follows:

	2011
Year ending November 30:	
2012	\$ 4,500
2013	4,500
2014	4,500
2015	1,277
Net minimum lease payments	14,777
Less amount representing interest (at the bank's prime rate plus 1%)	981
Present value of net minimum capital lease payments	13,796
Current portion of capital lease obligation	4,015
	\$ 9,781

Interest of \$146 (2010 - \$nil) related to the capital lease obligation has been included in interest on capital lease obligation. The total amount of assets under Capital lease is \$14,826 (2010 - \$nil) with related accumulated amortization of \$2,965 (2010 - \$nil).

ALBERTA CHICKEN PRODUCERS

Notes to Financial Statements (continued)

Year ended November 30, 2011

7. Animal Care Program:

The Board has established an Animal Care Program (the "Program") to address consumers' concerns for animal welfare, improve the quality and competitiveness of Alberta's chicken projects, and to promote a positive image for Alberta's livestock industry. The Program has a total approved budget of \$864,500 to be funded with a conditional contribution of \$202,000 from the Alberta Livestock and Meat Agency and the remainder by the Board. The Program has an expected completion date of December 1, 2011.

For the year ended November 30, 2011, activities under the Program are as follows:

	2011	2010
Revenues:		
Alberta Livestock and Meat Agency	\$ 107,064	\$ 94,936
Alberta Chicken Producers	109,635	13,195
	<u>216,699</u>	<u>108,131</u>
Expenditures:		
Employee wages and benefits	105,011	28,400
Travel	24,333	23,211
Professional fees	6,077	13,114
Computer support	26,128	17,104
Office and general	15,761	1,765
Contract labour	32,526	16,895
Equipment rental	-	4,700
Printing	1,550	2,942
Advertising and promotion	5,313	-
	<u>216,699</u>	<u>108,131</u>
	<u>\$ -</u>	<u>\$ -</u>

At November 30, 2011, contributions receivable includes \$42,000 (2010 - \$14,936) from Alberta Livestock and Meat Agency related to the Program.

ALBERTA CHICKEN PRODUCERS

Notes to Financial Statements (continued)

Year ended November 30, 2011

8. Biosecurity Growing Forward Program:

The Minister of Alberta Agriculture and Rural Development (the "Minister") entered into a Growing Forward Agreement (the "Agreement") with the Board, and contributed \$100,000 to the Board under the Agreement. The purpose of the Agreement is to create awareness and train producers on the implementation of biosecurity best practices, consistent with the recently published National Avian On-Farm Biosecurity Standards. The Board did not have any program activity in the prior year. The Agreement expired on March 31, 2011.

For the year ended November 30, 2011, activities under the Program are as follows:

	2011
Revenues:	
Minister of Alberta Agriculture and Rural Development	\$ 100,000
Alberta Chicken Producers	5,622
	<u>105,622</u>
Expenditures:	
Employee wages and benefits	3,400
Travel	1,836
Contract labour	4,303
Advertising and promotion	14,423
Printing	5,075
Furniture and fixtures	76,585
	<u>105,622</u>
	<u>\$ -</u>

ALBERTA CHICKEN PRODUCERS

Notes to Financial Statements (continued)

Year ended November 30, 2011

9. Livestock Welfare Growing Forward Program:

The Minister of Alberta Agriculture and Rural Development (the "Minister") entered into a Growing Forward Agreement (the "Agreement") with the Board, with a maximum conditional contribution of \$135,050. In the current year, the Minister contributed \$125,150 to the Board under the Agreement. The purpose of the Agreement is to benchmark current levels of humidity and ammonia in commercial broiler barns. This information will be used to assist producers to implement the national standards for ammonia and humidity. The Agreement expires on March 31, 2013, at which time any unspent funds will become repayable to back to the Minister.

For the year ended November 30, 2011, activities under the Program are as follows:

	2011
Revenues:	
Minister of Alberta Agriculture and Rural Development	\$ 103,695
Alberta Chicken Producers	43,635
	<u>147,330</u>
Expenditures:	
Employee wages and benefits	3,795
Office and general	143,535
	<u>147,330</u>
	<u>\$ -</u>

10. Chicken Farmers of Canada:

Chicken Farmers of Canada ("CFC") and the Board have established levy and service fee arrangements to defray the administrative and marketing costs of the orderly marketing system for chicken in the Province of Alberta.

As a member of CFC, pursuant to the Liquidated Damages Resolution, the Board is required to post security in the amount of \$165,068 to secure the CFC's position should the marketing in Alberta exceed the allocation. At November 30, 2011, certain investments of the Board have been pledged as security. During the year the Board was charged a penalty of \$nil (2010 - \$60,507) for excess marketing in the Province of Alberta.

ALBERTA CHICKEN PRODUCERS

Notes to Financial Statements (continued)

Year ended November 30, 2011

11. Investment income:

	2011	2010
Interest and other income	\$ 74,602	\$ 87,387
Realized loss on sale of investments	(48,951)	-
Dividends	4,389	2,375
Unrealized change in fair value of investments	17,286	2,248
	\$ 47,326	\$ 92,010

12. Wages, benefits and per diems:

	Wages	Benefits	Per diems	2011 Total	2010 Total
Office staff	\$ 382,783	\$ 59,305	\$ -	\$ 442,088	\$ 417,518
Board of Directors:					
Rudy Froese	-	355	7,305	7,660	-
David Hyink	-	1,380	27,885	29,265	25,773
Jacob Middelkamp	-	1,519	31,410	32,929	30,901
Ite Verink	-	-	20,489	20,489	11,583
Scott Wiens	-	2,239	45,650	47,889	42,849
Erna Ference	-	226	4,705	4,931	16,154
Martin Van Diemen	-	533	10,755	11,288	23,838
Producer representatives	-	-	3,450	3,450	3,525
	-	6,252	151,649	157,901	154,623
	\$ 382,783	\$ 65,557	\$ 151,649	\$ 599,989	\$ 572,141



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