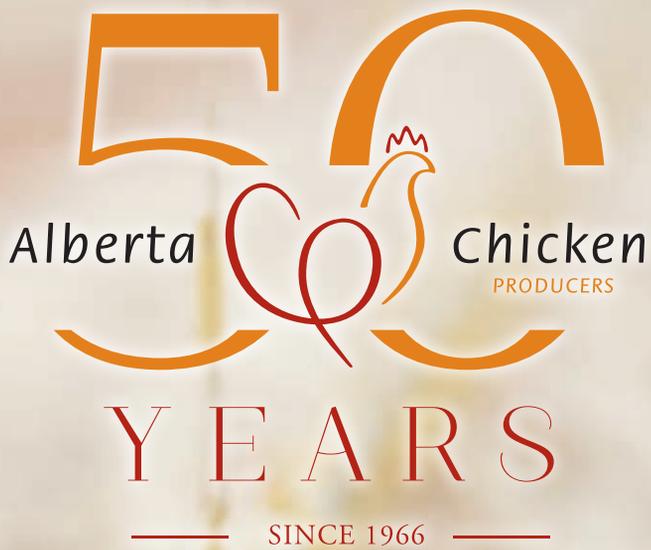


# 2016 Annual Report



**Celebrating 50 Years...**





# 50<sup>th</sup> Annual Report

Fiscal Year

December 1, 2015 – November 30, 2016

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## Board



*(Left to Right):*

**Karen Kirkwood**, Executive Director; **Martin van Diemen**, Director; **Jason Born**, Vice-Chair; **Erna Ference**, Chair; **David Hyink**, Director; **Dennis Steinwand**, Director

## Staff



*(Left to Right):*

**Karen Kirkwood**, Executive Director; **Karen Miller**, Business & Market Analyst; **Maria Boychuk**, Communications and Marketing Specialist; **Wendy Jevne**, Bookkeeper; **Robert Renema**, Producer Programs Manager; **Rita Cherniak**, Project Assistant; **Laurie Power**, Producer Services Coordinator; **Twila Martin**, Administrative Assistant; **Vera Ward**, Office Manager

## Board Structure

### Erna Ference, Chair

Completes her second 3-year term in 2018

### Jason Born, Vice Chair

Completes his second 3-year term in 2019

### David Hyink, Director

Completes his third 3-year term in 2017

### Dennis Steinwand, Director

Completes his first 3-year term in 2017

### Martin van Diemen, Director

Completes his first 3-year term in 2018

## Leadership Roles

### Media Spokespeople

Erna Ference

Jason Born

### Public Relations

Erna Ference

### Promotion

Martin van Diemen

## Roles & Responsibilities

### Agri-Environmental Partnership of Alberta

Erna Ference

### Alberta Farm Animal Care

Cora Sheele, Alberta Hatching Egg Producer (Industry Representative)

### Chicken Farmers of Canada (CFC)

David Hyink, Director

Dennis Steinwand, Alternate

### Canadian Broiler Council (CBC)

Dennis Steinwand

### Finance

Dennis Steinwand, Chair

### Flock Health & Management

Jason Born, Chair

Martin van Diemen

### Governance Committee

Jason Born, Chair

Dennis Steinwand

### Intensive Livestock Working Group (ILWG)

Erna Ference

### Policy Advisory Group

Erna Ference

### Production

Jason Born, Chair

David Hyink

### Research

David Hyink, Chair

Martin van Diemen

### Specialty Production

David Hyink, Chair

Martin van Diemen

### Supply Chain

Erna Ference, Chair

Jason Born

### Western Meetings

Erna Ference

David Hyink

Dennis Steinwand

## Chair & Executive Director Report

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2016 has been a pivotal year for Alberta's chicken industry. From celebrating our fifty years of history as an organization, to reducing early flock mortality, to developing relationships with the new provincial and federal governments, this first year in our three-year Strategic Plan was marked by accomplishments on many levels.

2016 has been another strong year of growth for Alberta and the Canadian chicken industry. Alberta's live chicken production increased over eight percent compared to 2015. The competitiveness of chicken relative to other proteins is translating into demand at retail and foodservice, supporting continued growth for our domestic market into 2017-18.

Producers and processors continued to work diligently throughout the year to target 100% utilization performance. These efforts translated into utilization of 100.2%, compared to national utilization of 99.3%.

Since the inception of the new allocation methodology in Period A-127, Alberta has gained over twelve million live kilograms in differential growth, thereby continuing to close the gap between Alberta's share of allocation versus population. Although the Operating Agreement, which incorporates this new allocation methodology, has not been fully ratified at this time, the allocation formula continues to serve as the basis for setting allocation. Our Board

continues to work with CFC, the provinces and our provincial government to support Alberta's re-entry into the Federal-Provincial Agreement for Chicken.

The Board and processors reached an agreement on live price for Periods A-136 through A-144 inclusive. Consideration was given to the cost of chicks, feed, and catching, as well as the impact of the Ontario Cost of Production Formula implemented in A-129. The Board and processors recognize the impact that the annual adjustments in the Ontario Cost of Production Formula are having on both producer margins and the competitive position of Alberta's processors in the national marketplace; and, we are making best efforts to address the impact arising from the Ontario annual adjustments. Alberta has set its price off of the Ontario live price for over nine years and continues to see the benefits of maintaining this approach into the future.

We have appreciated the candor and constructive feedback from producers as we consulted on the *"Responsive Reforms for Optimizing Quota Utilization"* proposal. The ability of our producers to face the tough issues and work through challenges must be commended. We look forward to bringing the refined proposal, which incorporates this feedback, to the 2017 Annual General Meeting.



There were many opportunities to build relationships with our provincial and federal governments this year. Through one-on-one meetings with provincial Ministers Carlier, Gray, and Phillips and federal Members of Parliament in both Ottawa and at home in Alberta, Alberta Chicken Producers made inroads in addressing matters of interest, including Bill 6, the Carbon Levy, the Local Food Bill, and border control issues. The SM5 was also active this year in hosting an MLA Reception in the Fall, hosting the Premiers Breakfasts in Calgary and Edmonton in July, and meeting collectively with provincial and federal Ministers throughout the year.

An ongoing topic that a significant amount of time was spent on this year was Bill 6. Agricultural groups in the province from both the livestock, grains and oilseeds areas formed an Agricultural Coalition to work on this common interest file. In an effort to address some concerns expressed through demonstrations held in the province at the end of last year, our government formed six working groups to look at different aspects of Farm Worker Safety that are included in this Bill. We had good representation at the tables. Some tables have completed their work, and it is expected that the remaining tables will conclude in early 2017. It is our understanding that the next step will provide an opportunity for consultation with the public. It will be important for producers to make their voices heard by providing input during this stage. It is imperative to have the future direction of Agriculture Safety monitored and administrated by farmer led initiatives, and this is something we will continue to advocate for in the next year.

The Municipal Taxation Act was also reviewed in 2016. One of the unresolved portions of the Act involves intensive farming and its impacts on municipal infrastructure. Through a joint committee of the Intensive Livestock Working Group (ILWG) and the Alberta Association of Municipal Districts and Counties (AAMDC), a number of possible assessment and taxation solutions were considered but consensus was not



**Erna Ference, Chair**



**Karen Kirkwood, Executive Director**

reached. Members of intensive farm organizations, including Alberta Chicken Producers, will continue to work towards reaching a solution to handle the challenges being faced by some municipalities and, at the same time, ensure that any proposal considered balances infrastructure requirements with usage.

In April, the Alberta Government announced its Climate Leadership Plan which will include a carbon levy, set at \$20 per tonne in 2017 and moving to \$30 per tonne on January 1, 2018. Later this year, the federal government announced its Action on Climate Change plan, which is to be implemented by each province through either a carbon levy or a cap and trade model, starting in 2018. We appreciate the support of our producers in helping us quantify the impacts of the Alberta carbon levy to government. We have and will continue to speak with elected officials, Ministers, the Climate Change Office, Alberta Agriculture and Forestry, and Economic Development and Trade about ways to ensure producers can continue contributing to the growth and diversification of Alberta's economy and leading in environmental stewardship.

As part of its 2016 Budget, the Provincial Government also announced the dissolution of the Alberta Livestock and Meat Agency (ALMA). The transition of ALMA into the Department of Agriculture and Forestry was completed on October 31st. We want to acknowledge the ALMA Board and Staff. They have done very good work for our industry and other livestock industries and have been a valued partner in our success.

Collaboration with other boards and organizations has been a hallmark of our success. One key collaborative initiative was the hiring of Emergency Risk Management Consultants (ERMC) in 2016 to serve as coordinator of the four poultry boards' Emergency Risk Management Plan. This new approach to emergency risk management will also encompass crisis communications, depopulation and disposal for reportable and non-reportable diseases and emergencies. With the outbreak of ReoVirus in 2016, increased activist activity across the country, and outbreaks of avian influenza globally, this strategy is a high priority for the industry.

This year was also marked by a number of administrative successes. Maria Boychuk was hired as our Marketing and Communications Specialist. In her short time with our organization, Maria has established strong relationships, enhanced our consumer engagement, and has proven to be an excellent addition to our outstanding team. In September, Alberta Turkey Producers moved into our office space next door, and this has been a welcome arrangement for both of our organizations and staff.

Leading into the second year of our three-year Strategic Plan, the Board and Staff are eager to put the updated plans, which were developed with input from our processors and Hatching Egg Producers at this year's strategic planning retreat, into motion in 2017.

In part, our organization held its first meeting of the newly formed Supply Chain Committee in October 2016. The work of this committee will focus on quality, antimicrobial use, and production throughout the value chain. In early 2017, the Committee will develop objectives for each of these areas of focus. To continuously improve as an industry, we need to include and work with all members in the value chain, including hatcheries, hatching egg producers, the feed industry, and poultry health partners.

While there is a separate section on this year's 50th Anniversary celebration, we cannot allow our report to be complete without mentioning several aspects of this momentous event. Fifty years is quite an accomplishment, and it was a great pleasure to host all of the producers and special guests at our celebration in June. It was everything that we had hoped for: good weather, great stories, multigenerational families in attendance, past leaders of our industry, valued partners, and much laughter! On behalf of the both of us, we would like to thank the Staff and Board for the success of this event and the 2016 year. To all of those able to attend - we look forward to the next 50!

Respectfully submitted,

**Erna Ference**, Chair

**Karen Kirkwood**, Executive Director



## Vision

By working together, Alberta's chicken industry is growing, creating shared value and satisfying consumers by providing safe, high-quality chicken products.

## Mission

To serve Alberta's chicken producers by:

- Creating a thriving environment for sustainable chicken production; and
- Collaboratively encouraging a competitive, consumer-focused chicken industry

## Standards of Leadership

- Value people
- Drive best practices
- Strive for continuous improvement
- Be a good corporate citizen; behave fairly and legally
- Be open and transparent
- Meaningfully engage producers, industry and consumers
- Be positive, proactive and future-focused
- Actively create opportunities to improve and innovate within the industry
- Be effective and efficient

## Strategic Priorities

1. Driving sustainable production
2. Creating shared value
3. Preparing producers for evolving consumer demands

## Key Performance Indicators

1. Sustainable Growth Metrics
2. Flock Health & Management
3. Consumer Confidence
4. Stakeholder Satisfaction
5. Regulatory Metrics
6. Strategic Alignment
7. Board Effectiveness
8. Financial Metrics

# Strategic Priorities

Each year our Board invites processors and hatching egg producers to provide input into our Strategic Plan. On September 22, 2016, the Alberta Chicken producers Board and Executive Director met with Maple Leaf, Sunrise, Sofina and representatives of the Alberta Hatching Egg Producers Board to review progress on ACP's three-year Strategic Plan. The workshop was facilitated by Finley & Associates, and Intensions Consulting was also brought in to present the findings of an Alberta-based consumer study conducted for ACP in 2016.

The study highlighted several key aspects that will help guide our Marketing and Communications Strategy in the years ahead, and the study will be presented to producers at the 2017 Annual General Meeting.

As we are entering the second year of our three-year Strategic Plan, our work plans and Key Performance Indicators have been updated to maintain our strategic direction. A few new or updated areas of focus include: government relations, crisis preparedness training across the supply chain, translating the results from our consumer study into our Marketing & Communications Plan and greater collaboration across the supply chain on common issues.

Alberta Chicken Producers' Board and staff greatly value our relationships with industry partners and appreciate their willingness to participate and contribute to this important planning process for Alberta's chicken industry.



# Activities & Achievements

## Board Meetings and Conference Calls

- Ten board meetings were held over this past year; a large focus was on the National Operating Agreement, Live Price Memorandum of Understanding (MOU), Quota Leasing and the Optimizing Quota Utilization Proposal, the Antimicrobial Usage (AMU) Strategy, Farm Labour Legislation, the Alberta Carbon Tax, and options for an agriculture infrastructure levy.
- Conference calls were reduced this year due to the change at CFC of setting allocation for two A-Periods at a time. As a result, three conference calls were held in comparison to eight in 2015. This process has saved the Board time and costs.
- Directors and the Executive Director continue to complete a board meeting evaluation form following each Board meeting to evaluate meeting effectiveness. The Governance Committee reviews this feedback regularly to track trends and identify opportunities to improve meeting efficiency and engagement during meetings.
- A new Board agenda template was adopted to align agenda topics with ACP's Strategic Plan and tie topics to Key Performance Indicators and Goals of the Board.
- A revised Board Committee Structure was implemented in March 2016 to align ACP's Committees with the Board's Strategic Plan.

## Industry Meetings and Presentations

- An annual presentation was made to the Ag Lenders Workshop at Olds College.
- ACP held its annual strategic planning retreat with processors and representatives of the Alberta hatching Egg Producers Board in September
- Alberta hosted a western meeting to engage the Manitoba, Saskatchewan and British Columbia Boards in discussions of mutual interest.
- Two meetings were held with the Alberta Hatching Egg Producers Board to discuss matters of mutual interest.
- Meetings were held throughout the year with Processors to discuss matters of mutual interest.
- Representatives of the Boards attended two Ag Coalition meetings.



(Left to Right):

Dennis Steinwand, Karen Kirkwood, David Hyink, Erna Ference, Donna Finley, Jason Born, Martin van Diemen, Rebecca Finley

## Professional Development & Continuous Learning

Alberta Chicken Producers supports and encourages Directors and Staff to expand their professional and personal skills. The following courses, workshops and webinars were attended in 2016:

- Government Relations Training Session
- ICD Directors Education for Non-Profit Boards
- Corporate Governance Conference
- WTO Geneva Convention in Switzerland (funded by CFC)
- AFX/CFC Media Training
- Communication Skills for Women
- AgCatalyst Workshop
- Negotiations and Consensus (NAIT)
- Dealing with People in Difficult Situations (NAIT)
- Advancing Women in Leadership Conference
- What's my Communication Style
- Euthanasia Validator Training
- Ventilation Training Program
- Emotional Intelligence (UofA)
- Leading the Daring Way (UofA)
- Farm Credit Canada – What does 2016 Look Like on your Farm?
- Webinars:
  - Mindful Management: The Neuroscience of Trust and Effective Workplace Leadership
  - Storytelling in Business: Engaging, Inspiring and Producing Results
  - Gaining Public Trust for Social Licensing
  - The Neuroscience of Trust
  - Nielsen – What's in Store 2016 – Top 5 Trends in Retail (Canada Edition)
  - Nielsen – Retailers to Watch: How the Future of Local Retail is Going Global
  - Nielsen – Modern Myths and Retail Realities
  - Farm Credit Canada (FCC) Farmland Values
- A Board team building retreat was held in June followed by a session in September
- Following the Annual General Meeting, newly elected Board Directors are offered a Director Orientation Session at the Board office to provide information and training on Board governance, policies, and team culture
- Leadership development courses are offered to producers to build confidence and develop future leaders in the chicken industry



# Food Safety and Animal Care Programs

*Submitted by Jason Born and Rob Renema*

## Poultry Code Of Practice

The new Poultry Code of Practice was released in the Spring of 2016. Alberta Chicken Producers provided input to the draft Code in December 2015, and were pleased to see that revisions were made to address our key areas of concern. The description of requirements and listing of highly recommended practices are based on research findings, which shows that much has been learned about broiler welfare and production practices since the Code was initially developed in 2009.

Broiler producers may be impacted by updated requirements for barn lighting programs, ammonia and flock monitoring, catching and loading, and euthanasia. For most producers, these changes will only require farm euthanasia and flock health plans, as well as documentation of euthanasia training. We will be reviewing the changes to the new Code to identify areas where our producers may require training and will also provide euthanasia training to producers in 2017.

The Flock Health & Management Committee extends a huge thank-you to producers who provided insight, feedback, and farm data throughout this Code review process. Your help provided the committee with rationale for our comments and played an instrumental role in demonstrating our producers' commitment to the health and welfare of their birds.

## Anti-Microbial Use Surveys

CFC has proactively been developing a sector-wide antimicrobial use (AMU) action plan in response to public concern over AMU in the agriculture sector and antimicrobial resistance in the human population.

2016 was the third year our program audit team performed the AMU survey with producers during their on-farm audits. The purpose of this survey has been to characterize which antimicrobials are being used, how much are used, and why they are being used. CFC is using the survey to establish a baseline to assess changes in AMU over time as industry practices change, such as the banning of Category I antimicrobials for preventative use in May 2015.

A large number of our producers completed the survey during their on-farm OFFSAP/ACP audits in 2016. We are well on our way to the goal of having every farm complete the survey by the end of 2017.

Continued reduction in the use of antimicrobials of importance for human medicine is part of CFC's long-term AMU strategy. Any new AMU targets or limits will need to be scientifically-based and adequately consider the health and well-being of the birds.

Initiatives such as the Broiler Chick Quality Manual, the Western Poultry Conference, and Quality Brooding and Euthanasia workshops are actions the Board is taking to address chick quality and flock health and performance.

# Supply Chain Committee

Submitted by Erna Ference and Rob Renema

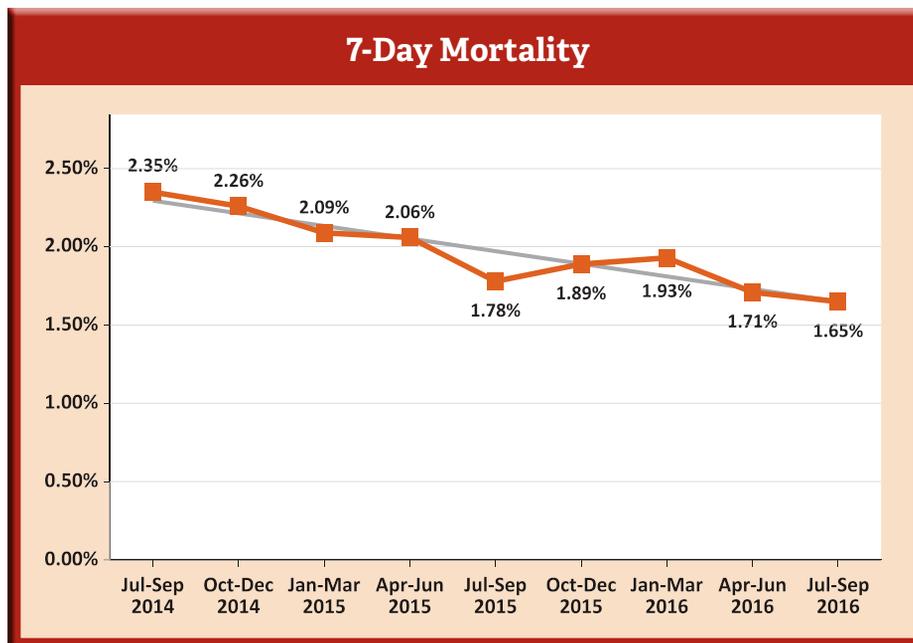
The newly formed Supply Chain Committee extends the mandate of the old Broiler Chick Quality Committee; to include issues beyond hatchability and chick quality, such as chick supply, antimicrobial use and pathogen reduction. As part of this, a veterinarian and a nutritionist were invited to join the Committee which includes representatives from Alberta Hatching Egg Producers, Alberta's hatcheries, and Alberta Chicken Producers.

The Supply Chain Committee is guided by its mandate "to foster an industry culture of collaboration and commitment to continuous improvement and best farming practices that support growth for the chicken market served by Alberta producers", and meets quarterly to:

- Evaluate and monitor the progress of the industry in achieving its seven-day mortality target using aggregate data submitted by the hatcheries
- Discuss current challenges/opportunities in an open forum
- Review and update the Broiler Chick Quality Manual as required

Reducing seven-day mortality levels in Alberta has been one of the key tasks of the Committee. 2016 showed tremendous improvement, with Alberta's weighted average seven-day mortality as low as 1.65%, down from 2.35% in 2014. Over the past couple of years we have worked collectively as broiler producers, hatcheries, and broiler breeder producers to identify and resolve some of factors contributing to chick mortality in Alberta. The recent pattern of change demonstrates that this improvement goes beyond the breed changes we've seen this year. In addition to the downward trend in chick mortality, we have also seen a significant decline in the number of barns with more than two percent mortality in the first seven days.

In light of this progress, the committee has established two new targets: the first being a 15% reduction year-over-year reduction in seven day mortality, and the second being less than five percent of barns reporting seven-day mortalities over two percent. In 2017, the Supply Chain Committee will be expanding the scope of data it reviews to include life of flock mortality and processing plant condemnations. The quality of the analysis is dependent on the timely seven-day mortality reporting.



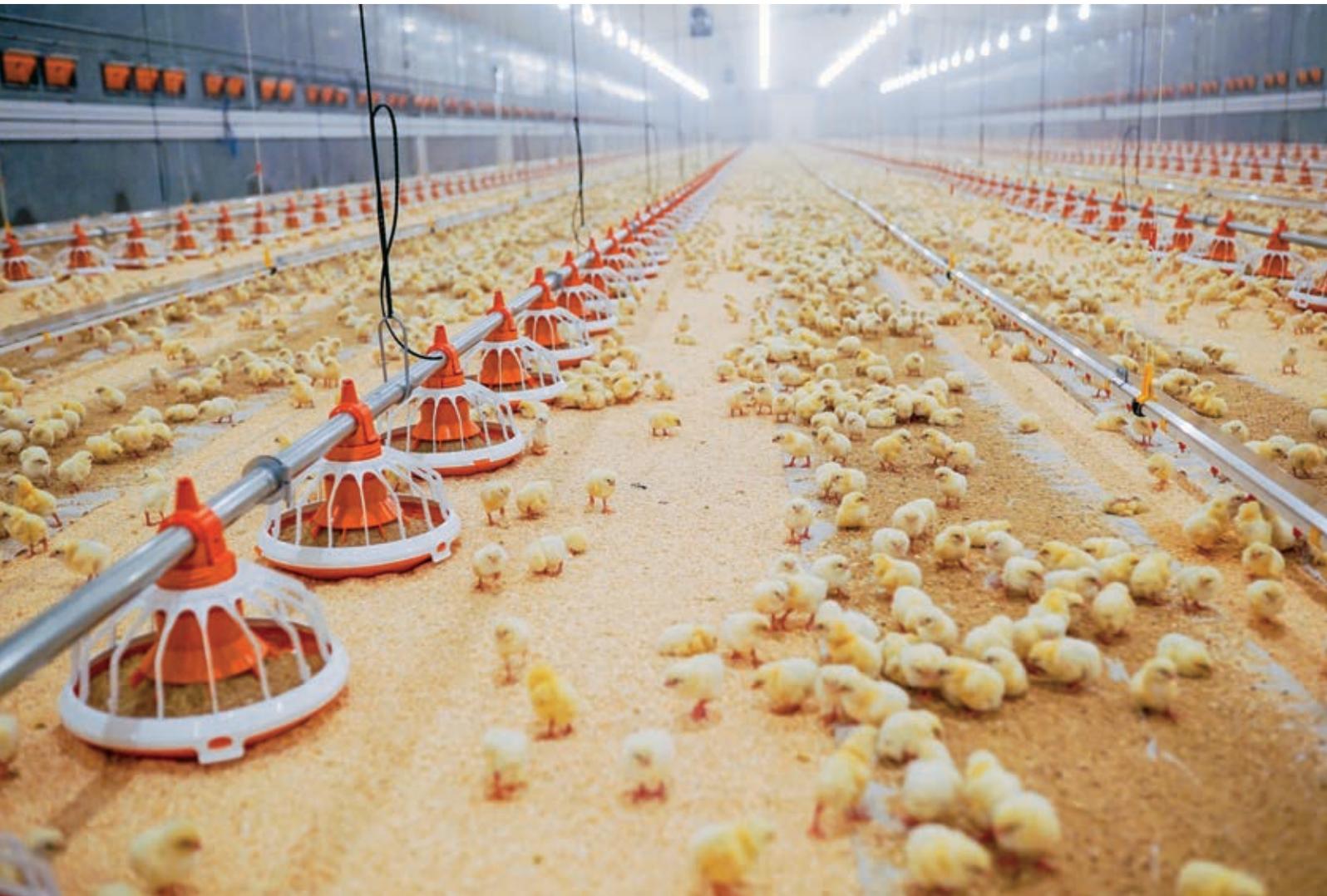
Our industry partners are to be commended for their efforts in reducing early flock mortality. The Committee also extends a big thank-you to producers for your continued accurate and timely reporting of seven-day mortality to your processor/hatchery. This data is integral to informing our strategy and measuring our progress.

The Alberta Broiler Chick Quality Manual has now been in effect for two years, and continues to serve our industry well in identifying best practices throughout the Supply Chain to improve chick quality. The most recent version of the manual is available for download from the Alberta Chicken Producers Website.

The Supply Chain Committee will continue to contribute to the brooding and production high quality broilers by:

- Expanding the impact of seven-day mortality evaluations by exploring factors contributing to mortality at specific points within the first week
- Expanding our scope to evaluate life of flock mortality and shipping condemnments as a way to identify opportunities for improvement across the broiler supply chain
- Sharing information on challenges being faced by our respective sectors that have relevance for the other members of the group
- Identifying producer education, technical transfer, and service delivery opportunities

We appreciate and look forward to the ongoing collaboration with our industry partners as we continue to strive for excellence in the Alberta broiler production value chain.



# Production Committee

Submitted by Jason Born, Committee Chair

As part of the Board's restructuring of its committees in 2016, the Production Committee was formed to incorporate the work of the former Specialty Production Committee as well as the Board's work in the area of production performance. The Committee is comprised of two Directors and two Staff members, and is guided by a mandate, "to provide the Board with advice concerning the marketing of chicken in Alberta". The primary areas of focus for the Committee in 2016 were Alberta's production performance and the Direct Marketing Lease Program.

The Committee met with processors in Spring 2016 to review production performance and Alberta's utilization. Coming out of this meeting, the Committee recommended that the Board consider extending the timeframe for leasing to 28 days after chick placement. The Board approved this amendment to the Leasing of Quota Policy, and its implementation has contributed to our ability to target 100% utilization as a province. Under-production also showed significant improvement in 2016, and the Committee wishes to thank

and commend the efforts of our producers and processor procurement staff in maximizing Alberta's production performance.

The Direct Marketing Lease Program assists direct marketers in developing a sustainable business through the provision of leased production quota for direct marketing purposes. The Program was implemented in 2014 to provide a pool of up to 300,000 kilograms annually, drawn from Alberta's domestic allocation, to lease to producers who directly market their products to end-users. This year the Production Committee implemented several changes to the record keeping and audit process to strengthen the program.

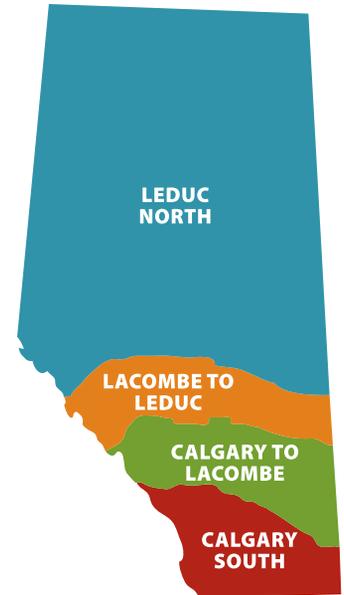
In 2016, approximately 145,000 direct marketing lease kilograms were leased to five producers. Since the program's inception in 2014, the volume has increased by approximately 75,000 kilograms and the number of producers accessing the program has increased from three to five.



## Producer Representatives



(Left to Right): **Scott Van't Land** - Calgary South; **Arjan Spelt** - Lacombe to Leduc; **Wes Nanninga** - Leduc North; **Samuel Guenter** - Calgary to Lacombe



## Industry Advisory Committee

The Industry Advisory Committee (IAC) meets twice a year to collaborate and discuss issues that impact the chicken industry.

The committee is made up of members from the University of Alberta, Poultry Health Services, Agriculture and Forestry, Agricultural Products Marketing Council, Animal Nutrition Association of Canada (the Feed Mills), Hatcheries, Processors, Alberta Hatching Egg Producers, Alberta Chicken Producers' Producer Representatives, Board of Directors and Executive Director.



(Back row to front row, Left to Right):

Prior to Alberta Chicken Producers' Producer Representatives attending the IAC Meetings, they consult with producers in their respective Region to discuss areas of concern or issues that may have surfaced which requires discussion by the IAC.

**Karen Kirkwood, Bill Roberts, Scott Van't Land, Jerry Emmanuel, Jason Born, Arjan Spelt, Erna Ference, Wes Nanninga, Samuel Guenter, David Hyink, Dennis Steinwand, Shannon Park, Eduard Fetting, Val Carney, Ashley Reitveld, Bob Smook, Martin van Diemen, Siobban Shears, Susan Johnstone, Rick Weiss**

# Research Committee

Submitted by Rob Renema and David Hyink

## Agriculture Funding Consortium

Alberta Chicken Producers is one of twelve associate members of the Agriculture Funding Consortium, which also includes 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 provides a voice for the broiler industry's research priorities and helps guide the focus for future research and development in Alberta.

Alberta Chicken Producers' Research Committee strategically allocates research dollars to projects with the greatest potential to positively impact the Alberta broiler industry. Because our research dollars can be leveraged against the contributions of our funding partners through the Funding Consortium, we are able to make more research possible than if we were to fund independently.

2016 was a year of change for the Agriculture Funding Consortium due to the Alberta Government's decision to significantly restructure several funding agencies. ALMA was dissolved at the end of October, with the function of ALMA being absorbed back into to Department of Agriculture and Forestry. AI-Bio also closed its doors at the end of September; and the four Alberta Innovates Corporations: Bio Solutions, Energy and Environment Solutions, Health Solutions and Technology Futures now operate as a single organization. While it is clear that the Agriculture Funding Consortium will continue, 2017 may be a year of change for how agricultural research is funded in Alberta.

## Research

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. We are careful to invest in projects that will have the greatest impact on Alberta broiler production. To do this, proposals are judged in-part for how well they fit with ACP's research priorities. A full version of the current research priorities is available on the Alberta Chicken Producers' website. The main themes are:

- i. **Animal Health and Welfare**
- ii. **Food Safety**
- iii. **Uniformity and quality of live birds and product**
- iv. **Industry sustainability and social commitment**

Chick quality was recognized as a central component of many of these priorities, and *Salmonella* and *Campylobacter* are of particular importance because of their ability to cause foodborne illness in humans. Elements of our main research priorities have also been integrated into CFC's 2017 special call for proposals (administered through the Canadian Poultry Research Council).

Through the Agriculture Funding Consortium's 2016/2017 call for proposals a total of five proposals were supported by the ACP Research Committee. Of these proposals, two were fully funded and will commence in early 2017, and the other three remain under review by partner funding agencies.

## Funded Projects Carried Forward from Previous Years

1. Mitigation of *Campylobacter* Jejuni in chickens (Year 2) (D. Inglis: Ag-Canada Lethbridge)

## Past Projects ACP Committed to Funding, Now Approved by Funding Partners

1. Effect of hatching egg shell quality on hatchability and chick quality. (D. Korver: UofA)
2. Effect of barn sanitation on innate immunity, performance, microbiological and processing traits of commercial broilers. (D. Korver: UofA)

## New Poultry Research Projects (approved)

1. Footpad Project: Is there a Genetic Predisposition to Footpad Lesions? (C. Bench: UofA)
2. Effect of Broiler Breeder Weight on Broiler Offspring Performance. (M. Zuidhof: UofA)

## New Poultry Research Projects (approved by ACP, under review by matching grant agencies with results announced in early 2017)

1. White Chick Syndrome. (M. Anholt: Poultry Health Services)
2. An Inexpensive Plant-Derived Vaccine for Coccidiosis and Necrotic Enteritis. (J. Alcantara: U of C)
3. Alternatives to Antibiotics: Novel Symbiotic Technology to Reduce Inflammatory Disease in Broilers. (D. Inglis: Ag-Canada Lethbridge)

## Collaborative On-Farm Research Projects

Doug Korver's barn cleaning and sanitation project listed above will be taking place on a commercial Alberta broiler farm. Additionally, Alberta Chicken Producers is facilitating several other on-farm projects. Biolargo Water will be testing an electrochemical water treatment system in central Alberta and Boreal Laser will be running trials with their laser-based ammonia and carbon dioxide monitoring equipment near Edmonton. Each project has excellent potential to result in practical knowledge or equipment tailored to Alberta broiler barn conditions.

In closing, we would like to acknowledge the valuable contribution that Committee Members Martin van Diemen, Sunny Mak, Darko Mitevski, Valerie Carney, and Sean Fairbairn have made this year through their time and participation on this committee. In addition, the Committee is grateful for the industry partners and researchers that provide their on-going support and commitment to research and development.



# Alberta Poultry Industry Emergency Management

As poultry boards in Alberta, we have recognized the need to acquire dedicated, professional resources to support our emergency risk management plans and activities. In late Spring of 2016, the four Poultry Boards contracted Emergency Risk Management Consultants (ERMC), to serve as a coordinator of our Emergency Risk Management Plan.

In the last half of 2016, the four Poultry Boards also prepared and submitted an application for Agri-Risk funding. The grant once received would be used to support the migration from our current emergency management structure to a more comprehensive model. We are hopeful this funding will be approved in early 2017, which will enable EMRC, under our direction, to develop a robust Emergency Response Plan. Included, would be crisis communications, geo fencing

and mapping, a personal protective equipment program; protocols, and resources to support depopulation and disposal.

This year the Poultry Boards also submitted a grant application to Growing Forward 2; supporting the development of a Biosecurity Program for Alberta's poultry producers. Pending funding approval in early 2017, this project will support our Emergency Risk Management Plan and provide practical tools to producers and industry partners.

Our Alberta Poultry Industry Emergency Management Team is eager to implement these new plans, and looks forward to sharing more with producers in the year ahead.



# Chicken Farmers of Canada

Submitted by David Hyink, CFC Director



2016 was once again a busy and productive year for Chicken Farmers of Canada (CFC). Progress was made this year on gaining the support of all signatories to the operating agreement. All outstanding issues have been addressed, and now CFC and the provinces are working through the political processes to gain the final signatures.

## New Chair

In November, CFC welcomed Benoit Fontaine, a chicken farmer from Quebec, as the new Chair of CFC, while saying goodbye to David Janzen who stepped down as Chair for personal reasons. ACP wishes to thank Mr. Janzen for his many years of dedication, service and his leadership in implementing a new long term allocation agreement.

## Branding

In mid-2015, Chicken Farmers of Canada Directors agreed to extend the branding program for another two years.

In 2016, CFC continued building on the branding strategy and marketing and also commenced the development of three sub-brands to represent our commitment to food safety, Animal Care and Sustainability. These sub-brands will complement and support the successful execution of the traditional marketing plan, with an aim to building public trust in our farmers.



(Left to Right): Hon. Ed Fast, MP for Abbotsford (BC); David Tilson, MP for Dufferin-Caledonia (ON); and Earl Dreeshen, MP for Red Deer-Mountain View (AB)

## Next Steps for the Antimicrobial Use Strategy

For Chicken Farmers of Canada, antimicrobial resistance and use has been a critical priority – as seen with the elimination of the preventive use of Category I antibiotics in May 2014. Further to this, decreasing the use of antibiotics of human importance continues to be a key component of the industry's five-year Strategic Plan.

In 2016, Chicken Farmers of Canada Directors made a decision that the industry should next work towards reducing the preventive use of Category II and III antibiotics. To accomplish this, work plans on seven key action items have been developed to ensure that future reduction steps are done successfully, while protecting bird health and welfare. These include:

1. Harmonizing the feed alternative regulatory process to ensure Canadian farmers have access to similar antibiotic alternative products as in other countries;
2. Conducting pilot projects to evaluate the impacts; on bird health and mortality, the pressures on increased use of other antibiotics, the impact on therapeutic use, and to determine best practices for successful antibiotic reduction
3. Determining the economic costs for all of industry for eliminating the preventive use of Category II and III antibiotics;
4. Providing education to producers and industry on antimicrobial resistance and use and the strategy to reduce use;
5. Disseminating good production practices required for reduced use;
6. Working with the supply chain to ensure good chick quality and examine different methods of reducing use; and
7. Determining a time to re-assess the reduction strategy in 18–24 months.

This decision takes into consideration the feedback that was received through an industry-wide consultation.

Communication – to stakeholders, consumers, and to farmers – is a key component that underscores CFC’s entire Strategy, and will continue to be a focus of efforts as the above action plans are carried out.

## Border Controls

In 2016, CFC held numerous meetings with the federal government requesting that the government fulfill its commitment to addressing circumvention of import controls by implementing three recommendations:

- Our first recommendation is to implement a mandatory certification for imports classified as spent fowl and use the DNA test to guarantee proper classification.
- Our second recommendation is to exclude chicken from the Duties Relief and Drawback Programs. These programs were never designed for perishable agriculture goods such as chicken, meaning companies can take advantage of the program in order to circumvent import controls.
- Our final recommendation is to reinstate into the Customs Tariff Definition the sauce and cooking requirements of Specially-Defined Mixtures (SDMs), as contained in Canada’s WTO Commitments.

Implementing our three recommendations will create 4,456 new jobs, contribute an additional \$335 million to Canada’s GDP and generate \$112 million in additional taxes.



*(Left to Right): Kurt Siemens, CFA Director from Egg Farmers of Canada; Lynda Atkinson, BC Agriculture Council; Joyce Murray, MP for Vancouver Quadra (BC); and David Hyink*

## New poultry Code of Practice – What’s changed?

The new Code of Practice has been finalized and was released in June 2016. Due to the number of sectors involved, this was one of the most complex Code development processes completed to date for NFACC.

The Code process, led by the National Farm Animal Care Council, sets the national standard for farmed animal welfare in Canada. Chicken Farmers of Canada’s Animal Care Program (ACP) is based on the previous version of the Code, and will be updated soon to be in line with this new Code.

## Strategic Planning

Critical priority issues for CFC in 2017 will include: spent fowl, antimicrobial use, the hiring of a new Executive Director, and development of a new five-year Strategic Plan.

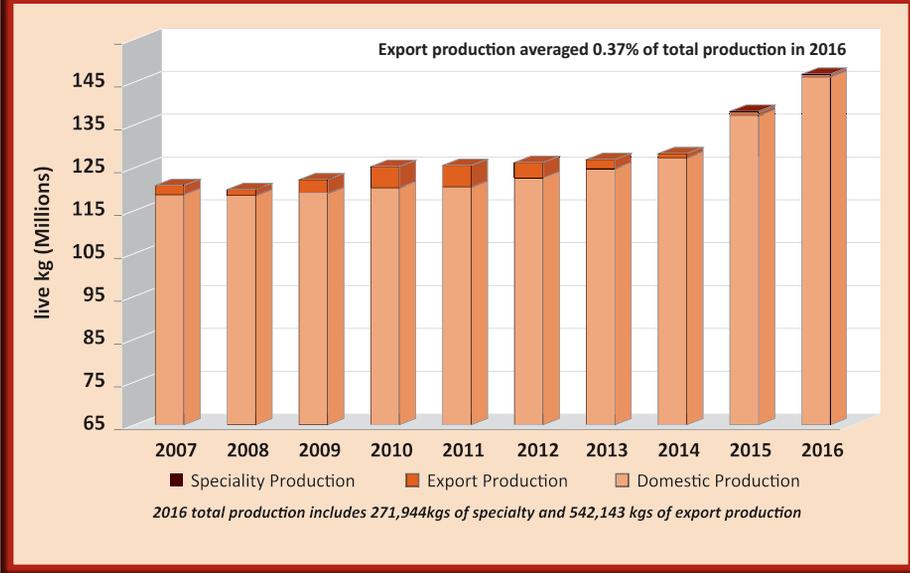
Finally, I would like to thank Dennis Steinwand and Karen Kirkwood for their significant contributions and support and for making our CFC team very effective this year!

*(Left to Right):*

**Rudy Martinka, Greg Gauthier, and Dennis Steinwand at MP Reception.**

# Market Reports

### Alberta's Annual Production 2007 – 2016



Alberta's domestic production in 2016 is estimated to be 146.1 million live kg, an increase of 8.99 million live kg or 6.55% over 2015. Canada's 2016 domestic production is estimated to be 1.49 billion live kg, an increase of 62.13 million live kg, or 4.34% over 2015.

Alberta's Market Development production in 2016 was 542,143 live kg; a decrease of 268,571 live kg, or 33.13% below 2015.

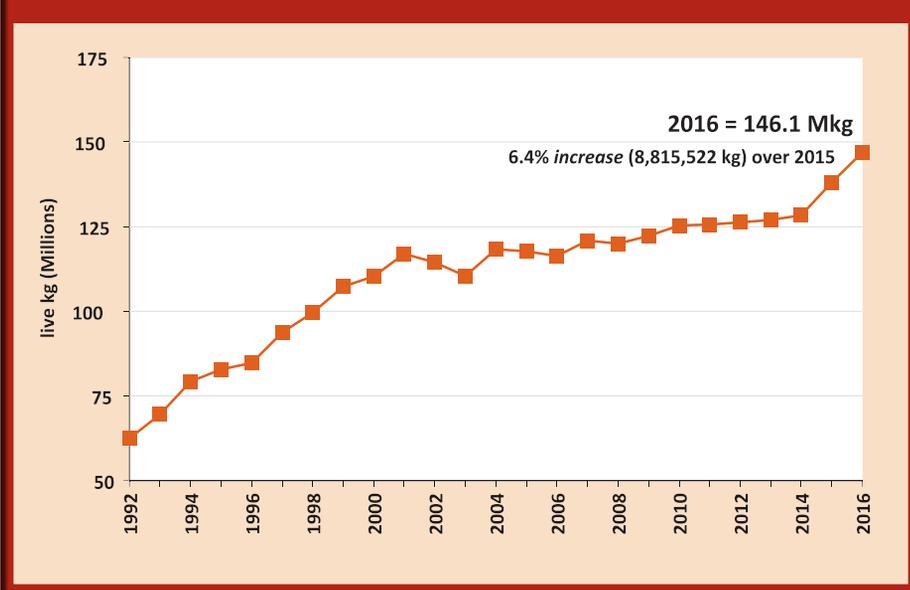
Alberta's Market Development represented 0.37% of Alberta's total production in 2016 versus 0.59% in 2015.

Comparatively, Canada's Market Development production represented 3.17% of Canada's total production in 2016 versus 3.34% in 2015.

The decline in Market Development in both Alberta and Canada has been the result of increased domestic consumer demand for dark meat and sluggish demand growth in international markets.

Alberta's specialty chicken production in 2016 was 271,944 live kgs. This program was implemented in August 2015.

### Alberta's Annual Total Chicken Production



Alberta's Total Chicken Production in 2016 is estimated to be 146.9 million live kg, an increase of 8,815,522 live kg, or 6.38% over 2015 and 10.2% over the 5 year average (2012-2016).

Allocation set under the new national allocation formula and chicken's competitiveness to beef are the key drivers for such strong growth in domestic demand. Alberta's total growth over the last two years (2015-2016) has been 13.99%, an average of close to 7% per annum. Year over year growth such as this is a record for Alberta. In fact, the last time Alberta came close to double digit growth over two years was in 1999 and 2000 where combined growth hit 10.57%.

Canada's total chicken production in 2016 is estimated to be 1.55 billion live kg, an increase of 4.17% over 2015, and 6.42% over the 5 year average (2012-2016).

## Market Reports (continued)

### Alberta's Quota Utilization 2014/15 – 2016

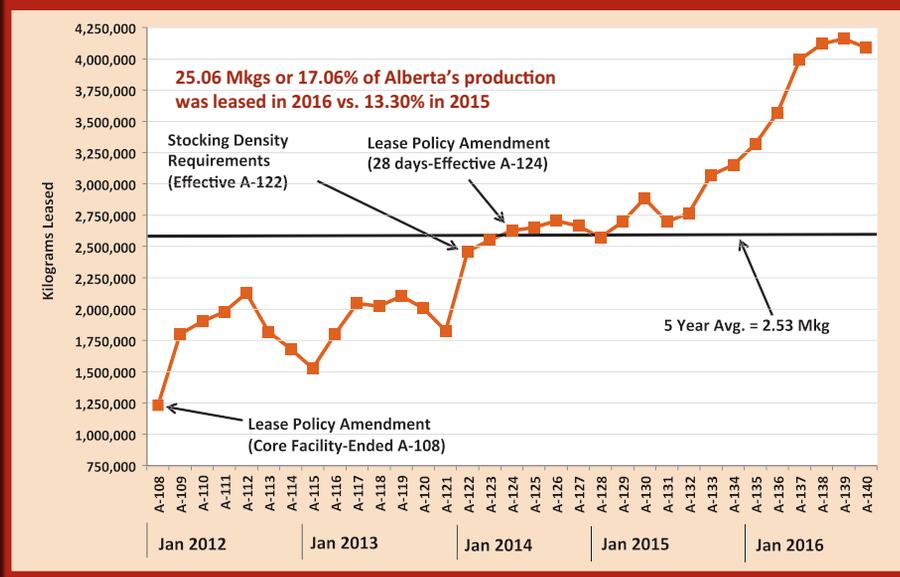
Period	Dates		Utilization			Alberta Compared to Canada	Alberta Compared to Western Canada
			Alberta	Western Canada	Canada		
A126	09-07-14	10-01-14	102.0%	100.2%	100.4%	1.6%	1.8%
A127	10-02-14	12-27-14	100.9%	100.4%	100.5%	0.4%	0.5%
A128	12-28-14	02-21-15	100.7%	100.3%	100.2%	0.5%	0.4%
A129	02-22-15	04-18-15	101.3%	101.9%	101.3%	0.0%	-0.6%
A130	04-19-15	06-13-15	99.4%	99.5%	100.1%	-0.7%	-0.1%
A131	06-14-15	08-08-15	99.4%	97.8%	99.2%	0.2%	1.6%
A132	08-09-15	10-03-15	102.1%	99.5%	99.1%	3.0%	2.6%
A133	04-10-15	11-28-15	101.1%	99.9%	100.1%	1.0%	1.2%
A134	11-29-15	01-23-16	100.7%	99.1%	99.8%	0.9%	1.6%
A135	01-24-16	03-19-16	101.7%	101.2%	100.2%	1.5%	0.5%
A136	03-20-16	05-14-16	100.6%	99.3%	99.7%	0.9%	1.3%
A137	05-15-16	07-09-16	99.5%	99.2%	98.6%	0.9%	0.3%
A138	07-10-16	09-03-16	98.6%	100.1%	98.8%	-0.2%	-1.5%
<b>2 YEAR AVERAGE</b>			<b>100.6%</b>	<b>99.9%</b>	<b>99.8%</b>	<b>0.8%</b>	<b>0.7%</b>

This table compares Alberta's utilization performance to Western Canada and Canada.

In 2016, Alberta's utilization performance is estimated to average 100.6%, which is comparable to average utilization in 2015 of 100.7%. Over these last two years, Alberta has seen notable improvement in production performance. Underproduction over the last two years (2015-2016) has generally remained isolated to the summer months. Alberta's improved production performance speaks to the importance all industry partners have placed on optimizing production.

Over the past two years, Western Canada has performed slightly ahead of the national average, achieving 99.9% utilization compared to 99.8% nationally. Alberta's two-year average utilization of 100.6% outpaced both the West and national averages.

### Volume of Marketing Kilograms Leased Each Period

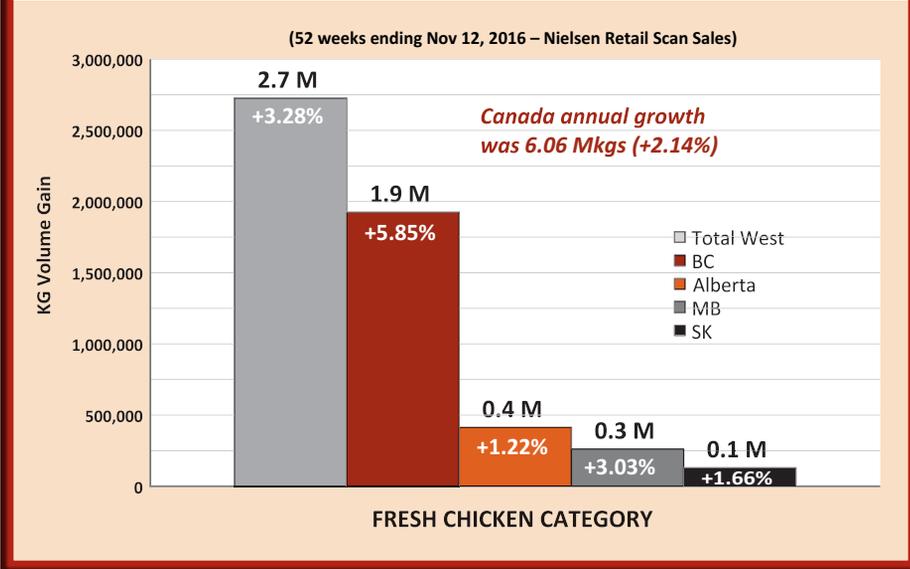


A total of 25.06 million kg or 17.06% of Alberta's total production was leased in 2016. This represents an increase of 6.7 million kg, or 36.5% over 2015. A main reason for the increase in periodic leases for 2016 has been the increased allocation to Alberta coupled with barn density requirements. The Lease Policy amendment to 28 days post placement has also allowed for greater flexibility to optimize production and has also led to an increase in leasing.

A total of 1,550 period leases were approved by the Board of Directors in 2016, an increase of 142, or 10.1%, over 2015.

## Market Reports (continued)

### Retail: Fresh Chicken Category Volume Year over Year Growth – West Region



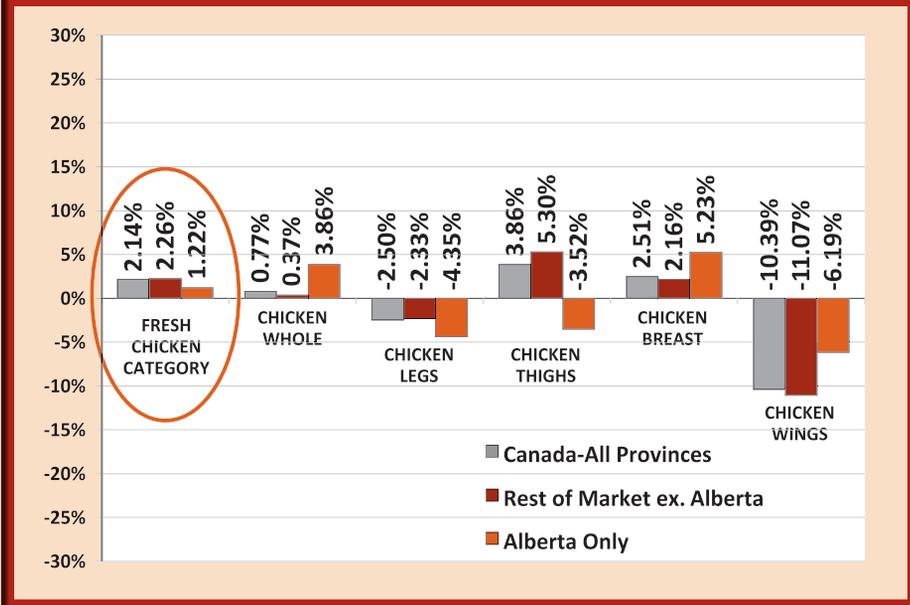
Nielsen data is used extensively in Canada by retailers, food manufactures and processors to measure consumer spending and demand for products in the Canadian grocery industry.

Nielsen data shows growth in the fresh chicken category of 2.14% in volume or 6.06 million kilograms in Canada for 52 weeks ending November 12, 2016.

45% (2.7 Mkg) of the incremental volume growth in Canada came from the Western Canadian Region in 2016.

Comparatively, Alberta's year-over-year volume growth at retail in 2016 was 1.22%. This is a significant softening following two years of record growth for chicken; however, Alberta's population share of 11.74% continued to contribute close to 15% of the volume gains in the West.

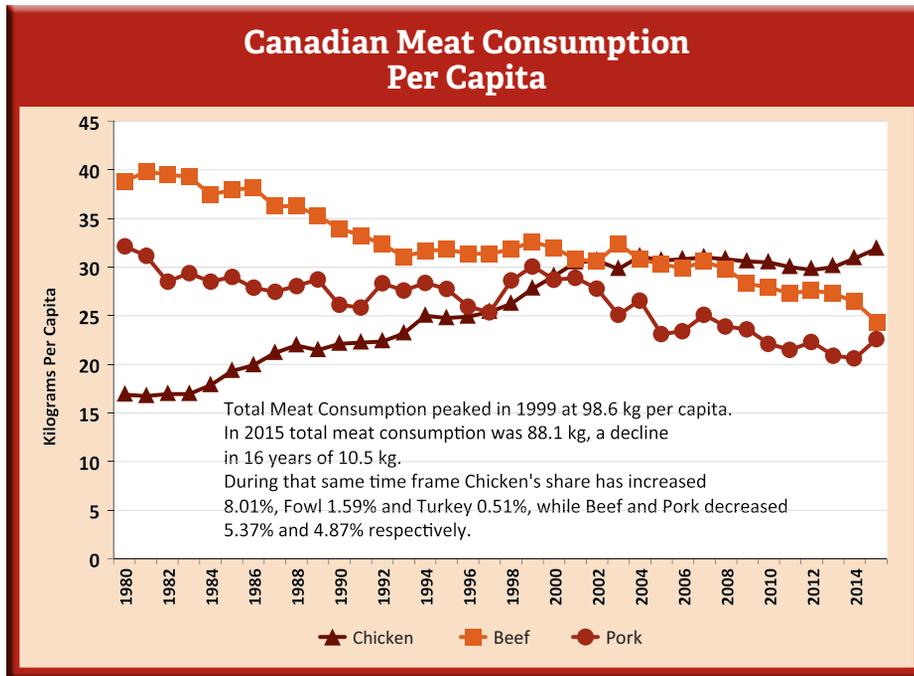
### Retail: Fresh Chicken Category Volume Year over Year Growth – Total Market



Retail scan data, as provided by Nielsen Fresh Track, shows Alberta's volume growth in sales of fresh chicken at 1.22%, while the rest of the market (ex. Alberta) in Canada grew 2.26%. Canada's total year-over-year volume growth is 2.14%.

This chart illustrates the demand for dark meat. Thighs in particular have softened after record high volumes in 2014 and 2015, while whole chicken has gained significant strength. With the economic challenges many Albertans face today it is no wonder consumers continue to look for value, and whole chicken is known as the best value cut growing by 3.86%. The demand for white meat is equally impressive in Alberta. Alberta's volume of breast meat growth is pacing at 5.23% while this cut in the rest of the Canadian market (ex. Alberta) grew by 2.16%.

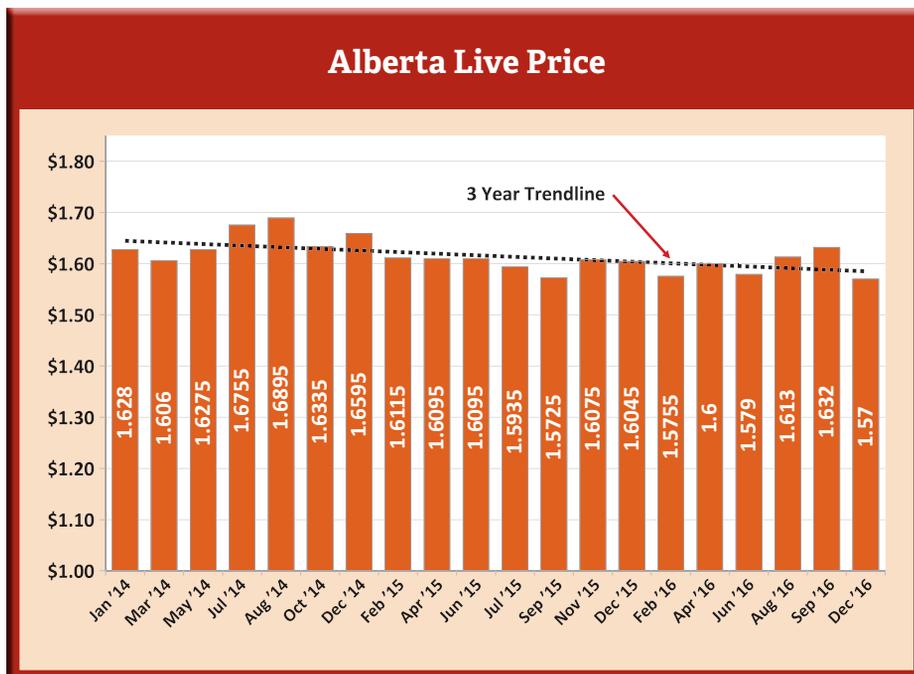
## Market Reports (continued)



As of 2015, per capita consumption of chicken in Canada was 31.9 kg. Chicken remains the number one consumed protein in Canada, followed by beef at 24.4 kg and pork at 22.6 kg.

While per capita chicken consumption has declined since its peak in 2004, this trend has been seen across other meat proteins since 1999. Total meat consumption in 2015, which excludes fish, was 88.1 kg. This is an increase of 1.5 kgs over 2014 but a drop of 10.5 kg from the peak of 98.6 kg in 1999.

Looking at per capita consumption as a % share of total meats consumed, chicken, beef, and pork hold an 89.56% combined share. Broken down, chicken had a 36.2% share, beef a 27.7% share, and pork a 25.7% share in 2015. Chicken's share of total meat has continued to increase, gaining 2.98% in 10 years, compared to an increase of 0.65% for pork and a decline of 5.1% for beef.

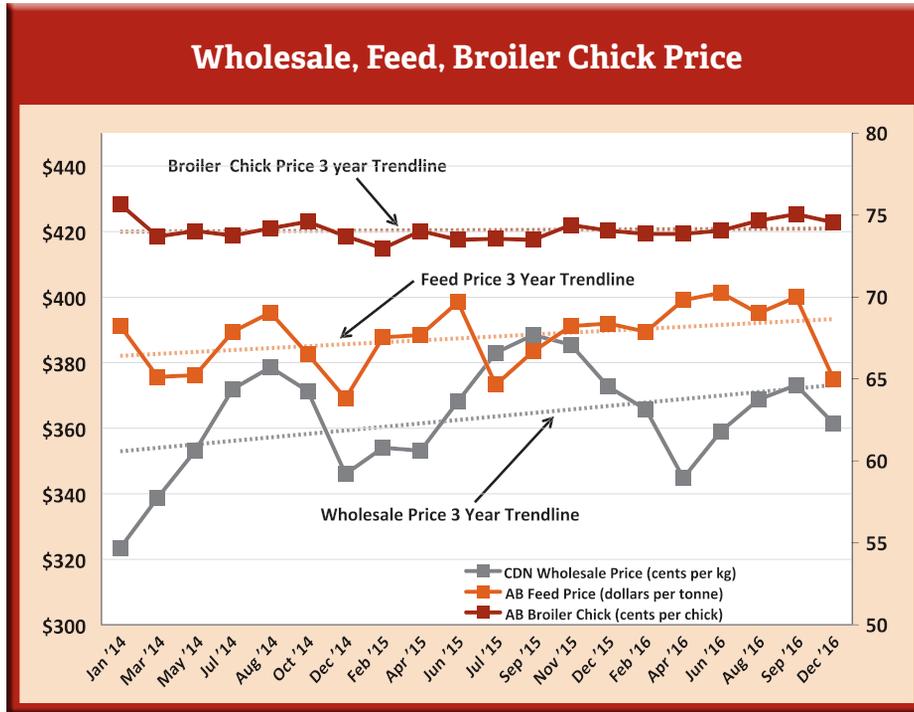


Alberta's average live price for 2016 was \$1.5949/kg, a decrease of \$0.0063/kg (0.63 cents) from the 2015 average. Alberta is on par with the Canadian average decreases in 2016. This year, lower chick costs had some impact; however, the main driver for the live price decrease across Canada was the changes in feed prices as calculated in Ontario Cost of Production Formula (COPF).

In 2016, Alberta's live price varied from a low of \$1.5700/kg in Period A-140 to a high of \$1.6320 in Period A-139. The difference between the high and low was \$0.062/kg (6.20 cents).

Alberta maintained a 7.2 cent differential over the Ontario live price bird weight category 2.15kg to 2.45kg (effective A-136). Alberta's differential partially reflects the catching costs paid by Alberta producers. Ontario's new pricing formula (effective A-129) accounts for cost increases in chick and feed each period and operational costs and efficiency adjustments annually.

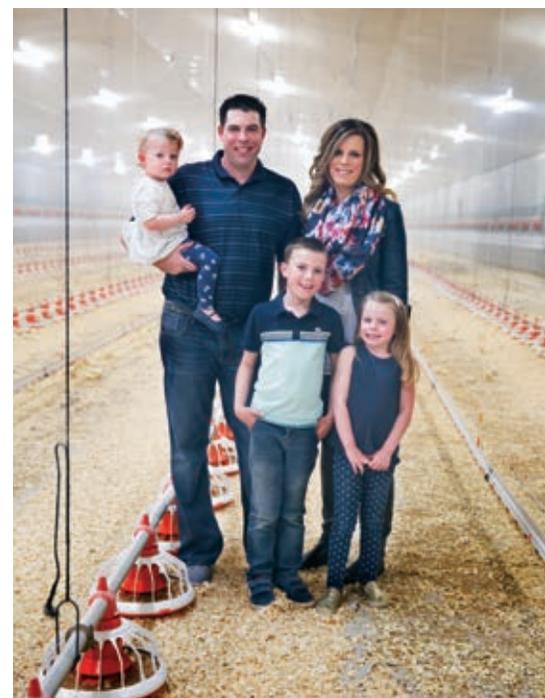
# Market Reports (continued)



Canada’s market composite wholesale price (simple average of five sub-composites that represent the various cuts of chicken) for 2016 was \$3.62/kg, a decrease of \$0.10/kg from \$3.72/kg in 2015.

The softening of demand for chicken in Canada, and increased supply and promotion of beef and pork on the market was one factor contributing to year over year decreases in the Canadian market composite wholesale price. However, chicken continued to maintain its price competitiveness to beef throughout the year. Global crop supply and US chicken wholesale prices added additional pressure on Canadian wholesale prices in 2016. Fortunately, the high US dollar insulated the Canadian wholesale price somewhat from the large US chicken inventories.

Alberta feed prices rose slightly in 2016 when compared to 2015. Overall, feed prices have leveled off the last three years (2014-2016) following their peak in 2013. Seasonally, the end of 2016 saw the lowest feed prices, while the summer months saw the highest feed prices of the year.





# 50th Anniversary 1966 - 2016

On June 8, 2016, Alberta Chicken Producers celebrated 50 years of providing families safe, nutritious and ethically raised chicken. The sun shone and everyone enjoyed a scrumptious chicken BBQ hosted at the Crossfield Community Hall in Crossfield, Alberta. There were approximately 300+ producers, industry partners, government representatives and retired directors in attendance.



Attendees had the opportunity to reminisce and enjoy a program hosted by Chair Erna Ference. Past Chairs shared stories of their successes and challenges during their time serving on the Board as well as speaking to Alberta's rich history over the past five decades. Other highlights were the attendance by two of the original Board members, Dale Steckly and Tymen Donkersgoed; and, greetings brought by local MLAs.





## Tribute

# David Hyink

David Hyink completes his third three-year term with Alberta Chicken Producers in February 2017, rounding out an impressive nine year commitment to the Board. David was first elected to the Board in 2001 and, following a brief hiatus, was re-elected in 2008. At a time when the Board was transitioning and focusing on involving younger producers, David's experience has provided guidance and mentorship to newly elected Directors and the Board over his 15 years of service.

David's experience has vastly grown over the years, serving in many capacities ranging from Chair positions on Alberta Farm Animal Care (AFAC), the Alberta Poultry Research Centre, and various Committees of Alberta Chicken Producers over the years, as well member positions on the Intensive Livestock Working Group (ILWG), University of Alberta Cooperative Chair, the Agri-Environmental Partnership, and Policy Advisory Group.

Nationally, David served on the Chicken Farmers of Canada Board as Director for a total of four years, and as Alternate Director for a total of five years. During this time, David also served as Alberta's representative on the Canadian Broiler Council, the National Farm Animal Care Council, and, in addition to the Chair, meetings of the western provinces. David proudly represented Alberta Chicken Producers and was never shy to express



his opinion or even at times, disagree on certain issues to ensure consensus was achieved for the betterment and growth of the chicken industry. His negotiating skills and most prized achievement would be representing Alberta Chicken Producers at the CFC table to garner consensus amongst all provinces in signing the National Allocation Agreement. His tenacious efforts on achieving success on this platform is historical! Congratulations David!

Sharlene, the Board and staff thank you for supporting David during his tenure with Alberta Chicken Producers. Your patience and support provided

David with the comfort of knowing everything was in good hands at home.

David, your Board of Directors and Staff Members wish to thank you for serving the industry with such passion, dedication and commitment. Your time away from your young family must have posed a few challenges, yet you always put forth your best effort. We wish you well as you channel your energy to new endeavors and enjoying time with your family!

# Governance Committee

*Submitted by Jason Born*

2016 was a busy year for the Governance Committee, which is comprised of two Directors and the Executive Director.

During the course of the year, the Committee:

- Presented a restructuring of Alberta Chicken Producers' committees, which aligns with the Board's new three-year Strategic Plan, to the Board. The revised structure was implemented at the Board's Organizational Meeting in March 2016 and has served the organization well in remaining focused on its strategic goals throughout the year.
- Completed a review of Alberta Chicken Producers' Plan and Marketing Regulations.
- Developed the Producer Leadership Development Workshop, which will be offered in January 2017.
- Conducted an orientation session with new directors in March.

- Developed and implemented a Board meeting evaluation form.
- Reviewed and updated our Succession Plans for the Chair and Executive Director.
- Organized a board development retreat.

As a committee, we also seek out opportunities for board development and encourage directors to pursue professional development activities. Several Directors undertook training and professional development in 2016.

The Committee has enjoyed planning for the Producer Leadership Development Workshop in January 2017 and looks forward to a successful session.



# Communications and Marketing



In the spring, a new partnership was formed with local grocer Freson Bros, focusing on providing consumers with locally grown chicken. With 15 store locations throughout Alberta, we have great coverage across the province to service many chicken consumers!

This year, marked the first ever National Chicken Month. In September, the new concept was introduced on social media platforms and the plan is to gain significant traction in the coming year with new recipe contests, social media and blogger involvement; moreover consumer involvement. This year, Pampa, a local Edmonton restaurant, partnered with ACP throughout the month of September to promote chicken in-restaurant through a take-home and digital recipe card. As well, ACP's Chair, Erna Ference competed in a cook-off with Swimming Canada's Olympian, Yuri Kisil. The cook-off video was hosted online and received over 98,000 views in just over a week. Canadians had the opportunity to vote and Erna's Lime Chicken Salsa recipe was the winner.





## Taste Alberta

Taste Alberta is an innovative partnership that communicates and engages consumers to build knowledge and trust in Alberta food. The Alberta Chicken Producers have partnered with Taste Alberta to maximize their resources and to reach an engaged audience with their stories about how food is grown and raised in Alberta.



Taste Alberta participates in several events throughout the year such as Porkapalooza and Christmas in November. This year ACP participated in Christmas in November's Fireside Chats, contributing to a candid discussion about local food and how producers ensure they deliver quality products to the marketplace. As well, Taste Alberta hosted several Prairie on a Plate dinners, Farm-to-Fork tours and were featured in several Postmedia digital stories.



## Website

Alberta Chicken Producers' (ACP) website received a refresh in the late Summer of 2016. With a fresh new look, additional content and reorganized format, the revised site is easy to navigate and sure to appeal to the public.

## Social Media

2016 was a great year for social media for the Alberta Chicken Producers. With the addition of a new Instagram account late in 2016, a major highlight was ACP being featured in Ag More Than Ever's top 2016 posts. Another milestone was the completion of the 'Walter Campaign', which resulted in growth of relevant followers and engagement on all of ACP's social accounts. Throughout 2016 content was focused on educating the consumer and raising awareness for our industry, thereby strengthening our social license.



## Sponsorship/Donations:

- ACP is a proponent of supporting students who pursue post-secondary education in the agriculture field. 2016's recipient of the Lloyd Johnston Scholarship was Jesse Hunter.
- Sponsored a student to attend the Alberta Livestock Care Conference
- Supported the University of Calgary Faculty of Veterinary Medicine Symposium
- Sponsored the University of Alberta's Rural Café event
- Staff donated gently used clothing and household items to the Syrian Refugee drive
- Staff donated food and household items to B's Diner for distribution to homeless Edmontonians
- Using our empty bottle refund monies, a monetary donation was made to the Edmonton Food Bank
- In-kind donations were made to producers who hosted farm tours or Open House events
- Contributed to the Poultry Service Industry Workshop's Poultry Service and Lifetime Achievement Awards
- Calgary Stampede



**Maria Boychuk interviewed by GlobalTV at the Calgary Stampede**



**Henk Schuur, Nieske Schuur, Nicole Schuur volunteer at the Calgary Stampede**



## Government Relations & 2016 Events

- ACP's Chair and Executive Director met with the Minister of Agriculture, the Honourable Oneil Carlier, on multiple occasions throughout the year.
- Alberta's Supply Management (SM5) co-hosted a reception for MLAs with Minister of Labour, the Honourable Christina Gray.
- Alberta's SM5 met with Minister Carlier.
- Alberta Counsel arranged meetings for the Alberta SM5 with Liberal MPs Randy Boissonnault and Minister Amarjeet Sohi, and NDP MP Linda Duncan.
- Both the Edmonton and Calgary Premier's Breakfasts were supported (during Calgary Stampede) and Edmonton (during K-Days).



Erna Ference and Karen Kirkwood with former MP, Ted Menzies



Dennis Steinwand and Andre Poulin attend Edmonton Premier's Breakfast, hosted by Deron Bilous, Minister of Economic Development and Trade



Erna Ference and Karen Kirkwood attend Minister's Reception



Erna Ference co-hosting SM5 MLA Reception with Minister of Labour, Christina Gray



Erne Ference and Jason Born meet with Chris Warkentin, MP for Grande Prairie-Mackenzie

- The Chair and Executive Director attended meetings with Honourable Shannon Phillips to discuss the Carbon Tax.
- The SM5 hosted a farm tour at the multi-commodity Morinville Colony that involved nine sitting MLAs. Discussion focused on farm safety, new technologies and the care and concern farmers have for their animals.
- The Ag Coalition hosted two multi-commodity farm tours to educate members of the committee about farm life.



(above)  
**Erna Ference and Bev Yee, Deputy Minister of Alberta Agriculture and Forestry**  
 (left)  
**Hon. Michael Chong, MP for Wellington-Halton Hills (ON) and Jason Born**  
 (right)  
**Mark Strahl, MP for Chilliwack-Hope (BC), Jason Born and John Nater, MP for Perth-Wellington (ON)**



**Taste Alberta Farm Tour, Summer of 2016**

## Volunteer Recognition & Arnold Teunissen Acknowledgement

Throughout the year, Alberta Chicken Producers values the opportunity to participate in agricultural events throughout the province. The Calgary Aggie Days, Lethbridge Aggie Days, Calgary Stampede, and Stony Plain City Slickers are the major events in which we participate to showcasing our industry.

Our participation at these events would not be possible without the support of our producer volunteers. What better ambassadors for our industry, than our own producers! Alberta Chicken Producers extends our sincere appreciation to those who take the time to volunteer at these events; sharing their farming stories, knowledge, and experience with those who visit our booth.

2016 marked the 13th year that Arnold Teunissen served as the Set-up Coordinator for most events in southern Alberta. Prior to that, Arnold also served as a producer volunteer. After an impressive 15 years of service for our industry, Arnold understandably made a decision to retire from this role with Alberta Chicken Producers at the end of 2016.

Alberta Chicken Producers thanks Arnold for his dedication, commitment and diligence in setting up our chick pen and ensuring the well-being of



**Arnold and Joanne Teunissen  
volunteer at the Calgary Stampede**

the chicks. We also commend Arnold and his wife Joanne for working many extra hours to fill-in when volunteer spots were vacant. - - - We would like to express our heart-felt gratitude for his passionate, dedicated service to the chicken industry and wish him and Joanne safe travels as they embark on a myriad of planned vacations.

# Notes

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**ALBERTA CHICKEN PRODUCERS**  
**Financial Statements**  
**Year Ended November 30, 2016**

**ALBERTA CHICKEN PRODUCERS**

**Index to Financial Statements**

**Year Ended November 30, 2016**

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Statement of Changes in Net Assets	4
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## INDEPENDENT AUDITOR'S REPORT

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To the Directors of Alberta Chicken Producers

We have audited the accompanying financial statements of Alberta Chicken Producers, which comprise the statement of financial position as at November 30, 2016 and the statements of operations, changes in net assets and cash flows for the year then ended, and 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 accounting standards for not-for-profit organizations, 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.

### *Auditor's 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 the auditor's 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, the auditor considers 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, the financial statements present fairly, in all material respects, the financial position of Alberta Chicken Producers as at November 30, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*King + Company*

Edmonton, AB  
January 25, 2017

CHARTERED ACCOUNTANTS

**ALBERTA CHICKEN PRODUCERS****Statement of Financial Position**

As at November 30, 2016

	2016	2015
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 202,727	\$ 322,805
Accounts receivable (Note 2)	161,167	169,982
Prepaid expenses	6,975	9,532
Current portion of mortgage receivable (Note 3)	7,483	7,193
	<u>378,352</u>	509,512
<b>MORTGAGE RECEIVABLE (Note 3)</b>	<b>62,747</b>	<b>70,230</b>
<b>PORTFOLIO INVESTMENTS (Note 4)</b>	<b>2,185,708</b>	<b>1,755,136</b>
<b>PROPERTY AND EQUIPMENT (Note 5)</b>	<b>1,312,272</b>	<b>1,389,407</b>
	<u>\$ 3,939,079</u>	<u>\$ 3,724,285</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 214,213	\$ 164,713
<b>DEFERRED CONTRIBUTIONS (Note 7)</b>	<b>74,546</b>	<b>-</b>
	<u>288,759</u>	164,713
<b>LIQUIDATED DAMAGES RESOLUTION (Note 8)</b>		
<b>NET ASSETS</b>		
Invested in property and equipment	1,312,272	1,389,407
Unrestricted	2,338,048	2,170,165
	<u>3,650,320</u>	3,559,572
	<u>\$ 3,939,079</u>	<u>\$ 3,724,285</u>

**ON BEHALF OF THE BOARD**\_\_\_\_\_  
*Director*\_\_\_\_\_  
*Director*

# ALBERTA CHICKEN PRODUCERS

## Statement of Operations

Year Ended November 30, 2016

	Budget (Unaudited) 2016	2016	2015
<b>REVENUE</b>			
Levies <i>(Note 9)</i>	\$ 1,700,700	\$ 1,788,585	\$ 1,656,153
Monetary penalties	65,500	251,040	70,380
Other production income	250,550	138,883	163,451
Producer grower program	121,100	132,896	121,029
Project grants	-	98,850	42,814
On-Farm Food Safety charges	82,250	57,327	58,686
Investment income	7,900	52,041	61,590
Diagnostic services	64,700	46,971	52,227
Administrative fees and other	20,200	33,444	25,971
Increase in fair value of portfolio investments	-	30,860	-
Rental	-	3,600	9,828
	2,312,900	2,634,497	2,262,129
<b>EXPENSES</b>			
Salaries, contracts and benefits <i>(Note 10)</i>	714,200	675,326	624,527
Diagnostic services	241,000	226,817	225,302
Producer grower program	195,000	194,016	193,207
Office	134,700	188,257	106,137
Travel	209,700	183,255	164,219
Professional fees	65,000	171,413	80,536
Director fees <i>(Note 10)</i>	156,000	136,903	141,119
Advertising, promotion and sponsorship	147,500	135,087	141,834
Grants	130,000	118,549	97,730
Amortization of property and equipment	99,000	85,472	93,029
On-Farm Food Safety charges	94,250	77,077	69,648
Taxes and fees	62,000	63,892	55,372
Telephone and utilities	39,000	37,179	36,545
Equipment rentals	12,000	22,062	13,951
Repairs and maintenance	25,000	21,664	29,891
50 year anniversary <i>(Note 11)</i>	47,500	19,673	-
Insurance	11,000	11,199	10,702
Interest and bank charges	3,500	6,121	3,770
Loss on disposal of equipment	-	962	7,182
Decrease in fair value of portfolio investments	-	-	28,791
Interest on obligations under capital lease	-	-	973
	2,386,350	2,374,924	2,124,465
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	(73,450)	259,573	137,664
<b>REFUND OF LEVIES PAID</b>	-	(168,825)	-
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	\$ (73,450)	\$ 90,748	\$ 137,664

**ALBERTA CHICKEN PRODUCERS****Statement of Changes in Net Assets****Year Ended November 30, 2016**

	Invested in Property and Equipment	Unrestricted	2016	2015
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 1,389,407	\$ 2,170,165	\$ 3,559,572	\$ 3,421,908
Excess (deficiency) of revenue over expenses	(85,472)	176,220	90,748	137,664
Purchase of property and equipment, net	8,337	(8,337)	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 1,312,272	\$ 2,338,048	\$ 3,650,320	\$ 3,559,572

**ALBERTA CHICKEN PRODUCERS****Statement of Cash Flows****Year Ended November 30, 2016**

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 90,748	\$ 137,664
Items not affecting cash:		
Amortization of property and equipment	85,472	93,029
Loss on disposal of property and equipment	962	7,182
Realized loss on sale of portfolio investments	20	-
Unrealized change in fair value of portfolio investments	(30,860)	28,791
Interest on capital lease obligation	-	973
	<u>146,342</u>	<u>267,639</u>
Changes in non-cash working capital:		
Accounts receivable	8,815	(54,156)
Prepaid expenses	2,557	(1,576)
Accounts payable and accrued liabilities	49,500	25,525
Deferred contributions	74,546	(150,000)
	<u>135,418</u>	<u>(180,207)</u>
Cash flow from operating activities	<u>281,760</u>	<u>87,432</u>
<b>FINANCING ACTIVITY</b>		
Repayment of capital lease obligation	-	(2,236)
<b>INVESTING ACTIVITIES</b>		
Proceeds from mortgage receivable	7,193	6,914
Purchase of property and equipment	(9,299)	(23,949)
Purchase of portfolio investments, net	(399,732)	(59,508)
Cash flow used by investing activities	<u>(401,838)</u>	<u>(76,543)</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b>(120,078)</b>	<b>8,653</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>322,805</b>	<b>314,152</b>
<b>CASH - END OF YEAR</b>	<b>\$ 202,727</b>	<b>\$ 322,805</b>

# ALBERTA CHICKEN PRODUCERS

## Notes to Financial Statements

Year Ended November 30, 2016

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### NATURE OF OPERATIONS

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

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

#### 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 revenue and contributions are recognized in 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. 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.

#### Financial Instruments Policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, portfolio investments are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

#### Cash

Cash is comprised of cash held with financial institutions.

#### Property and Equipment

Property and Equipment is stated at cost or deemed cost less accumulated amortization. Property and Equipment is amortized over its estimated useful life at the following rates and methods:

Condominium units	5%	declining balance method
Furniture and fixtures	20%	declining balance method
Computer equipment	3 years	straight-line method
Computer software	30%	declining balance method

Management regularly reviews its property and equipment to eliminate obsolete items.

*(continues)*

# ALBERTA CHICKEN PRODUCERS

## Notes to Financial Statements

Year Ended November 30, 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Pension Plan

The Board maintains a defined contribution pension plan under which amounts are contributed to employee's RRSP accounts. Expense for this plan is equal to the organization's required contribution for the year.

#### Measurement Uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

### 2. ACCOUNTS RECEIVABLE

	<u>2016</u>	<u>2015</u>
Levies	\$ 89,991	\$ 98,216
Trade	49,485	20,553
Grants	21,691	51,213
	<u>\$ 161,167</u>	<u>\$ 169,982</u>

### 3. MORTGAGE RECEIVABLE

	<u>2016</u>	<u>2015</u>
4%, monthly repayments of \$845, including interest, due November 1, 2019, secured by an office condominium	\$ 70,230	\$ 77,423
Current portion	(7,483)	(7,193)
	<u>\$ 62,747</u>	<u>\$ 70,230</u>

### 4. PORTFOLIO INVESTMENTS

	<u>2016</u>	<u>2015</u>
Guaranteed investment certificates	\$ 1,786,730	\$ 1,414,093
Mutual funds	395,339	338,503
Cash	3,639	2,540
	<u>\$ 2,185,708</u>	<u>\$ 1,755,136</u>

The Board's guaranteed investment certificates earn interest at rates ranging from 1.45% to 2.75% and have maturity dates ranging from February 27, 2017 to October 4, 2021.

# ALBERTA CHICKEN PRODUCERS

## Notes to Financial Statements

Year Ended November 30, 2016

### 5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Condominium units	\$ 1,768,921	\$ 524,901	\$ 1,244,020	\$ 1,309,495
Furniture and fixtures	374,545	322,721	51,824	62,220
Computer equipment	167,830	151,907	15,923	16,970
Computer software	106,918	106,413	505	722
	<u>\$ 2,418,214</u>	<u>\$ 1,105,942</u>	<u>\$ 1,312,272</u>	<u>\$ 1,389,407</u>

### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
Trade	\$ 193,199	\$ 151,693
Vacation accrual	11,222	7,865
Government remittances	9,792	5,155
	<u>\$ 214,213</u>	<u>\$ 164,713</u>

### 7. DEFERRED CONTRIBUTIONS

Deferred contributions represents restricted operating funding received that is related to subsequent periods. The following is a summary of the changes for the year ending November 30:

	2016	2015
Balance - beginning of year	\$ -	\$ 150,000
Contributions received or receivable	173,396	92,814
Recognized as project grants	(98,850)	(242,814)
Balance - end of year	<u>\$ 74,546</u>	<u>\$ -</u>

### 8. LIQUIDATED DAMAGES RESOLUTION

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, 2016, certain investments of the Board have been pledged as security.

**ALBERTA CHICKEN PRODUCERS**

**Notes to Financial Statements**

**Year Ended November 30, 2016**

**9. LEVIES**

	<u>2016</u>	<u>2015</u>
Levies charged	\$ 2,564,958	\$ 2,381,893
CFC portion	<u>(776,373)</u>	<u>(725,740)</u>
Net levies	<u>\$ 1,788,585</u>	<u>\$ 1,656,153</u>

**10. SALARIES, CONTRACTS, BENEFITS AND FEES**

	Salaries and Contract	Benefits	Fees	<u>2016</u>	<u>2015</u>
<b>Salaries, contracts and benefits</b>					
Office staff	\$ 589,566	\$ 85,760	\$ -	<u>\$ 675,326</u>	<u>\$ 624,527</u>
<b>Director fees</b>					
Erna Ference	-	2,001	40,875	<b>42,876</b>	42,258
David Hyink	-	840	16,640	<b>17,480</b>	25,669
Dennis Steinwand	-	1,269	26,168	<b>27,437</b>	27,042
Ite Verink	-	-	-	-	8,930
Jason Born	-	1,170	24,190	<b>25,360</b>	26,413
Martin Van Diemen	-	890	18,515	<b>19,405</b>	10,507
Producer representatives	-	-	4,345	<b>4,345</b>	300
	<u>-</u>	<u>6,170</u>	<u>130,733</u>	<u><b>136,903</b></u>	<u>141,119</u>
	<u>\$ 589,566</u>	<u>\$ 91,930</u>	<u>\$ 130,733</u>	<u><b>\$ 812,229</b></u>	<u>\$ 765,646</u>

**11. 50 YEAR ANNIVERSARY**

	<u>2016</u>
Revenues	\$ 35,709
Expenses	<u>(55,382)</u>
Net	<u><b>\$ (19,673)</b></u>

**12. PENSION EXPENSE**

Pension expense included in salaries and benefits is \$22,212 (2015 - \$16,959).

# ALBERTA CHICKEN PRODUCERS

## Notes to Financial Statements

Year Ended November 30, 2016

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### 13. COMMITMENTS

#### Poultry Health Services Ltd.

The Board is a member of the Poultry Industry Organizations, which has committed a total of \$26,491 for 2016 to be paid to Poultry Health Services Ltd. for the provision of veterinarian services. The Board's portion of this commitment is \$16,689.

### 14. FINANCIAL INSTRUMENTS

The Board is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Board's risk exposure and concentration as of November 30, 2016.

#### Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Board is exposed to credit risk primarily from cash and accounts receivable. The Board maintains its cash in a major financial institution. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

The Board's accounts receivable are exposed to credit risk as the majority of receivables are from entities that conduct their business within the same industry.

#### Market Risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Board is mainly exposed to interest rate risk and other price risk.

#### Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Board manages exposure through its normal operating and financing activities. The Board is exposed to interest rate risk primarily through its portfolio investments and mortgage receivable.

#### Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Board is exposed to other price risk through its investment in quoted mutual funds.

### 15. BUDGET

The budget is unaudited and was approved by the Board on October 8, 2015.

### 16. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

***Alberta Chicken Industry's Shared Vision:***  
**By working together, Alberta's chicken industry is growing, creating shared value  
and satisfying consumers by providing safe, high-quality chicken products.**

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