

2017



Alberta  Chicken
PRODUCERS

ANNUAL REPORT

51st ANNUAL REPORT

Fiscal Year

December 1, 2016 – November 30, 2017

TABLE OF CONTENTS

Board & Staff.....	2
Board Structure.....	3
Leadership Roles.....	3
ACP Committees.....	3
Chair & Executive Director Report.....	4
Vision, Mission, Standards of Leadership, Strategic Priorities, Key Performance Indicators.....	7
Strategic Priorities.....	8
Activities & Achievements.....	9
Professional Development.....	10
Governance Committee.....	11
Production Committee.....	12
Supply Chain Committee.....	13
Flock Health and Management.....	15
Communications and Marketing.....	17
Government Relations.....	20
Research Committee.....	23
Alberta Poultry Industry Emergency Management.....	25
Chicken Farmers of Canada.....	26
Producer Representatives.....	28
Industry Advisory Committee.....	28
Tribute – Martin Van Diemen.....	29
Tribute – Erna Ference.....	30
Market Reports.....	31
Financial Statements (inside back cover)	

2017

Board



(Left to Right):

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

Staff



(Left to Right):

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

Board Structure

Erna Ference, Chair

Completes her second 3-year term in 2018 and is not seeking re-election

Jason Born, Vice Chair

Completes his second 3-year term in 2019

Dennis Steinwand, Director

Completes his second 3-year term in 2020

Martin van Diemen, Director

Completes his first 3-year term in 2018 and is not seeking re-election

Christian Guenter, Director

Completes his first 3-year term in 2020

Leadership Roles

Media Spokespersons

Erna Ference
Jason Born
Karen Kirkwood

Public Relations

Erna Ference
Karen Kirkwood

Promotion

Martin van Diemen

Chicken Farmers of Canada (CFC)

Dennis Steinwand, Director
Erna Ference, Alternate

Canadian Broiler Council (CBC)

Dennis Steinwand

ACP Committees

Finance

Jason Born, Chair
Dennis Steinwand

Governance

Dennis Steinwand, Chair
Jason Born

Flock Health and Management

Martin van Diemen, Chair
Jason Born

Production

Jason Born, Chair
Christian Guenter

Research

Martin van Diemen, Chair
Christian Guenter

Supply Chain

Jason Born, Chair
Christian Guenter

Ag Coalition

Erna Ference
Jason Born

AgSafe Alberta Society Board

Erna Ference, Vice-Chair
and Poultry Industry Representative

Agri-Environmental Partnership of Alberta (AEPA)

Erna Ference

Alberta Farm Animal Care (AFAC)

Cora Scheele, Poultry Industry Representative

Intensive Livestock Working Group (ILWG)

Erna Ference

Policy Advisory Group (PAG)

Jason Born
Dennis Steinwand

Poultry Research Centre Advisory Board (PRC)

Martin van Diemen

Chair & Executive Director Report

2017 has seen many milestones and accomplishments for the Alberta chicken industry; and we are privileged to report on the priorities that have been the focus of our Board and staff's activities over this past year.

It was with a great deal of appreciation and pleasure that Alberta signed back into the Federal Provincial Agreement for Chicken (FPA). This process was confirmed when the Honourable Minister of Agriculture and Forestry, Oneil Carlier, received Order in Council approval in September. We celebrated the official signing of the agreement with the Minister's representatives from Alberta Agricultural Products Marketing Council at our Regional Meeting in Edmonton on November 2, 2017. With Alberta now back in the FPA, Alberta's Chicken Farmers of Canada (CFC) representative, Dennis Steinwand, was able to participate in voting at the CFC meetings held later in November. We look forward to continuing as a full member at the CFC table and sharing in the new growth formula.

Growth remained strong for Alberta and the Canadian chicken industry throughout 2017. The effect of ending the illegal importation of spent fowl, coupled with continued strong demand for fresh chicken, translated into significant growth in chicken production across the country.

In 2017, Alberta grew 6.6% over 2016 and the national growth was 4.7%. Alberta has continued to benefit from the new allocation methodology implemented in Period A-127. Since the inception of the new allocation agreement, Alberta has gained over twenty million live kilograms in differential growth, which continues to close the gap between Alberta's share of allocation versus population.

Producers and processors continued to work diligently throughout the year to target 100% utilization performance. These efforts translated into utilization of 99.8% in 2017, compared to national utilization of 99.2%.

In addition to production growth, Alberta's chicken industry is also continuing to grow in terms of the number of new producers, facilities and investment. In the past three years, over 29 new producers have entered the industry; and, in 2017 alone, 25 new barns were constructed. Additionally, producers, processors and hatcheries have and are continuing to make significant investments into expanding and upgrading their current facilities.



Following approval from producers at the 2017 Annual General Meeting of the Responsive Reforms for Optimizing Quota Utilization proposal, Alberta Chicken Producer's Marketing Regulation was amended in August 2017. Preparing producers and industry for this change over the past year supported the smooth implementation of this transition from 100% leasing out of quota to a maximum of 50%.

The Board established a renewed pricing agreement with processors in August 2017, which covers the period from A-145 through A-153 inclusive. We have maintained long-term pricing Memorandum of Understanding (MOU) with processors for over nine years and it is a process that continues to serve our industry well. The Alberta Minimum Live Price under this MOU is based on the Ontario live price for the 2.15 – 2.45kg weight category and includes an increase to the cost of catching of 0.1 cents/kg to account for a cost-of-living increase. The Board and processors recognize the impact that the annual adjustments in the Ontario Cost of Production Formula and the Alberta carbon tax are having on both producer margins and the competitive position of Alberta's processors in the national marketplace; and, we are continuing to make best efforts to address these impacts.

Creating shared value with stakeholders is a priority of our organization and our actions have continued to be guided by the value our organization places on collaboration. As a part of a regular review process, ACP met with our catchers and processors during the year to discuss the Alberta Catching and Transportation Manual. It was decided that a small committee comprised of catchers, processors and ACP work on specific areas of the manual requiring change or updating. This work will be completed before the Annual General Meeting and is an indication of the importance collaboration and shared values play in addressing humane catching and shared responsibilities. We also had the opportunity to hold a Crisis Preparedness Workshop in advance of our catching meeting and were pleased that other commodities were able to participate.



Erna Ference, Chair



Karen Kirkwood, Executive Director

Another collaborative initiative that was undertaken this year is in the area of emergency risk management. The four poultry boards have collectively undertaken an emergency management project and a biosecurity project which are complementary in their efforts to mitigate the risks associated with poultry diseases and non-disease related emergencies. Ensuring these projects provide value to producers and all stakeholders is of utmost importance and will continue to be a priority in the upcoming year.

As a supply managed commodity, we have been monitoring international trade agreements very closely and have become increasingly concerned by what has been reported in the news. Alberta Chicken Producers has participated in several roundtables convened by the provincial government on North American Free Trade Agreement (NAFTA) throughout the year, and we have provided information, as well as expressed our concerns, with respect to proposals being put forward by the US. While we have limited knowledge at this time as to what the outcomes may be, we are encouraged by the ongoing expression of support for our supply managed industries by both the provincial and federal governments. In addition to NAFTA, the Trans-Pacific Partnership talks (without the US) resumed in 2017, along with a possible China trade agreement. Both of these will continue into 2018.

2017 was an important year for the Alberta Government's continued legislation and movement on farm safety, and Alberta Chicken Producers was involved in several areas. While last year saw a significant amount of work going into the creation of the AgCoalition, which is an active organization formed to address the political side of farm safety including employment standards and labour relations, this year focused more on ensuring that proper information was provided to provincial government. Work of the six provincially appointed Technical Working Group tables was completed, and the Provincial Government is now in a consultative stage. With the Occupational Health and Safety (OH&S) file being so large and important we will be taking our time to carefully assess the complex set of proposed recommendations and provide our feedback. It is imperative that producers participate in this process by identifying concerns and providing their suggestions for improvement while the opportunity to do so exists. Giving feedback to what is being proposed is critical to raising awareness of farming activities and the practical application of Occupational Health and Safety standards.

Another area of the safety of farms where a great deal of progress has been made in 2017 is the official formation of the AgSafe Alberta. Seed funding from the Government of Alberta provided for the creation of tools, resources, and evaluations, and the delivery of farm safety education and training to producers. There has been a lot of work done in

a very short period of time and chicken producers should be pleased by the availability and amount of assistance that is accessible to support their farm safety plans. Work is progressing on transitioning AgSafe into an ongoing producer-run organization with a Board of Directors and sustainable funding.

This year was also marked by a number of administrative successes and initiatives. The upgrading of the Grower Program has been progressing smoothly over the first year of this upgrade process. The lease of the office space next door was renewed with Alberta Turkey Producers for an additional year and this continues to be a beneficial arrangement for both of our organizations and staff. Throughout the year, Alberta Chicken Producers has also continued to grow its presence on social media and in the community by developing and promoting several video and digital advertising campaigns and hosting a number of successful farm tours. This could not be possible without the support and participation of our producers and the hard work and creativity of our team.

We wish to thank our Directors, staff, producers, and industry partners for your commitment to the collective success Alberta's chicken industry!



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

Key Success Factors

1. Collaboration
2. Strategic Focus
3. Continuous Improvement / Innovation
4. Organizational Effectiveness
5. Shared Value

Strategic Priorities

1. Driving sustainable production
2. Creating shared value with stakeholders
3. Consumer Focus

Key Performance Indicators

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



Strategic Priorities

On September 13-14, 2017, ACP held its annual Strategic Planning Retreat with our industry partners. On September 13, representatives of the Alberta Hatching Egg Producers Board, Maple Leaf Foods, Sunrise Farms, and Sofina Foods joined the Alberta Chicken Producers' Board and Executive Director to provide feedback on ACP's progress and input as we move into the last year of our current three-year Strategic Plan.

The top three areas of focus for 2017-18 identified through the discussions were: activism, catching, and consumer trends. ACP's business plans and Key Performance Indicators have been updated to maintain our strategic direction. Over this next year, we will be identifying the priorities and developing our new Strategic Plan for 2019-2021.

For the first time this year, we also incorporated a trust exercise into our strategic retreat with Processors and Hatching Egg Producers, with an aim to continuously improve and further strengthen trust throughout our value chain. Our facilitator, Finley & Associates, led us through Stephen Covey's Trust Framework, which is drawn from his book, *The Speed of Trust*. This exercise was insightful and has provided us with a good baseline to assess our progress into the future.

Alberta Chicken Producers' Board and staff greatly value our relationships with industry partners and are grateful for their participation in and contributions 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, and all Board meetings were held at the Edmonton Board office.
- ▶ Directors continue to evaluate board meeting effectiveness by completing an evaluation at the end of each meeting. The evaluations are reviewed by the Governance Committee and suggestions and observations are brought forward to the board by the committee from time to time.
- ▶ The board also held four conference calls this year to determine Alberta's allocation submission to the Chicken Farmers of Canada. CFC continues to set allocation on a two-period basis which has proven to be both cost effective and efficient.



Rob Renema, Jason Born and Karen Kirkwood with the Chair and staff of Chicken Farmers of Ontario.

Industry Meetings and Presentations

- ▶ Alberta Chicken Producers held their annual Strategic Planning Workshop with Processors and representatives from the Alberta Hatching Egg Producers on September 13 and 14, 2017.
- ▶ Regional Meetings were held October 31 to November 2, 2017 in Lethbridge, Red Deer and Edmonton. This year, the signing of the Federal Provincial Agreement for Chicken was celebrated at the Edmonton Meeting with many producers, industry partners, and government representatives in attendance.
- ▶ Two meetings were held with the Alberta Hatching Egg Producers Board to discuss matters of mutual interest.
- ▶ Meetings were held with processors throughout the year to discuss and address mutual issues.
- ▶ Alberta hosted one and attended two Western Boards Meetings with Manitoba, Saskatchewan and British Columbia.
- ▶ Representatives from the Board attended the CFC Annual Summer Meeting in BC.
- ▶ Two meetings were held with the catchers and processors.
- ▶ Alberta Chicken Producers hosted a Crisis Preparedness Workshop in Edmonton, attended by processors, catchers, and representatives from the Alberta Turkey Producers and Alberta Hatching Egg Producers Boards.
- ▶ Presentations were made throughout the year, including the Ag Lenders Workshop at Olds College, the University of Calgary – Faculty of Veterinary Medicine, and the Classroom Agriculture Program.

Professional Development & Continuous Learning

Alberta Chicken Producers supports and encourages the continuous learning and development of Directors and Staff.

The following courses, workshops, and webinars were attended in 2017:

- ▶ Leadership Development Program, University of Alberta Executive Education
- ▶ Centre for Food Integrity Summit
- ▶ Technical Writing: Procedures and Manuals, University of Alberta Executive Education
- ▶ Directors Education Program, Institute for Corporate Directors
- ▶ Critical Communication Skills, Northern Alberta Institute of Technology
- ▶ Anger Management, Northern Alberta Institute of Technology
- ▶ Innovative Funding Workshop
- ▶ Alberta Farm Animal Care Livestock Care Conference
- ▶ Genetic Preservation Summit
- ▶ Broiler ReoVirus Conference
- ▶ Broiler Feed Quality Conference
- ▶ Risk Management Workshop
- ▶ Governance Workshop

Webinars:

- ▶ Be Seen Be Safe Training
- ▶ Crisis Preparedness Training (Geofencing)
- ▶ CFC Auditor Training
- ▶ Nielsen: What's in Store 2017
- ▶ Nielsen: The 7 Biggest Price and Promotion Mistakes and How to Overcome Them
- ▶ EDC: Global Export Forecast 2017
- ▶ Getting the Most out of the Twitterverse
- ▶ Public Trust Research
- ▶ Centre for Food Integrity

A Board Team Building Retreat was held in June with an exercise that focused on teamwork and personal development goal setting.

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 sessions are offered to producers to build confidence and develop future leaders in the chicken industry. Those who take this course have said that they are better prepared to accept the role of Producer Representative or Board Director. Retiring Directors will often find they can also serve their producer peers by mentoring newly elected Directors. This year, a Leadership Development Course was conducted in January, with nine producers in attendance.



Governance Committee

SUBMITTED BY DENNIS STEINWAND, COMMITTEE CHAIR

The Governance Committee, which is comprised of two Directors and the Executive Director, was busy throughout this past year.

During the course of the year, the Committee:

- ▶ Led the delivery of the Producer Leadership Development Workshop in January 2017;
- ▶ Conducted an Orientation Session with our new Director in March;
- ▶ Organized a Board Development Retreat;
- ▶ Reviewed and updated the Chair's position description; and reviewed the Succession Plan for the Executive Director;
- ▶ Led ACP's Committee's through an annual review of their respective Mandates and Terms of Reference;
- ▶ Reviewed several ACP policies, including the Non-Controversial Matters and Market Development Program policies; and

- ▶ Undertook a review of ACP's nomination and election processes in ACP's Plan Regulation, which the Board has taken to producers for consultation.

As a Committee, we also review and monitor Board Meeting Evaluations, lead the Board through various leadership and team development activities, and encourage Directors to pursue professional development activities.

The Committee was pleased with the attendance at the Producer Leadership Development Workshop and looks forward to the next workshop, planned for early 2019.

I would like to thank the Committee members, Jason Born and Karen Kirkwood, for their valued contributions to our Committee's activities over this past year.



Production Committee

SUBMITTED BY JASON BORN, COMMITTEE CHAIR

The Production Committee, which is comprised of two Directors and two staff members, is guided by its mandate, *“to provide the Board with advice concerning the marketing of chicken in Alberta”*. The primary areas of focus for the Committee in 2017 were Alberta’s production performance, the Direct Marketing Lease Program, and the provincial carbon tax.

In Spring 2017, the Committee met with processors to review Alberta’s production performance and utilization. While overall utilization performance is continuing to improve, late flock mortality and flock health challenges were seen to be having an impact on production performance and warranted a closer review of the Leasing of Quota Policy. Coming out of this meeting, the Committee recommended that the Board consider extending the timeframe for leasing from 28 to 35 days after chick placement and assess the impact of this change after six cycles. The Board approved this amendment to the Leasing of Quota Policy, which was

presented to producers at the Fall 2017 Regional Meetings for feedback prior to implementation in early 2018. The Committee looks forward to reviewing and assessing the effectiveness of this change in the coming year.

In 2017, approximately 105,000 direct marketing lease kilograms were leased to four producers. Since the program’s inception in 2014, the volume of direct marketing lease has increased by approximately 35,000 kilograms and the number of producers accessing the program has increased from three to four. In accordance with ACP’s Policy and Marketing Regulation, the Committee conducted an audit of the Direct Marketing Lease Program in 2017. The Committee is pleased to report that all Direct Marketers accessing the program were deemed to be in compliance; and, as a result of the audit, the Board implemented a minor amendment to the Direct Marketing Lease Program Policy pertaining to the required documentation collected from customers by Direct Marketers.

In an effort to help producers mitigate the impact of the Alberta carbon tax that came into effect in 2017, the Production Committee developed an Energy Efficiency Case Study Program that was introduced to producers in on the Fall. Producers have been invited to submit case studies showcasing innovations or improvements to their facilities that have resulted in reduced energy use and cost savings for their operations. Case studies that meet pre-defined criteria developed by the Production Committee will be shared to help fellow producers improve their operations and the overall efficiency of the industry. The Committee looks forward to receiving submissions and communicating these case studies in the year ahead.

I would like to thank fellow Committee members Christian Guenter and Karen Miller for their diligence and valued contributions this past year. As well, the Committee commends the contributions of all procurement staff and producers in your continued efforts to maximize Alberta’s production performance.





Supply Chain Committee

SUBMITTED BY JASON BORN, COMMITTEE CHAIR

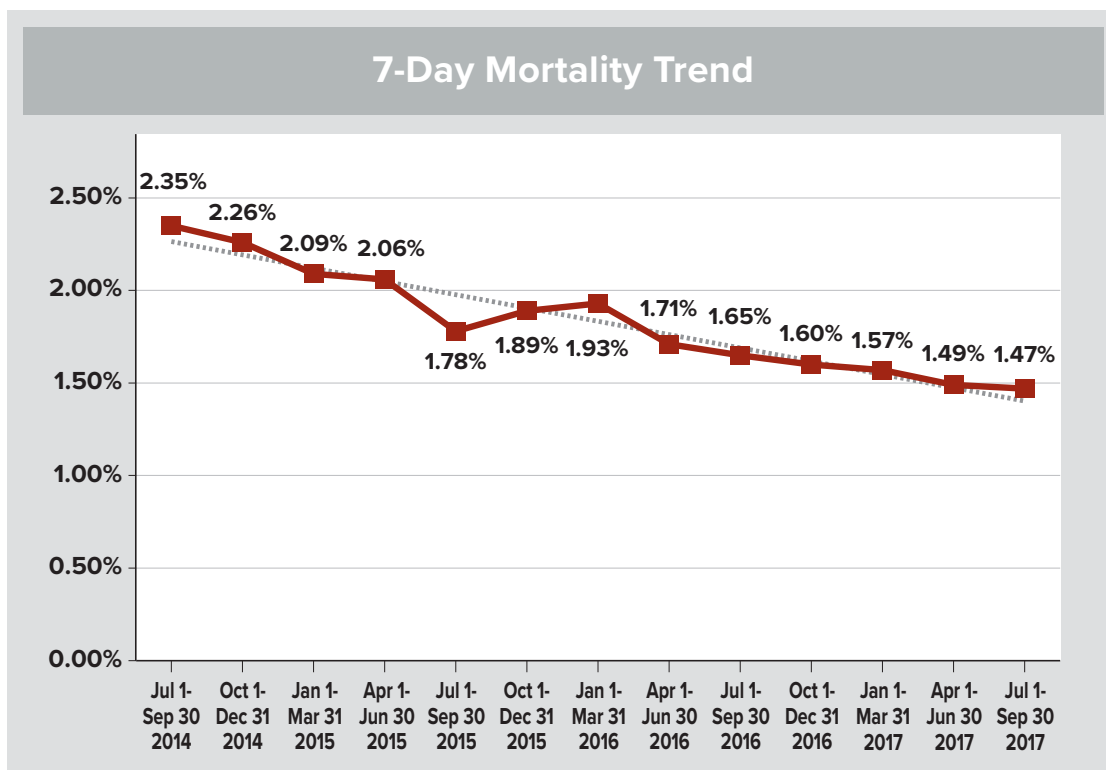
The Supply Chain Committee, which includes representatives from Alberta Hatching Egg Producers, Alberta's Hatcheries and Processors, the feed industry, poultry veterinary services, and representatives of the Alberta Chicken Producers' Board and staff, is guided by its mandate *"to foster an industry culture of collaboration and commitment to continuous improvement and best farming practices that support growth for the chicken market served by Alberta producers."*

The focus of this Committee is:

- ▶ To ensure Alberta's Broiler Chick Quality Manual remains current to producers and members of the supply chain;
- ▶ To monitor ACP's sustainable growth metrics regarding quota utilization, barn space, and targets for 7-day mortality;

- ▶ To provide input and feedback to the Alberta Chicken Producers Board on the development and implementation of national strategies to address animal care, flock health and transportation;
- ▶ To address challenges associated with antimicrobial reduction; and
- ▶ To identify opportunities for improvement in supply and production performance throughout the supply chain.

Reducing 7-day mortality levels in Alberta remains a high priority for the Committee. With input from broiler producers, hatcheries, and broiler breeder producers, we have identified and resolved or begun to address some of the factors contributing to chick mortality in Alberta. The original 7-day mortality target of 2% was achieved with the collective efforts of these groups at both the hatchery and the farm.



For 2017, the 7-day mortality target was 1.47%. Although results for the final quarter are not in yet, we are well on-track to meeting this target. Barns reporting 7-day mortalities over 2% started the year at approximately 20%, but has now dropped to below 15%. This is a huge step towards our target of 5%.

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 7-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 three years, and continues to serve our industry well in identifying best practices throughout the Supply Chain to improve chick quality. It continues to be updated as new ways to optimize both communication and best management practices are identified. The most recent version of the manual is available for download from the Alberta Chicken Producers website.

As well, this year the committee provided input into the Chicken Farmers of Canada's antimicrobial reduction strategy, and will continue to review and provide input into this strategy as well as identifying actions that can be taken at the Provincial level to mitigate the impacts on flock health and mortality. The committee also discussed the rate of expansion in broiler barn space compared to the growing provincial quota allocation, egg supply and barn expansion in the hatching egg sector, the status of poultry transport driver training, and the responsibilities of all parties in the transfer of poultry from the barn to the plant. Although specific approaches to managing these themes may differ among processors or commodities, the overarching issues affect us all.

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.



Flock Health and Management

SUBMITTED BY MARTIN VAN DIEMEN, COMMITTEE CHAIR

Food Safety and Animal Care Program Updates

Chicken Farmers of Canada released an addendum to our Animal Care Program document in June 2017, to bring it into alignment with the requirements of the new Poultry Code of Practice released in 2016. It includes updated requirements for barn lighting programs, ammonia and flock monitoring, catching and loading, and euthanasia training. While still voluntary during this transition period, the audit team has been evaluating compliance with the changes as producers adjust to them this year.

Alberta was one of the first provinces to fully implement the Animal Care Program in 2011; however, the manual has not been updated since it was first developed. This year, in response to the new requirements laid out by the Poultry Code of Practice, an updated version of the program has been developed. The Flock Health and Management Committee has provided comprehensive feedback on several drafts of the Program, which have been vetted by the Board and passed on to Chicken Farmers of Canada. The Committee and our Board is pleased to see that our input is being carefully considered nationally as the Program changes are being finalized.

The Flock Health and Management Committee extends a huge thank-you to producers who provided insight, feedback, and farm data throughout the Code review and Animal Care Program review processes. We invite you to continue to share your comments on the changes to the Animal Care Program to help us ensure requirements are clear and that the program is user-friendly and reasonable.

Growing Forward On-Farm Biosecurity Project

Alberta Chicken Producers is participating in a project funded by *Growing Forward 2* (Biosecurity) to build the disease-resistance capacity of Alberta poultry farms and to mitigate the spread of infectious disease. Objectives of the project include:

- ▶ Helping producers protect their farms from disease incursions
- ▶ Enhancing disease awareness and increasing the level of preparedness of Alberta poultry producers
- ▶ Developing an effective response including isolation/quarantine and/or depopulation in event of an emergency

Three key areas of focus are the development and roll-out of an on-farm biosecurity readiness assessment tool, creation of farm-specific self-quarantine protocols, and development of a scalable disease surveillance and response plan. Of these, the theme impacting producers the most is the biosecurity readiness evaluation tool, which is intended to deliver the following benefits to producers:

- ▶ Scoring your farm in six key areas/activities impacting biosecurity;
- ▶ Providing producers with a benchmark for their farms compared to the rest of the province;
- ▶ Increasing awareness of best management practices;
- ▶ Identifying solutions to potential “low-hanging fruit” issues; and
- ▶ Creating a biosecurity funding wish list for producers and the Board Office to use in planning for future funding requests for industry improvements.

Anti-Microbial Use (AMU) Strategy

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. CFC's AMU strategy is: (1) driven by a need to respond to a human health concern; (2) part of our ongoing commitment to our consumers; and (3) focused on eliminating or reducing use of categories of antibiotics that are important in human medicine. Antibiotics are intended for therapeutic treatment of disease and not for preventative use.

To support this process, CFC's AMU action plan includes initiatives to:

- ▶ Collect AMU/AMR Surveillance Data
- ▶ Collaborate with government on antimicrobial use regulations and initiatives
- ▶ Educate farmers and industry on antibiotic reduction and the good production practices required with reduced use
- ▶ Conduct pilot projects of antibiotic reduction
- ▶ Determine cost impacts to the industry of eliminating preventative use of Category II and III antimicrobials
- ▶ Work with the supply chain for quality results

2017 was the fourth year our program audit team performed the AMU survey with producers during their on-farm audits. Almost all Alberta broiler farms have taken the survey at least once. Results from the first couple of years of the survey have identified regional differences in product preference and length of use. This will continue to be a helpful way to monitor the impact of changes in industry practice and of pending preventive use bans.

Initiatives such as the Broiler Chick Quality Manual, the Western Poultry Conference, and Quality Brooding workshops, are actions the Board is taking to address chick quality and flock health and performance. Alberta Chicken Producers has invested research dollars into a number of scientific research projects to support development of both antibiotic replacement products and management practices to ensure the health and welfare of the birds is maintained in the absence of antibiotics.

A special thank you is extended to Committee members Jason Born and Robert Renema, and to our independent Audit Team, Alberta On-Farm Audits (Boyd Bresnahan and Rodney Swanek), for their diligence and commitment to Alberta Chicken Producers.





Communications and Marketing

Alberta Chicken Producers' Myth-busting Marketing

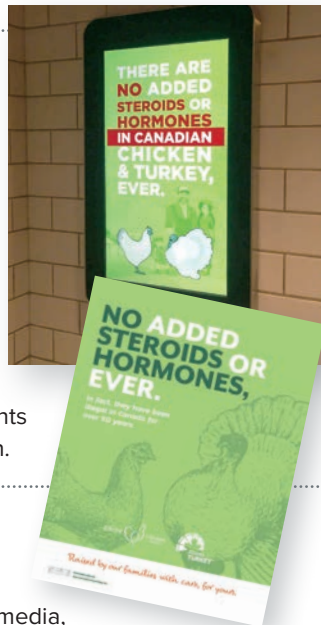
The theme of many marketing campaigns hosted throughout 2017 was “myth-busting”, targeting our specific consumer demographics.

This ad was published in the 2017 consumer issue of *GrainsWest* magazine. An animated spot of this ad also aired on CTV channels across Alberta. The spot aired in conjunction with the *Dr. Oz* and *Ellen* shows and the CTV *Sunday Family Movie*.



NEWAD

In partnership with Alberta Turkey, Alberta Chicken Producers ran two campaigns throughout 2017 that reached over a million Albertans. The “No added steroids or hormones, ever.” ads were displayed to consumers as both videos and static images in recreational facilities and restaurants throughout Calgary and Edmonton.



Social Media

2017 was an active year for the Alberta Chicken Producers social media, with the addition of two new health, food, and well-being focused accounts. The addition of these two accounts is helping to strategically target specific consumer demographics.



Are you following us?

Twitter – @Alberta_Chicken

Food, health, and well-being focused:

Instagram – @EatAbChicken

Facebook – @EatAbChicken

Farming facts, education and activities focused:

Instagram – @AlbertaChicken

Facebook – @AlbertaChickenProducers



ACP Hosts Live Barn Tour

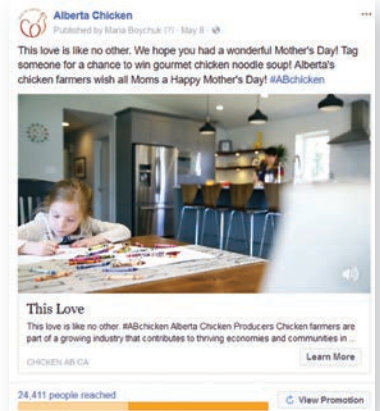
If you haven't seen it, check out the live barn tour video our own Director, Dennis Steinwand, and Alberta Chicken Producers' Marketing and Communications Specialist, Maria Leslie, filmed in late March. The video was hosted live on Chicken Farmers of Canada's social media accounts. The video is raw, un-staged, and unscripted; and, it offers an authentic look into a Canadian chicken barn. The video has reached over 90,000 Canadian consumers.



To watch, please visit: <https://www.facebook.com/chickenfarmers/videos/1424553904252677/>

Dietitians of Canada

In 2017, the Alberta Chicken Producers (ACP) forged a relationship with Dietitians of Canada, supporting two Dietitians of Canada events: a *Soup Sister's* event in Calgary supporting the Calgary Women's Emergency Shelter, and the other the *Canadian Dietitian's Day Forum* in Edmonton.



This Love

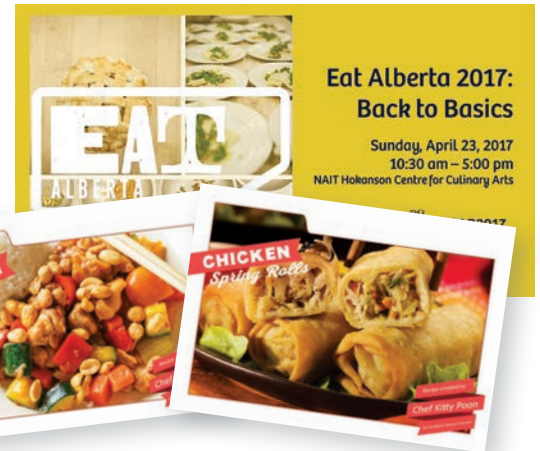
"*This Love*" was a video campaign that ran leading up to and during Mother's Day, targeting our "Careful Chooser" demographic and the general public... as most people can relate to having or being a mom.

Alberta Chicken Highlighted at EAT Alberta Event

On April 23, Alberta Chicken Producers participated in EAT Alberta 2017 "Back to Basics" at the NAIT Hokasan Centre for Culinary Arts.

Chef Kitty Poon led "Chop Suey on the Prairies," a session sponsored by Alberta Chicken Producers. While Kitty taught attendees how to make kung pao chicken and chicken spring rolls, the resulting smells were so enticing that they attracted attendees from other kitchens. Luckily for session attendees, they got to take ACP recipe cards for the dishes home along with their food.

For the recipes prepared by Chef Kitty Poon, please visit the "International Flair" section of our recipes on our website!



Producer Communications Workshop

The first-ever Producer Communications Workshop was hosted on June 9 in Red Deer. Approximately 22 producers were in attendance, reviewing topics such as: social media basics, how to bridge and block, how story is affect means of storytelling, when to and when not to engage in conversation and more.



Chicken Month Highlights

Northern Chicken – Prairie on the Plate Dinner

Alberta Chicken Producers, in partnership with Taste Alberta and Northern Chicken, hosted the first ever chicken month Prairie on the Plate dinner. The sold out event featured a five course meal that still has us licking our fingers.



Chefs Andrew Cowan and Matt Phillips serve the final course of the Northern Chicken Prairie on the Plate dinner.



The first-ever custom Alberta Chicken/ Northern Chicken sandwich board.

Chicken Month Partnership – Recipe Cards



GetJoyFull Partnership

One of the many Chicken Month initiatives included a partnership between Emily Mardell R.D. of GetJoyFull. Together Emily, her daughter Cela and the Poulins helped to tell the Alberta Chicken 'gate to plate' story. Portions of the video also aired on a Global Edmonton segment.

The second film was released later in September and was a 'food focused' video, featuring Chartier, the 2016 winner of 'Edmonton's Best New Restaurant', awarded by Avenue Magazine.



Ag Events

Throughout 2017 ACP participated in several successful annual agriculture events and two new ones. The purpose of these events includes: general industry awareness, targeted youth education, and/or community engagement.

2017 events included:

- ▶ Calgary Aggie Days
- ▶ Lethbridge Aggie Days
- ▶ Calgary Stampede
- ▶ (New) Amazing Agriculture – Northlands
- ▶ City Slickers – Stony Plain
- ▶ Outstanding in the Field – Brooks
- ▶ (New) Ag For Life Teacher Symposium



Producer Don Sundgaard teaches students at the Outstanding in the Field event in Brooks.



Producer Tara de Vries explains the life-cycle of a broiler to grade four and five students at Amazing Agriculture in Edmonton.

Participation at these events would not be possible without the commitment of our producers who so willingly volunteer at these events to share their knowledge and expertise in chicken farming. Each year, feedback from our volunteers demonstrates the value of attending these events and the great opportunity the events provide to educate those who stop by our booth.

A special thank you is extended to Rob van Diemen who has taken on the role of Agricultural Events Set-up Coordinator, which includes setting up the chick pen and ensuring the well-being of our chicks during the event. Your dedication and commitment is paramount in the success of these events – ‘thank you’ Rob!

Government Relations

The Alberta Supply Management Groups (collectively known as SM5) both hosted and attended a variety of events, and also attended several meetings with elected officials throughout the year.

Alberta Chicken Producers also participated in a number of its own meetings and events with elected officials throughout the year.

2017 events include:

- ▶ ACP’s Chair and Executive Director met with the Minister of Agriculture, the Honourable Oneil Carlier, on multiple occasions throughout the year.
- ▶ SM5 Calgary Premier’s Breakfast during the Calgary Stampede
- ▶ SM5 Edmonton Premier’s Breakfast during K-Days



SM5 members with Premier Rachel Notley and members of the NDP caucus at the 2017 Edmonton Premier’s Breakfast.



- ▶ SM5 meeting with Randy Boissonnault, MP for Edmonton Centre, on July 31st
- ▶ SM5 meeting with Estefania Cortes-Vargas, MLA for Strathcona-Sherwood Park, on August 8th
- ▶ SM5 Farm Tour to the Therrien Farm
- ▶ MLA farm tour to Director, Dennis Steinwands farm
- ▶ ACP's Chair, Vice-Chair, Executive Director, CFC Directors and Executive Director met with nine Members of Parliament during CFC's Annual Lobby Day.
- ▶ SM5 meeting with Heather Mack, Chief of Staff to Minister of Economic Development and Trade, Deron Bilous



(Left to Right):
Erna Ference,
Chair of Alberta
Chicken Producers,
Hon. Randy
Boissonnault
Member of
Parliament for
Edmonton Centre,
Benoit Fontaine,
Chair of Chicken
Farmers of Canada.



Executive Director, Karen Kirkwood meets with Hon. Christina Gray Minister of Labour and Minister Responsible for Democratic Renewal at a constituency event.



SM5 members and Premier Rachel Notley at the 2017 Calgary Premier's Breakfast.

Producer Farm Tours



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.

This year, Taste Alberta created and amplified three digital stories to promote Alberta food and agriculture. *Canadian Agriculture Day* profiled four Alberta farmers to celebrate Canadian farmers, including chicken producer Andre Poulin. The *Easy to buy local* story showed how simple it is to choose local food and included messages about the impact buying local has on Alberta producers. Our *Sustainable farming* story spoke to responsible farming practices and why choosing local keeps farming alive. These stories reached over 400 thousand consumers, with an engagement rate of 3.21%. That means about 13,000 consumers that read the story also provided a comment, shared it with their friends or engaged with a “thumbs-up” like.

Taste Alberta participates in several events throughout the year such as hosting Prairie on the Plate dinners and Christmas in November. This year ACP participated in Christmas in November’s Fireside Chats, contributing to a candid discussion about sustainability, local food and how producers ensure they deliver quality products to the marketplace.

Sponsorships & Donations

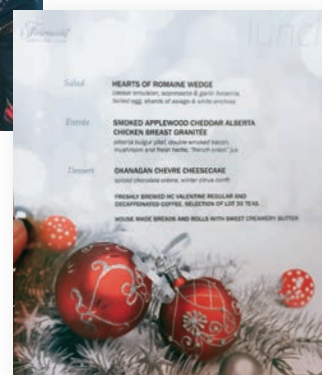
- ▶ Taste Alberta’s Jasper Christmas in November
- ▶ Feel the Beat – Lethbridge Symphony
- ▶ Leduc Linx Connects
- ▶ Festival of Fine Chefs
- ▶ Hearts and Heroes Fundraiser
- ▶ In-kind donations were made to producers who hosted farm tours or Open House events
- ▶ Rimbey Foodbank Christmas Hamper
- ▶ Calgary Stampede
- ▶ Sponsored the University of Alberta’s Rural Café event
- ▶ Dietitians of Canada Soup Sisters event



Alberta Chicken Producers staff volunteer at the Edmonton Bissell Centre.



Taste Alberta members and Chef Ned Bell host the 2017 Christmas in November fireside chat.



Research Committee

.....
 SUBMITTED BY MARTIN VAN DIEMEN, COMMITTEE CHAIR

Agriculture Funding Consortium

Alberta Chicken Producers is an associate member of the Agriculture Funding Consortium. 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. We share in funding of research projects with major funding partners such as the Strategic Research and Development Program run by the Industry and Rural Development Division within Alberta Agriculture and Forestry. Like Alberta Livestock and Meat Agency (ALMA) before it, this program invests research dollars into programs benefiting Alberta livestock and poultry producers.

Alberta Chicken Producers' Research Committee strategically allocates research dollars to projects with the greatest potential to positively impact the Alberta broiler industry. Being part of the Agriculture Funding Consortium allows us to be able to support more research than if we only funded work independently. We also support research projects through letters of support that demonstrate the value of the proposed work, and through in-kind contributions. When possible, we like to work with researchers as early as possible in the application process to help ensure the proposal is relevant for all funders involved.

2017 has been a very competitive year for research funding due to number of applications, the dollar value of these projects, and a slightly decreased amount of funding available. The face of the Agriculture Funding Consortium continues to change. The Alberta Crop Industry Development Fund (ACIDF) will cease to exist and the scope of research funded by the Strategic Research and Development Program will expand to include crop research. While it is clear that the Agriculture Funding Consortium will continue, future research budgets and some operational details remain up in the air. It is likely that 2018 will be another 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 invest in projects we believe 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 revised research priorities is available on the ACP 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 being a central component of many of these priorities. Pathogen control, antibiotic-free production, cellulitis control, and many other aspects of broiler production can be affected by chick quality. *Salmonella* and *Campylobacter* are of particular importance because of their ability to cause foodborne illness in humans.

This year, the Agriculture Funding Consortium received 183 letters of intent (LOI) requesting funding for the 2016/2017 call for proposals. A total of nineteen LOIs were identified as having the potential to impact the Alberta broiler industry. Of these, the fifteen most relevant LOIs were selected for review by the ACP research committee and ten were reviewed again as full proposals. The ACP Research Committee supported five LOIs. Of these proposals, two are now fully funded and will commence soon, while the other three remain under review by partner funding agencies. The industry dollars and in-kind contributions ACP committed to these projects help demonstrate the need for this research.

Funded Projects Carried Forward from Previous Years

1. Mitigation of Campylobacter Jejuni in chickens (D. Inglis: Ag-Canada Lethbridge)
2. Effect of hatching egg shell quality on hatchability and chick quality. (D. Korver: UofA)
3. Effect of barn sanitation on innate immunity, performance, microbiological and processing traits of commercial broilers. (D. Korver: UofA)
4. Footpad Project: Is there a Genetic Predisposition to Footpad Lesions? (C. Bench: UofA)
5. Effect of Broiler Breeder Weight on Broiler Offspring Performance. (M. Zuidhof: UofA)
6. A dietary approach to reducing the carbon footprint of table egg and chicken production (Oryschak, AF)

Projects ACP Committed to Funding, Now Approved by Funding Partners

1. An Inexpensive Plant-Derived Vaccine for Coccidiosis and Necrotic Enteritis. (J. Alcantara: UofC)

New Poultry Research Projects (approved)

1. Replacement of antibiotic growth promoters by a combination of eubiotics and an enzyme blend in broiler diets under commercial and experimental conditions (D. Korver: UofA)

New Poultry Research Projects

(approved by ACP, pending proposed changes.

Under review by matching grant agencies with results announced early 2018)

1. Assessment of variant Avian Reovirus and Chicken Astrovirus virulence and autogenous vaccine immunogenicity in Western Canada (T. Inglis, Poultry Health Services)
2. Evaluation of the Advanced Oxidation System (AOS) for poultry applications. (Patterson-Fortin, AFDP)

In closing, I would like to acknowledge the valuable contribution that Robert Renema, Christian Guenter, Sunny Mak, Darko Mitevski, Valerie Carney, and Shawn 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

On March 2, 2017, the four poultry boards in Alberta received funding from the federal Agri-Risk program to support the restructuring of the Alberta Poultry Industry's Emergency Management Plan. This project, which is to be completed by March 31, 2018, covers several elements including: a revamped Emergency Response Plan, a Crisis Communications Plan, a Personal Protective Equipment Plan, a Depopulation and Disposal Plan, and a system for mapping and alerting that includes the piloting of the *BeSeen BeSafe* Geofencing application.

In late March 2017, the four poultry boards also received a grant under *Growing Forward 2* for a Biosecurity Project. This project is intended to build the disease-resistance capacity of Alberta poultry farms and is a complement to

the Emergency Management Project. Through a voluntary biosecurity assessment, poultry producers will be able to benchmark themselves against the rest of the Province across seven main themes of biosecurity and receive feedback on possible areas to target. The project also includes the development of educational materials and custom self-quarantine plans, as well as a cost-benefit analysis of the range of key biosecurity measures identified through the project.

Several workshops were held throughout Fall 2017 to introduce producers and industry service personnel to the elements of these projects and more workshops and communications from the poultry boards to producers and industry service providers are being planned for early 2018 to deliver the tools and resources from these projects.



Chicken Farmers of Canada



SUBMITTED BY DENNIS STEINWAND, ACP'S DIRECTOR TO CFC

As Alberta Chicken Producer's (ACP's) Director on the Chicken Farmers of Canada Board, it is a pleasure to report on a monumental year for CFC on a number of fronts.

Chicken Industry Concludes New Federal Provincial Agreement and Welcomes Alberta Back into the Flock

The re-entry of Alberta into the Federal Provincial Agreement for Chicken (FPA) in the Fall of 2017 brought to close more than 8 years of discussions and negotiations to arrive at a new allocation methodology that is not only supported by all federal and provincial signatories, but also delivers on the requirements of the *Farm Products Agencies Act* for Chicken Farmers of Canada (CFC) to take comparative advantage into account when allocating production growth.

This latest FPA is paramount to the Canadian chicken industry's continued strategic growth. The active support and participation of the federal and provincial governments enhances the nation's international trade position, backing Canada's right to use the marketing systems of its choice.

Raised by a Canadian Farmer Means Even More Now

In 2017, Chicken Farmers of Canada expanded its *Raised by a Canadian Farmer* brand to incorporate the programs farmers use to raise their birds to the highest standards of care, quality and sustainability.

These new logos also give farmers recognizable symbols that they can use to demonstrate the innovation, pride and hard work they put in every day to implement some of the highest standards in food safety and animal care, and it proudly confirms their commitment to keeping their work environmentally, economically and socially sustainable.

Canadian Chicken Industry Further Reducing Antimicrobial Use

Following the successful elimination of Category I antibiotics for disease prevention in Canadian chicken production, Chicken Farmers of Canada established timelines to further its strategy to eliminate the preventative use of antimicrobials of human importance.

The antimicrobial use (AMU) strategy eliminates the preventative use of Category II antimicrobials by the end of 2018, and sets a goal to eliminate the preventative use of Category III antibiotics by the end of 2020.

Chicken Farmers of Canada's policy will maintain the use of ionophores (those antimicrobials not used in human medicine) along with antibiotics for therapeutic purposes to maintain the health and welfare of birds.

Chicken Farmers of Canada's Mandatory Animal Care Program Passes Third-Party Audit with Flying Colours

Chicken Farmers of Canada's strong commitment to animal care was confirmed with the completion of an inaugural comprehensive third-party audit. NSF International's report concluded that "*The national Animal Care Program has been implemented effectively and maintained on an on-going basis. Animal care measures have been consistently applied.*"

With the *Code of Practice* for chicken recently finalized in 2016, CFC has begun implementing the new requirements and is in the process of updating the Animal Care Program by engaging a group of competent experts using NFACC's Animal Care Assessment Framework.

And Chicken Farmers of Canada is not stopping here.

Looking forward, Chicken Farmers of Canada will continue funding animal care research as a priority area – to enhance future versions of the *Code of Practice* and farm management practices.

In addition, Chicken Farmers of Canada is petitioning the federal government to implement a recognition protocol for animal care in Agriculture and Agri-Food Canada's next Agricultural Policy Framework, similar to the successful on-farm food safety recognition protocol. Such a recognition system would leverage the work performed by NFACC and organizations such as Chicken Farmers of Canada that are implementing one auditable, mandatory standard to effectively demonstrate the level of animal care on Canadian farms.

Chicken Farmers of Canada's leadership in animal care will continue to evolve as we commit to working with the experts – including all industry stakeholder organizations from farm to table, the research community and government regulators – to continuously monitor animal care. This commitment provides confidence to our customers and consumers of the high standards of animal care which are the foundations of our *"Raised by a Canadian Farmer"* brand.

Retirement of Mike Dungate

Mike Dungate, the former Executive Director at Chicken Farmers of Canada, retired at the end of 2017, having served for 22 years with the organization. During his 22 years with Chicken Farmers of Canada, the objectives and responsibilities of the organization increased and evolved.

Within his mandate, Mike worked tirelessly with the Board of Directors to meet the organization's strategic goals.

Under his watch, the organization has signed the National Allocation Agreement in 1997, the Federal Provincial Agreement for Chicken in 2001, and resolved some of the critical issues facing the chicken industry, such as allocation. Mike helped the Board adjust to the idea of, and then fully endorse, a national, mandatory, auditable program for both Food Safety and Animal Care, as well as putting forward a plan with concrete steps dedicated to ensuring that our industry takes itself out of the antimicrobial resistance picture and uses antibiotics responsibly.

Under Mike's wing, Chicken Farmers of Canada has raised over \$430,000 for the Ottawa Food Bank and many thousands for other food banks around the country – and Chicken Farmers of Canada has created a national brand that is being recognized and supported across the country.

These are just some of the successes achieved by Chicken Farmers of Canada under Mike's leadership. Throughout, Mike kept a strategic focus that helped the organization, and especially the Board, be more proactive and progressive while always considering the long-term impacts of decisions being made today. He also worked hard to make sure that the voice, and interests, of Canada's chicken farmers was heard, and taken into account, within Canada, and overseas.

Twenty-two years is a very long time. It represents an incredible commitment and sacrifice. As farmers and as an industry, we have been absolutely blessed to have had his leadership and passion. On behalf of all of us, thank you Mike, very much.

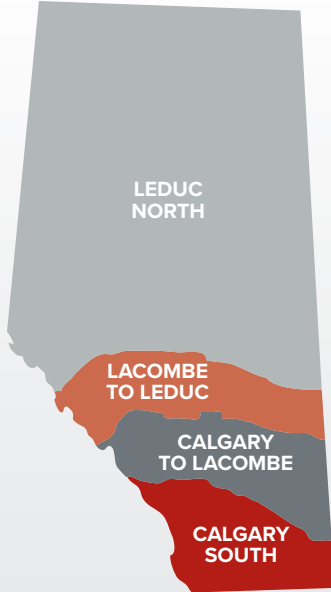
Looking forward...

2017 was also a year of change around the CFC table as CFC welcomed six new Directors to the Board, including a new Chair. Throughout 2017, the CFC Board undertook a rigorous process to hire a new Executive Director; and, CFC was thrilled to announce the hiring of Michael Laliberte as its new Executive Director in the fall of 2017. Having over 26 years of experience with CFC, and extensive knowledge of the industry issues and regulatory environment, CFC looks forward to continued success under Michael's leadership.

In the summer of 2017, CFC commenced a strategic planning process that will continue throughout most of 2018 and culminate in the development of its next five-year strategic plan. This is indeed an exciting time for CFC and the Canadian chicken industry, and it is a tremendous privilege to serve our producers and industry on the CFC Board.



Producer Representatives



(Left to Right):

Wes Nanninga – Leduc North; **Samuel Guenter** – Calgary to Lacombe;
Arjan Spelt – Lacombe to Leduc; **Scott Van't Land** – Calgary South

Industry Advisory Committee

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

The IAC is comprised 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; and the Alberta Chicken Producers' Producer Representatives, Board of Directors and Executive Director. Producer Representatives share the perspectives from producers in their respective Region at the IAC meeting and provide input to industry initiatives.



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

Scott Van't Land, Samuel Guenter, Arjan Spelt, Erna Ference, Jason Born, David Zimmer, Brent McEwan, Shannon Park, Bob Smook
Tom Inglis, Frank Maenhout, Dennis Steinwand, Val Carney, Ed Fetting, Karen Kirkwood, Rick Weiss, Wes Nanninga

TRIBUTE

Martin Van Diemen

Martin Van Diemen was initially elected to the Board in 2005, and served two consecutive three-year terms until 2011. After a brief stand-down period, Martin was re-elected to the Board in 2015.

Being actively involved on several boards including Alberta Milk, in his third year as Director on the Board, Martin announced his decision to retire from the Alberta Chicken Producers Board at the conclusion of this term in February 2018. As a seasoned Director, Martin proudly represented his fellow producers during his tenure on the Board, and freely shared his experience both in the boardroom and in committee work. His passion for the industry was displayed time and again through his involvement in meetings, on committees, and volunteering his time at agricultural events.

Martin's involvement on the Board included chairing ACP's Research Committee and the Flock Health and Management Committee, and representing ACP on the Poultry Research Centre Advisory Board. Martin also provided the lead on promotions and was often the go-to person for filling shifts at agricultural events. Over the years, he offered many suggestions for improvement that have continuously improved our involvement in these events. Martin also served on the Policy Advisory Group (PAG), Intensive Livestock Working Group (ILWG), and Alberta Farm Animal Care (AFAC), and as co-Chair of the Agri-Environmental Partnership (AEPA).

We know that time away from home can pose to be a challenge, and we extend our heartfelt gratitude to Martin's wife, Willy, for her unwavering support.

Martin, the Board of Directors and staff wish to thank you for serving producers so diligently over the past three years. We hope that you enjoy your retirement to the fullest and enjoy making precious memories with your family and friends!



TRIBUTE

Erna Ference

Erna Ference was first elected to the Alberta Chicken Producers Board in 2004. After serving two three-year terms and observing a one-year mandatory stand down period, Erna was re-elected to the Board in 2012. Erna has served as Chair of the Board since 2012 and, as she completes her second three-year term in February 2018, Erna has announced her decision to retire from the Board.

During her twelve years on the Board, Erna served on various committees including Quality, Finance, Supply Chain, and the Intensive Livestock Working Group among others, and she acted as Media Spokesperson and Promotions Lead for ACP. During her time on the ACP Board, Erna has also served nationally in the capacities of Alberta's Director and Alternate Director to Chicken Farmers of Canada; as second Vice-Chair on the CFC Executive Committee; and as CFC's Director on the Canadian Federation of Agriculture (CFA).

Erna has also been actively involved in government relations both provincially and federally. Applying her exuberant vision, communication, and leadership skills, she has built positive relationships with elected officials and effectively advanced the priorities of our industry at the local, national, and international levels.

Erna proudly and passionately represented Alberta Chicken Producers during her tenure on the Board. She was instrumental in many important achievements for ACP, including the development of the Catching Manual, implementation of the Animal Care Program, and the negotiation of nine long-term live price agreements with processors. Under Erna's leadership nationally and provincially, Alberta successfully brought about change to the national allocation system, which will continue to bring benefit to the Alberta chicken industry and provincial economy for years to come.

Erna's own dedication to continuous learning and development, and to good governance practices, has been invaluable that will continue to benefit the ACP well in the years ahead. While Erna will continue to serve the industry



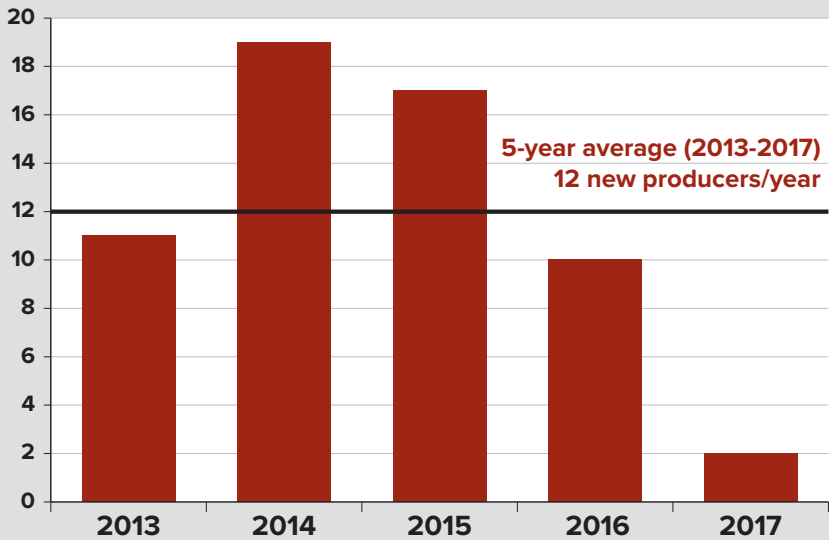
in other capacities, her dedication to the ACP Board will be dearly missed. Please join us in extending a heartfelt thank you to Erna Ference for her immeasurable contributions to Alberta Chicken Producers and the Alberta chicken industry as a whole. Thank you as well to Reg and Erna's family for taking care of the farm, enabling Erna to devote such precious time to serving ACP.

We wish you all the best in your retirement, Erna. As a new grandparent, we know you will enjoy spending more time with the little one, your family, your friends, travels, golfing and perhaps even more marathons!



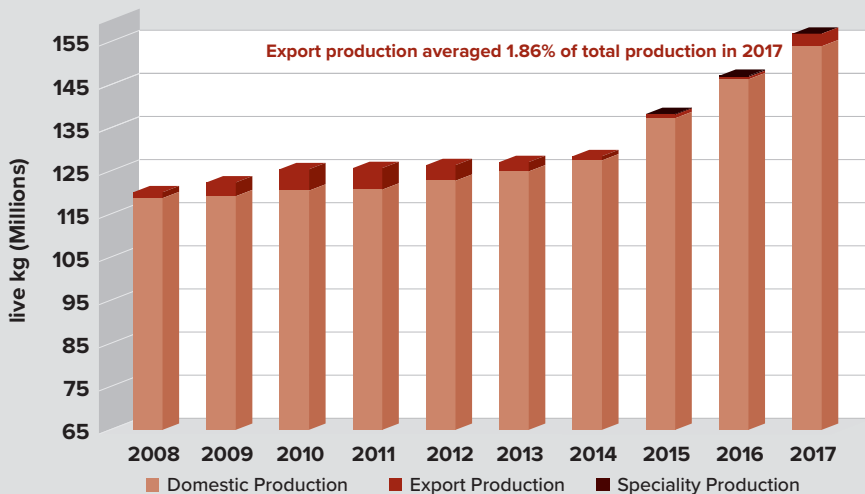
Market Reports

Number of New Entrants
2013 – 2017



In the past five years (2013-2017) over fifty new producers have entered Alberta's chicken industry, which represents an average of twelve new producers annually.

Alberta's Annual Production
2008 – 2017



Alberta's domestic production in 2017 is estimated to be 154 million live kg, an increase of 7.7 million live kg or 5.2% over 2016. Canada's 2017 domestic production is estimated to be 1.6 billion live kg, an increase of 70.2 million live kg, or 4.7% over 2016.

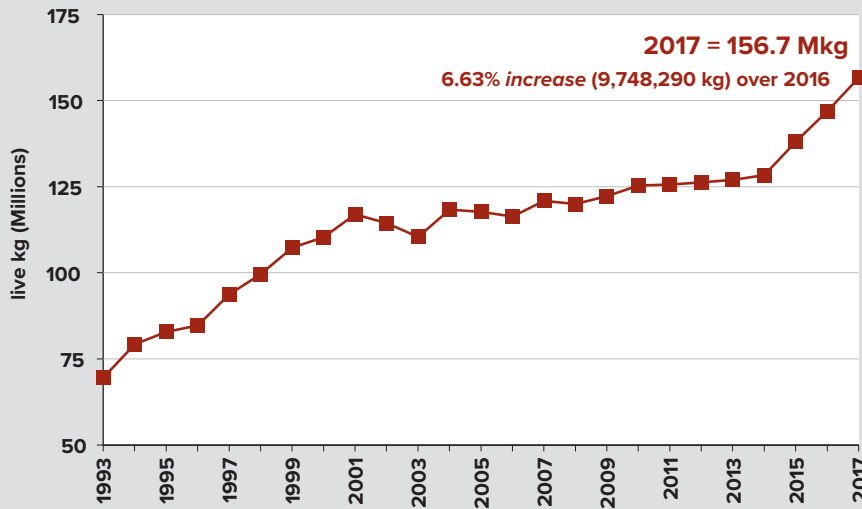
Alberta's Market Development in 2017 is 2.9 million live kg; an increase of 2.4 million live kg over 2016.

Alberta's Market Development represented 1.86% of Alberta's total production in 2017 versus 0.37% in 2016. Comparatively, Canada's Market Development represented 3.22% of Canada's total production in 2017, versus 3.16% in 2016.

Alberta's Specialty chicken production in 2017 was 7,714 live kgs. This program was implemented in August, 2015 (A-132). Production of specialty birds was active consecutively from A-132 to A-139 and recommenced in A-147 (Nov 26, 2017).

Market Reports (continued)

Alberta's Annual Total Chicken Production



Alberta's total chicken production in 2017, which includes Market Development and specialty chicken production, is estimated to be 156.7 million live kg, an increase of 9.75 million live kg (6.63%) over 2016.

Stricter enforcement measures around the illegal importation of broiler meat declared as spent fowl into Canada created a gap in supply in 2017. Allocations in 2017 averaged +5% nationally and +6.5% for Alberta under the national allocation formula in order to fill market demand as well as this supply gap.

Alberta's combined growth over the last three years (2015-2017) has been 20.7%, an average of close to 7% per annum. The last time Alberta came close to double digit growth over a three-year period was in 1999-2001 where combined growth reached 16.6%.

Canada's total chicken production in 2017 is estimated to be 1.63 billion live kg, an increase of 4.73% over 2016, and 8.09% over the 5-year average (2013-2017).

Alberta's Quota Utilization 2015 – 2017

Period	Dates		Utilization			Alberta Compared to Canada	Alberta Compared to Western Canada
			Alberta	Western Canada	Canada		
A133	10/04/15	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%	100.3%	1.4%	0.5%
A136	03/20/16	05/14/16	100.6%	99.4%	99.7%	0.9%	1.2%
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%	100.2%	98.9%	-0.3%	-1.6%
A139	09/04/16	10/29/16	101.7%	100.3%	100.4%	1.3%	1.4%
A140	10/30/16	12/24/16	100.4%	100.9%	100.7%	-0.3%	-0.5%
A141	12/25/16	02/18/17	99.7%	99.3%	99.6%	0.1%	0.4%
A142	02/19/17	04/15/17	100.1%	98.3%	97.8%	2.3%	1.8%
A143	04/16/17	06/10/17	99.8%	99.2%	99.5%	0.3%	0.6%
A144	06/11/17	08/05/17	98.5%	97.8%	98.4%	0.1%	0.7%
A145	08/06/17	09/30/17	100.1%	99.0%	99.3%	0.8%	1.1%
2 YEAR AVERAGE			100.2%	99.5%	99.5%	0.7%	0.7%

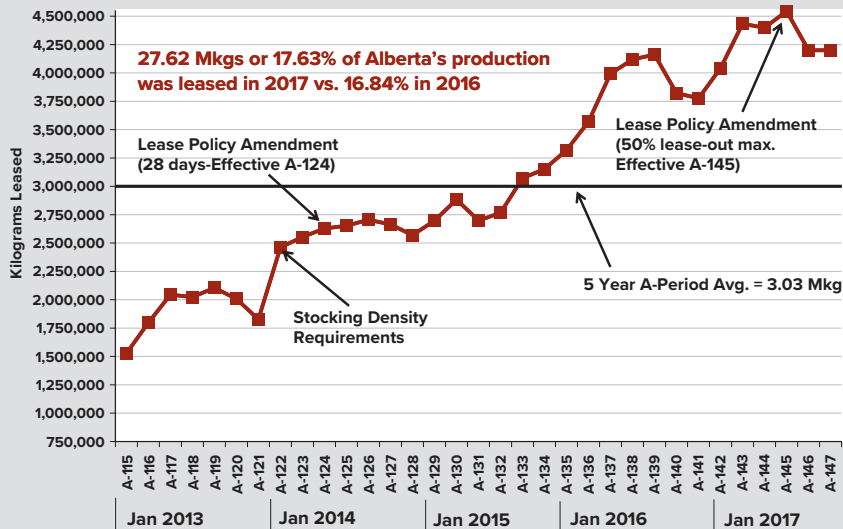
This table compares Alberta's utilization performance to Western Canada and Canada.

In 2017, Alberta's utilization performance is estimated to average 99.8%, slightly below the 2016 utilization average of 100.4%. Since 2015, Alberta has seen notable improvement of production performance. Underproduction over the last two years (2016-2017) has been mainly isolated to the summer months.

Over the past two years, Western Canada has performed on pace with the national average, achieving 99.5% utilization. Alberta's two-year utilization average at 100.2% outpaced both the West and national average. Alberta's continued improvement in production performance is a testament to the importance all industry partners have placed on optimizing production.



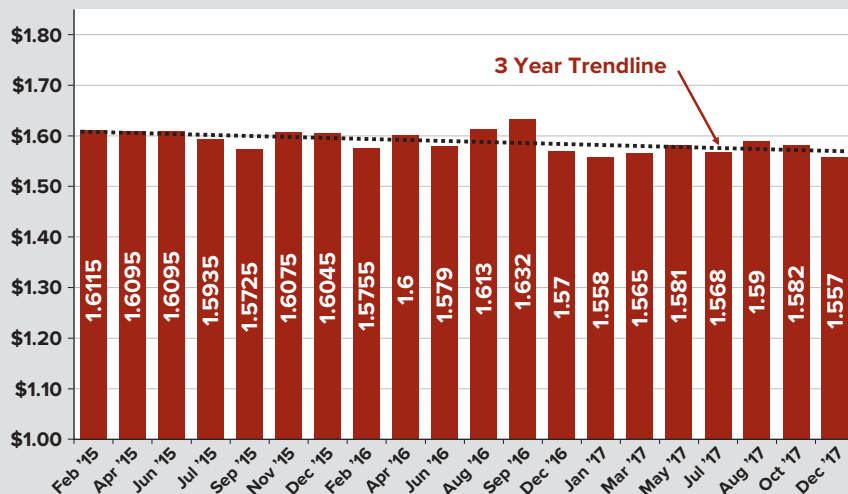
Volume of Marketing Kilograms Leased Each Period



A total volume of 27.6 million kg, or 17.63% of Alberta's total production, was leased in 2017. This represents an increase of 2.87 million kg or 11.6% over 2016. Barn density limits and increased allocation to Alberta remain the primary factors in the year-over-year increases in periodic leases.

A total of 1,512 periodic leases were approved by the Board of Directors in 2017, which is a decrease of 4, or 0.23%, over 2016.

Alberta Producer Price

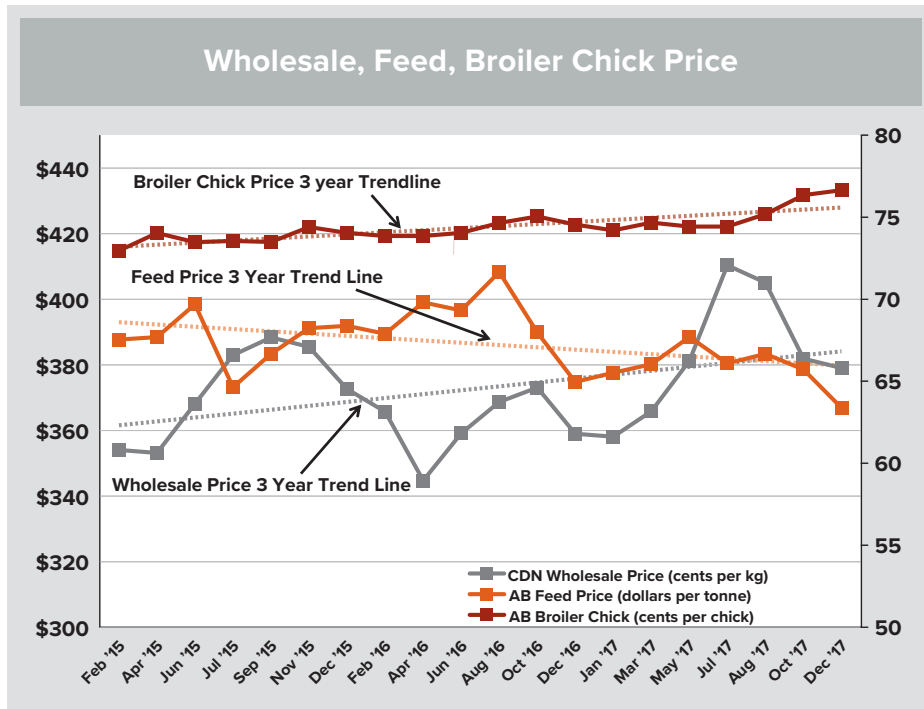


Alberta's average live price for 2017 was \$1.5716/kg, a decrease of \$0.0233/kg (2.33 cents) from the 2016 average. This decrease in Alberta's live price is on par with decreases across Canada. This year the main drivers for the decreases in chicken live prices across the provinces were feed prices and the annual adjustment factors in the Ontario cost of production formula (COPF).

In 2017, Alberta's live price was at its lowest in Period A-141 (Jan/Feb 2017) at \$1.5580/kg, and at its highest in Period A-145 (Aug/Sept, 2017) at \$1.5900/kg. The difference between the high and low in 2017 was \$0.032/kg (3.20 cents).

Alberta maintains long-term pricing agreement with processors, which continues to provide stability and predictability to pricing. The Alberta live price is established as a differential over the Ontario live price, which accounts for the catching costs paid by Alberta producers. Ontario's new pricing formula (effective A-129) accounts for the cost changes in chick and feed each period and operational costs and adjustment factors annually.

Market Reports (continued)

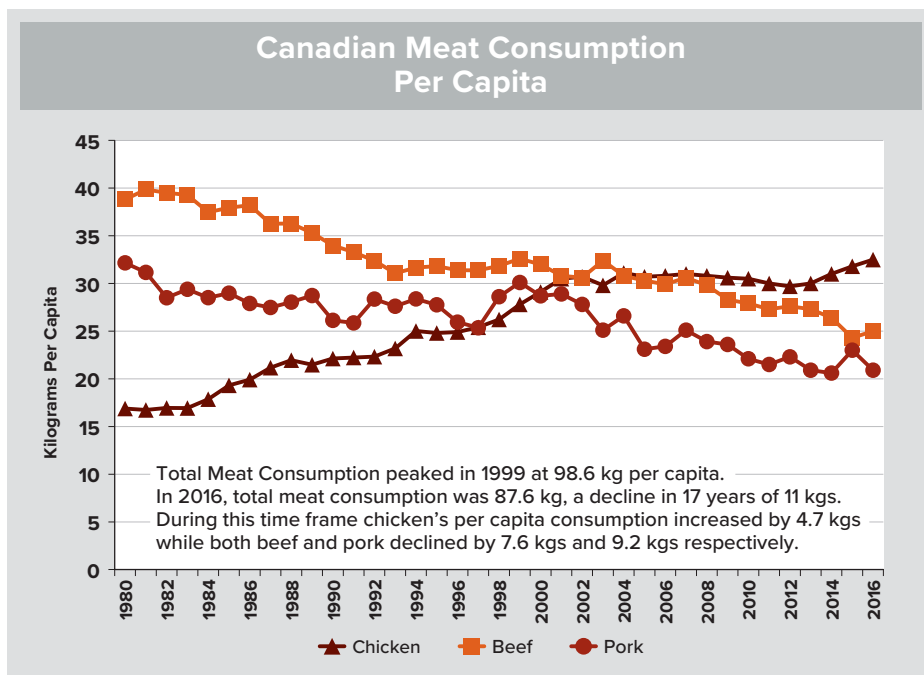


Canada's market composite wholesale price (simple average of five sub-composites that represent the various cuts of chicken) for 2017 was \$3.83/kg, an increase of \$0.21/kg from \$3.62/kg in 2016.

Solid consumer demand and the decline in illegal imports due to tighter border controls helped maintain relatively strong wholesale prices throughout 2017.

Alberta feed prices declined in 2017 compared to 2016. Over the past four years (2014-2017), feed prices have stabilized following their peak in 2013. Seasonally the end of 2017 saw the lowest feed prices while the summertime saw the highest feed prices of the year.

Minimum live price is adjusted for changes in feed and chick every 8 weeks. Feed and chick represent just under 70% of the cost components in the live price.



As of 2016, per capita consumption of chicken in Canada was 32.5 kg. Chicken remains the number one consumed protein in Canada, followed by beef at 25.0 kg and pork at 20.9 kg.

Per capita chicken consumption peaked in 2004 (31.1 kg) then started to slightly decline each year up until 2014. In 2015 per capita consumption (31.8 kg) surpassed 2004 levels for the first time in eleven years and has continued to rise.

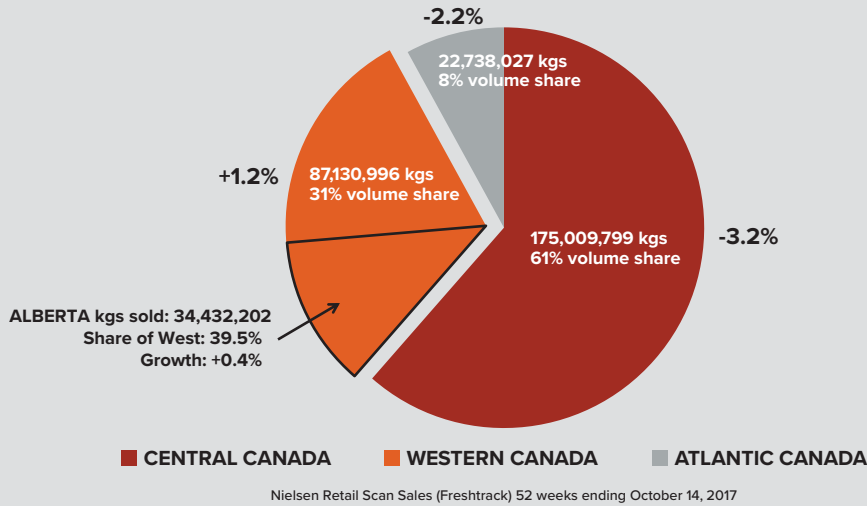
Beef hit its peak in per capita consumption in 1981 at 39.9 kg and pork did in 1980 at 32.2 kg. Both beef and pork per capita consumption have continued to decline since their peaks.

Total meat consumption in 2016, which excludes fish, was 87.6 kg. This is a decrease of 0.8 kg from 2015 and 11 kg from the peak of 98.6 kg in 1999.

As a % share of total meats consumed in 2016, chicken, beef and pork hold an 89.5% combined share, of which 37.1% is chicken, 28.5% beef, and 23.9% pork. Chicken's share of total meat has continued to increase, gaining 3.9% in ten years, while beef and pork shares declined 3.7% and 1.4% respectively over the same time period.



Retail Scan Sales: Fresh Chicken Category Volume Sold & Market Share by 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 retail grocery industry.

It is estimated that the retail sector represents 60% of all chicken consumed in Canada.

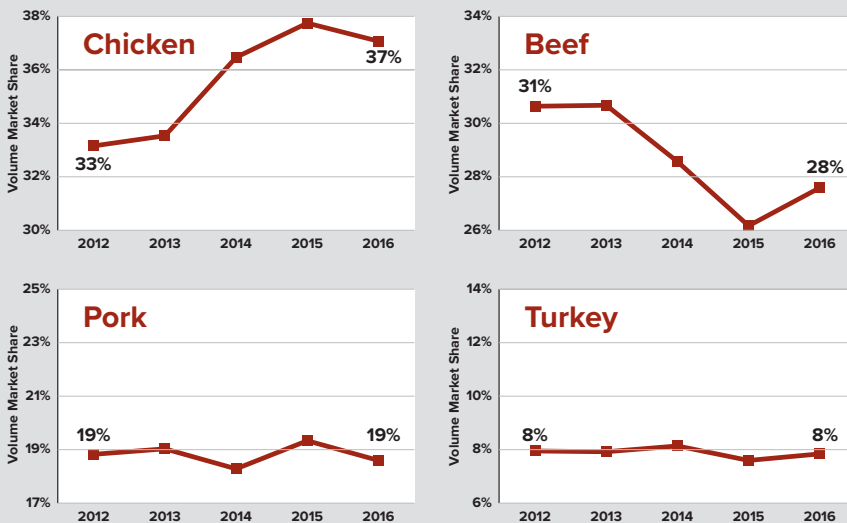
Nielsen data shows the volume of fresh chicken sold in Canada for 52 weeks ending October 14, 2017 declined by 1.8% vs the same weeks one year ago.

The pie chart shows the volume sold, volume share and % change over last year by region.

Western Canada is the only region showing growth. Western Canada saw a 1.2% increase in volume sold over last year and represents a 31% market share of all fresh chicken sold in Canada.

Alberta's year-over-year volume growth was 0.4% this past year, and represented 39.5% of the volume sold in Western Canada.

Retail Scan Sales: Volume Market Share by Commodity (Chicken, Beef, Pork, Turkey)



Retail scan data, as provided by Nielsen Fresh Track, shows chicken gained 4% market share by volume, while beef lost 3% over the last 5 years (2012-2016). Both pork and turkey market shares by volume have remained stable at 19% and 8% respectively.

Alberta and Canada's chicken industry had two exceptional years of high volume growth in 2014 and 2015 at the same time beef had its lowest volume sold at retail. The charts illustrate the change and the interaction between chicken and beef market shares during 2014 and 2015.

Chicken and beef charts show the shift in market share that occurred in 2016 when beef retail prices started to decline from their highs in 2014 and 2015.

As consumers remain relatively price-sensitive and health conscious across Canada, chicken has remained Canada's most popular selling and value-priced protein.

Notes



ALBERTA CHICKEN PRODUCERS

Financial Statements

Year Ended November 30, 2017

ALBERTA CHICKEN PRODUCERS

Index to Financial Statements

Year Ended November 30, 2017

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 10

INDEPENDENT AUDITOR'S REPORT

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, 2017 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, 2017 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 23, 2018

CHARTERED ACCOUNTANTS

ALBERTA CHICKEN PRODUCERS**Statement of Financial Position**

As at November 30, 2017

	2017	2016
ASSETS		
CURRENT		
Cash	\$ 564,122	\$ 202,727
Accounts receivable (Note 2)	176,578	161,167
Prepaid expenses	10,319	6,975
Current portion of mortgage receivable (Note 3)	7,786	7,483
	<u>758,805</u>	378,352
MORTGAGE RECEIVABLE (Note 3)	54,961	62,747
PORTFOLIO INVESTMENTS (Note 4)	1,971,433	2,185,708
PROPERTY AND EQUIPMENT (Note 5)	1,255,666	1,312,272
	<u>\$ 4,040,865</u>	<u>\$ 3,939,079</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	\$ 181,637	\$ 214,213
DEFERRED CONTRIBUTIONS (Note 7)	393,916	74,546
	<u>575,553</u>	288,759
LIQUIDATED DAMAGES RESOLUTION (Note 8)		
NET ASSETS		
Invested in property and equipment	1,255,666	1,312,272
Unrestricted	2,209,646	2,338,048
	<u>3,465,312</u>	3,650,320
	<u>\$ 4,040,865</u>	<u>\$ 3,939,079</u>

ON BEHALF OF THE BOARD_____
*Director*_____
Director

ALBERTA CHICKEN PRODUCERS

Statement of Operations

Year Ended November 30, 2017

	Budget (Unaudited) 2017	2017	2016
REVENUE			
Levies <i>(Note 9)</i>	\$ 1,847,900	\$ 1,904,500	\$ 1,788,585
Project grants	127,200	421,824	98,850
Producer grower program	83,200	191,747	132,896
Monetary penalties	87,500	134,098	251,040
On-Farm Food Safety charges	82,300	73,195	57,327
Other production income	59,000	66,358	138,883
Investment income	44,500	48,940	52,041
Increase in fair value of portfolio investments	-	33,689	30,860
Administrative fees and other	21,100	33,230	33,444
Rental	15,000	15,780	3,600
Diagnostic services	-	-	46,971
	2,367,700	2,923,361	2,634,497
EXPENSES			
Salaries, contracts and benefits <i>(Note 10)</i>	741,700	719,580	675,326
Grants	140,600	535,289	118,549
Producer grower program	178,000	298,211	194,016
Diagnostic services	154,500	183,780	226,817
Advertising, promotion and sponsorship	184,000	183,686	135,087
Travel	194,200	177,368	183,255
Director fees <i>(Note 10)</i>	150,100	142,108	136,903
Office	157,500	138,712	188,257
On-Farm Food Safety charges	94,300	91,686	77,077
Amortization of property and equipment	99,000	80,521	85,472
Professional fees	112,600	76,051	171,413
Taxes and fees	63,000	57,061	63,892
Repairs and maintenance	25,000	39,529	21,664
Telephone and utilities	34,000	33,123	37,179
Equipment rentals	23,000	26,537	22,062
Insurance	11,600	11,557	11,199
Interest and bank charges	3,700	5,025	6,121
Loss on disposal of property and equipment	-	782	962
50 year anniversary	-	-	19,673
	2,366,800	2,800,606	2,374,924
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	900	122,755	259,573
REFUND OF LEVIES PAID	-	(307,763)	(168,825)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 900	\$ (185,008)	\$ 90,748

ALBERTA CHICKEN PRODUCERS**Statement of Changes in Net Assets****Year Ended November 30, 2017**

	Invested in Property and Equipment	Unrestricted	2017	2016
NET ASSETS - BEGINNING OF YEAR	\$ 1,312,272	\$ 2,338,048	\$ 3,650,320	\$ 3,559,572
Excess (deficiency) of revenue over expenses	(80,522)	(104,486)	(185,008)	90,748
Purchase of property and equipment, net	23,916	(23,916)	-	-
NET ASSETS - END OF YEAR	\$ 1,255,666	\$ 2,209,646	\$ 3,465,312	\$ 3,650,320

ALBERTA CHICKEN PRODUCERS**Statement of Cash Flows****Year Ended November 30, 2017**

	2017	2016
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (185,008)	\$ 90,748
Items not affecting cash:		
Amortization of property and equipment	80,521	85,472
Loss on disposal of property and equipment	782	962
Realized loss on sale of portfolio investments	-	20
Unrealized change in fair value of portfolio investments	(33,689)	(30,860)
	<u>(137,394)</u>	<u>146,342</u>
Changes in non-cash working capital:		
Accounts receivable	(15,411)	8,815
Prepaid expenses	(3,344)	2,557
Accounts payable and accrued liabilities	(32,576)	49,500
Deferred contributions	319,370	74,546
	<u>268,039</u>	<u>135,418</u>
Cash flow from operating activities	<u>130,645</u>	<u>281,760</u>
INVESTING ACTIVITIES		
Purchase of portfolio investments, net	247,964	(399,732)
Proceeds from mortgage receivable	7,483	7,193
Proceeds on disposal of property and equipment	1,000	-
Purchase of property and equipment	(25,697)	(9,299)
Cash flow from (used by) investing activities	<u>230,750</u>	<u>(401,838)</u>
INCREASE (DECREASE) IN CASH	361,395	(120,078)
CASH - BEGINNING OF YEAR	<u>202,727</u>	<u>322,805</u>
CASH - END OF YEAR	<u>\$ 564,122</u>	<u>\$ 202,727</u>

ALBERTA CHICKEN PRODUCERS

Notes to Financial Statements

Year Ended November 30, 2017

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

Levies are set at \$0.0175/kg and are collected at the point of sale, based on kilograms of chicken produced and collected from producers via the processors. Processors remit levies on behalf of each producer as part of their licensing agreement. Producers that sell directly to consumers are required to submit weekly slaughter data.

The Board follows the deferral method of accounting for contributions, which includes government grants. Grant revenue is recognized in accordance with the terms of the grant agreement when received or receivable if the amounts to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized in revenue in the year in which the related expenses are incurred.

Monetary penalties are recognized when the amount can be reasonably estimated and collection is reasonably assured. Farmers are allowed to produce up to 7% over their allocated production amount without incurring a penalty. When farmers exceed 7%, they are required to pay a penalty of \$0.44/kg for the next 3%, which will be up to 10% over their allocated production. When the farmers exceed this 10%, they are required to pay a penalty of \$0.88/kg.

Revenues from programs including producer grower programs, On-Farm Food Safety, and other production income are recognized as the services are provided.

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.

Administrative charges 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.

Financial Instruments

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.

(continues)

ALBERTA CHICKEN PRODUCERS

Notes to Financial Statements

Year Ended November 30, 2017

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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>2017</u>	<u>2016</u>
Levies	\$ 102,320	\$ 89,991
Trade	74,258	49,485
Grants	-	21,691
	<u>\$ 176,578</u>	<u>\$ 161,167</u>

3. MORTGAGE RECEIVABLE

	<u>2017</u>	<u>2016</u>
4%, monthly repayments of \$845, including interest, due November 1, 2019, secured by an office condominium	\$ 62,747	\$ 70,230
Current portion	<u>(7,786)</u>	<u>(7,483)</u>
	<u>\$ 54,961</u>	<u>\$ 62,747</u>

ALBERTA CHICKEN PRODUCERS

Notes to Financial Statements

Year Ended November 30, 2017

4. PORTFOLIO INVESTMENTS

	<u>2017</u>	<u>2016</u>
Guaranteed investment certificates	\$ 1,505,104	\$ 1,786,730
Mutual funds	465,882	395,339
Cash	447	3,639
	<u>\$ 1,971,433</u>	<u>\$ 2,185,708</u>

The guaranteed investment certificates earn interest at rates ranging from 1.45% to 2.55% and have maturity dates ranging from June 5, 2018 to May 3, 2022.

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Condominium units	\$ 1,768,921	\$ 587,102	\$ 1,181,819	\$ 1,244,020
Furniture and fixtures	388,275	333,379	54,896	51,824
Computer equipment	177,012	158,061	18,951	15,923
Computer software	106,918	106,918	-	505
	<u>\$ 2,441,126</u>	<u>\$ 1,185,460</u>	<u>\$ 1,255,666</u>	<u>\$ 1,312,272</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2017</u>	<u>2016</u>
Trade	\$ 165,370	\$ 193,199
Vacation accrual	9,374	11,222
Government remittances	6,893	9,792
	<u>\$ 181,637</u>	<u>\$ 214,213</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:

	<u>2017</u>	<u>2016</u>
Balance - beginning of year	\$ 74,546	\$ -
Contributions received or receivable	744,905	173,396
Amounts repaid	(3,711)	-
Recognized as project grants	(421,824)	(98,850)
Balance - end of year	<u>\$ 393,916</u>	<u>\$ 74,546</u>

ALBERTA CHICKEN PRODUCERS

Notes to Financial Statements

Year Ended November 30, 2017

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 (2016 - \$165,068) to secure the CFC's position should the marketing in Alberta exceed the allocation. At November 30, 2017, certain investments of the Board have been pledged as security.

9. LEVIES

	<u>2017</u>	<u>2016</u>
Levies charged	\$ 2,731,640	\$ 2,564,958
CFC portion	<u>(827,140)</u>	<u>(776,373)</u>
Net levies	<u>\$ 1,904,500</u>	<u>\$ 1,788,585</u>

10. SALARIES, CONTRACTS, BENEFITS AND FEES

	Salaries and Contract	Benefits	Fees	<u>2017</u>	<u>2016</u>
<u>Salaries, contracts and benefits</u>					
Office staff	\$ 622,355	\$ 97,225	\$ -	\$ 719,580	\$ 675,326
<u>Director fees</u>					
Erna Ference	-	2,124	42,355	44,479	42,876
David Hyink	-	526	10,879	11,405	17,480
Dennis Steinwand	-	903	18,110	19,013	27,437
Jason Born	-	1,212	24,793	26,005	25,360
Martin Van Diemen	-	950	19,503	20,453	19,405
Christian Guenter Producer	-	895	18,503	19,398	-
representatives	-	-	1,355	1,355	4,345
	-	6,610	135,498	142,108	136,903
	<u>\$ 622,355</u>	<u>\$ 103,835</u>	<u>\$ 135,498</u>	<u>\$ 861,688</u>	<u>\$ 812,229</u>

11. PENSION EXPENSE

Pension expense included in salaries, contracts, and benefits is \$34,293 (2016 - \$22,212).

ALBERTA CHICKEN PRODUCERS

Notes to Financial Statements

Year Ended November 30, 2017

12. 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, 2017.

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.

13. BUDGET

The budget is unaudited and was approved by the Board on October 13, 2016.

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.**

Alberta Chicken Producers

2518 Ellwood Drive SW
Edmonton, AB T6X 0A9
tel: 780.488.2125 | fax: 780.488.3570
www.chicken.ab.ca