



Alberta Chicken Producers  
*Annual Report*  
2018



# 52<sup>nd</sup> Annual Report

## Fiscal Year

December 1, 2017 – November 30, 2018

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# Board



**Jason Born**  
Chair



**Dennis Steinwand**  
Vice-Chair



**Henk Schuur**  
Director



**Rob van Diemen**  
Director



**Christian Guenter**  
Director

# Staff



**Karen Kirkwood**  
Executive Director



**Vera Ward**  
Office Manager



**Karen Miller**  
Business & Market Analyst



**Laurie Power**  
Producer Services  
Coordinator



**Twila Martin**  
Administrative &  
Communications Assistant



**Robert Renema**  
Producer Programs  
Manager



**Maria Leslie**  
Marketing &  
Communications Specialist



**Wendy Jevne**  
Bookkeeper



**Rita Cherniak**  
Project Assistant

## Board Structure

### Jason Born, *Chair*

Completes his second 3-year term in 2019 and is seeking re-election

### Dennis Steinwand, *Vice Chair*

Completes his second 3-year term in 2020

### Christian Guenter, *Director*

Completes his first 3-year term in 2020

### Rob van Diemen, *Director*

Completes his first 3-year term in 2021

### Henk Schuur, *Director*

Completes his first 3-year term in 2021

## Roles & Responsibilities

### Media Spokespeople

Jason Born  
Dennis Steinwand  
Karen Kirkwood

### Public Relations

Jason Born  
Karen Kirkwood

### Promotion

Rob van Diemen

### Chicken Farmers of Canada (CFC)

Dennis Steinwand, *Director*  
Rob van Diemen, *Alternate*

### Canadian Broiler Council (CBC)

Rob van Diemen

## ACP Committees

### Finance

Dennis Steinwand, *Chair*  
Rob van Diemen

### Flock Health & Management

Henk Schuur, *Chair*  
Rob van Diemen

### Governance Committee

Jason Born, *Chair*  
Christian Guenter

### Production

Dennis Steinwand, *Chair*  
Henk Schuur

### Research

Christian Guenter, *Chair*  
Henk Schuur

### Supply Chain

Dennis Steinwand, *Chair*  
Christian Guenter

## External Committees

### Agri-Environmental Partnership of Alberta

Mike Froese, *Egg Farmers of Alberta*  
*Poultry Industry Representative*  
Dennis Steinwand (*Alternate*)

### AgSafe Alberta Society Board

Erna Ference, *Alberta Poultry Industry Representative*

### Intensive Livestock Working Group (ILWG)

Jason Born

### Policy Advisory Group

Jason Born  
Dennis Steinwand

### Poultry Research Centre Advisory Board

Christian Guenter

### Western Meetings

Jason Born  
Dennis Steinwand  
Rob van Diemen

# Chair & Executive Director Report

2018 has been a year of change and continued growth for the chicken industry in Alberta. In February 2018, we welcomed our two new Directors and a new Chair to the Board, and bid farewell to retiring Directors, including our former Chair. Our “new” Board has remained focused throughout the year on the priorities of ACP and building on the culture and foundation of good governance our organization has established over the years.

Alberta’s chicken industry continued to experience substantial growth throughout 2018. In 2018, Alberta’s chicken production grew by 6.3% over 2017 and national production grew by 5.0%. Under the national allocation methodology implemented in 2014, Alberta has gained over thirty million live kilograms in differential growth and the gap between Alberta’s share of allocation versus population has closed by over 5% to date.

Despite what some critics may say, Canada’s supply managed sectors create opportunities for new farmers to enter the industry; and, our industries are growing – both in volume of product produced and number of producers. Ten years ago, there were just under 230 chicken producers in Alberta; today there are 250. In the last five years, Alberta’s chicken industry has averaged 12 new entrants per year, not including family transfers.

The growth of our chicken industry has not only attracted new producers, but it has also stimulated innovation and further investments by our current producers back into their operations. Over the past three years, 45 new barns have been constructed by our chicken producers, and an additional 15 are scheduled to come into operation in 2019.

Beyond the investments being made by our producers, we are also seeing tremendous investments from our processors, hatcheries and hatching egg producers. Our major processing companies and hatcheries are investing hundreds of millions of dollars into their operations in Alberta, and are continuing to play an important role in the vitality of the communities in which they operate.

Producers and processors continued to work diligently throughout the year to target 100% utilization; and these efforts have resulted in utilization performance of 100.3% in 2018. This is the fourth consecutive year that Alberta’s utilization has been very close to our target of 100%.

Our national Antimicrobial Use Strategy, the changes to Health Canada’s Regulations, and the updates to the national Animal Care Program were active files for our Supply Chain and Flock Health & Management Committees this year. The 2018 Fall Regional meetings provided us with an



opportunity to update producers on the changes coming into effect in late 2018 and early 2019.

2018 was also marked by several challenges, the biggest of which has been the live price. The Live Price Memorandum of Understanding process has worked well in Alberta for a number of years, providing stability to producers and processors in a national marketplace. While we continue to believe that the Ontario Cost of Production Formula itself is credible and transparent, we are vehemently opposed to the Annual Adjustments that are subtracted from the formula and now total 10.31 cents per kilogram. We believe it is prudent to see what emerges in the new Ontario Cost of Production Formula over the upcoming months as we develop our proposals in the next round of pricing negotiations with processors.

We appreciate the messages producers have sent to the Board expressing their concerns on this issue and, rest assured, we are very focused on this as a Board and have and will continue to work with our industry partners in Alberta and across Canada to obtain a live price that results in a fair and reasonable return on investment and encourages growth and investment into the industry.

Support for supply management and defending our import control pillar were also at the forefront of our actions over the past year. Throughout 2018, we attended numerous meetings with our provincial and federal elected officials and bureaucrats, collaborated nationally with the other



JASON BORN, *Chair*

provinces and provincially with our supply managed (SM5) partners, and developed messaging and resources for the public. Additionally, our Chair, Jason Born, was invited to speak at a NAFTA 2.0 Conference that was hosted by the Van Horne Institute in Calgary in early October, which was an opportune time to speak to an influential audience about the impacts of the USMCA and to dispel myths regarding supply management.

We were disappointed by the announcement of the USMCA in October 2018. It will be more important now than ever for the government to ensure that it maintains its commitment to ending existing practices that currently cost the Canadian chicken industry thousands of jobs, millions of kilograms in production, and millions of dollars in revenue and GDP contributions to the Canadian economy. These current practices include being able to import unlimited quantities of chicken by falsely declaring it as spent fowl, and allowing companies to substitute high-value imported cuts with low value domestic cuts for



KAREN KIRKWOOD, *Executive Director*

re-export. We have been invited by our provincial government to make formal presentations to this effect in early 2019 and look forward to working with both levels of government to mitigating the impacts of the USMCA and CPTPP on the Canadian chicken industry.

We valued the opportunity to meet with the Alberta Cattlefeeders, alongside our SM5 counterparts, this past September to develop common understanding of our sectors. Strong relationships with our fellow agricultural producers is important to our collective success and will continue to be a focus. We also want to commend the grassroots engagement of our producers this past year; producer engagement in government relations will continue to be important, particularly leading into provincial and federal elections in 2019.

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 complimentary 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.

A number of administrative initiatives were also at the forefront of our staff's activities over the past year. Achievements have included the renewal of the lease agreement with Alberta Turkey Producers for the office space next door, the launch of fillable forms, and the upgrading of the Grower Program, which is set to launch in early 2019.

Additionally, ACP has also continued to grow its presence on social media and in

the community by developing and promoting new video and digital advertising campaigns, and hosting a number of successful farm tours, and establishing relationships with the Dieticians of Canada and several additional local restaurants. This could not be possible without the support and participation of our producers and the hard work and creativity of our team.

Our staff are highly focused and dedicated to supporting and delivering valuable resources to producers. This year, our team hosted Quality Brooding Workshop and Producer Communications Workshop, and more

interactive events are being planned for 2019.

We were excited to unveil our refreshed three-year Strategic Plan at our Fall Regional Meetings, which will guide our actions in the upcoming year. It is an exciting time to be a part of the chicken industry in Alberta, and we look forward to a successful year ahead!

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



# Strategic Plan

On September 27-28, 2018, the Alberta Chicken Producers (ACP) Board and Executive Director held our annual Strategic Planning Retreat with industry partners. This was a pivotal year in that it marked the third and final year of our 2015-2018 Strategic Plan and entailed the reframing of our Strategic Plan for the next three years.

Representatives from the Alberta Hatching Egg Producers Board, Maple Leaf Foods, Sunrise Farms, and Sofina Foods attended the first day of the retreat, providing valuable feedback on ACP's achievement of the 2015-2018 priorities and key performance indicators, and input into the priorities for Alberta's chicken industry over the next three-year time horizon.

At this year's retreat, we continued to incorporate activities to continuously improve and further strengthen trust throughout our value chain; and, we spent valuable time reflecting on the strengths of each player in the chicken value chain. We also drew upon Chicken Farmers of Canada's new five-year Strategic Plan, data from our 2018 Consumer Study (conducted by Intensions Consulting), and input from our 2018 Producer and Stakeholder Surveys to guide our discussions as a value chain.

Taking this input into account, ACP's Strategic Plan was reframed in the fall of 2018.

# Vision, Mission & Priorities

A vision is a desired future state which keeps us progressing as an industry. ACP's vision is a shared industry vision that is developed in collaboration with our value chain partners. This year, our vision statement was updated to reflect our focus on collaboration, sustainable growth and public trust.

## Shared Industry Vision:

**Alberta's chicken industry is collaborating to grow, create shared value, and ensure chicken is consumers' preferred and trusted protein.**

## Mission:

Our mission, which is the purpose our organization seeks, was also reframed this year to state:

**Serve Alberta's chicken producers by collaborating with key stakeholders to:**

- **Create a thriving environment for sustainable chicken production.**
- **Encourage a competitive, consumer-focused value chain.**

Standards of Leadership are fundamental principles and beliefs that guide all of our actions and decision-making. They guide the development of our vision, which is supported by our mission. Our vision and mission guide the establishment of our longer-term goals, and our shorter-term strategic priorities and key performance indicators. Our key success factors support our organization in achieving its vision, and our key performance indicators are how we measure our progress.

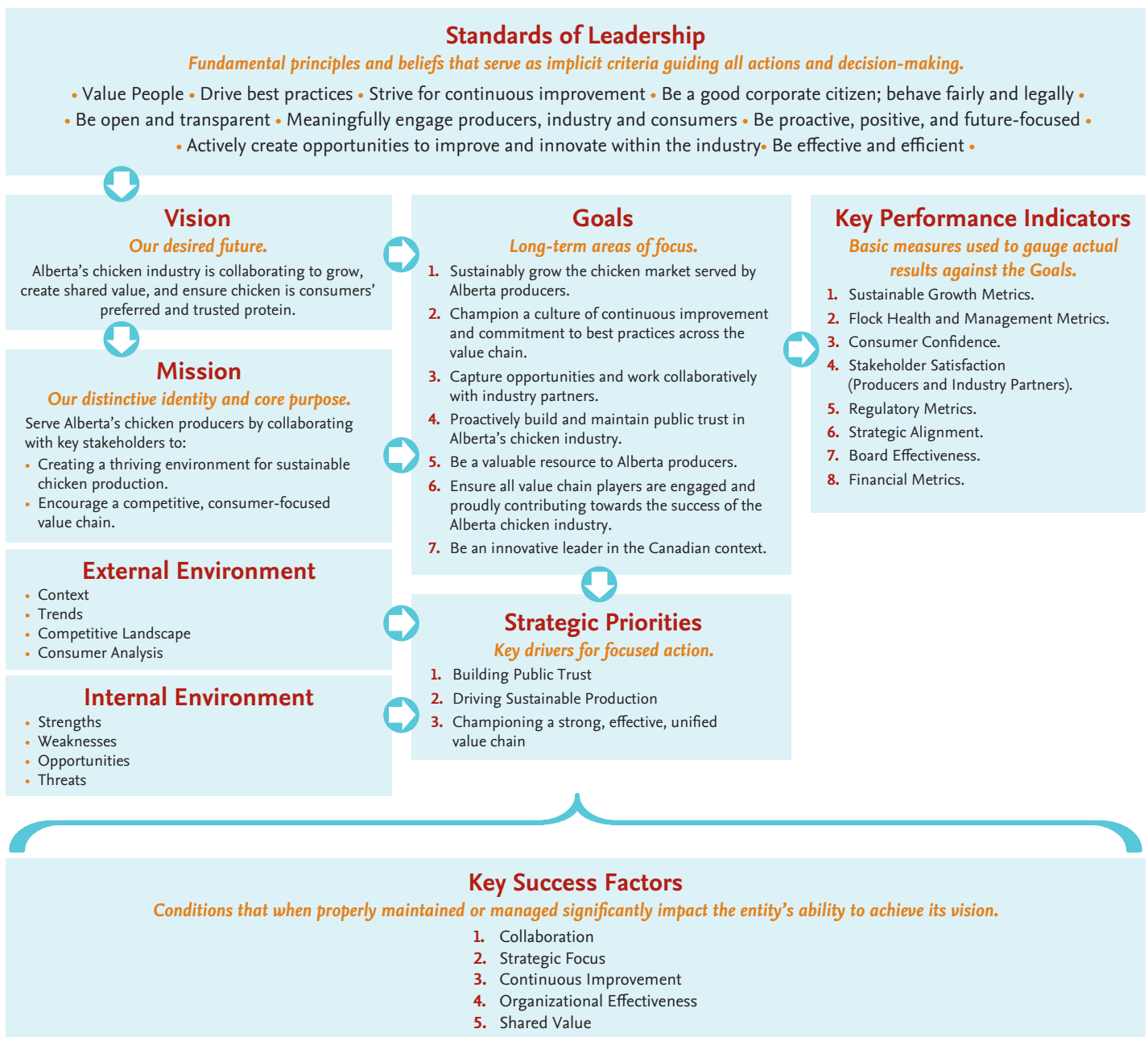


# 2019-2021 Strategic Priorities

ACP's strategic priorities have been reframed under the new three-year plan to align with our revised vision, mission and strategic goals. These three priorities are:

- building public trust,
- driving sustainable production, and
- championing a strong, effective, unified value chain.

The following chart illustrates ACP's Strategic Framework.



# Activities & Achievements

## Board Meetings & Conference Calls

- Eleven board meetings were held over this past year.
- Directors complete an evaluation after each board meeting to assess a number of factors including meeting effectiveness and their own individual preparation and participation. The evaluations are reviewed by the Governance Committee and trends and insights from the data collected are brought forward to the Board periodically.
- In addition to regular board meetings, the board also held its annual Orientation for new and current Directors and Organizational Meeting in March 2018; and the Board and Executive Director participated in a day and a half team building and board governance workshop in May 2018.
- The board also held three conference calls this year to determine Alberta's allocation submission to the Chicken Farmers of Canada along with other calls that focused on board related matters.

## Industry Meetings & Presentations

- Alberta Chicken Producers held its annual Strategic Planning Workshop with processors and representatives from the Alberta Hatching Egg Producers Board on September 27 and 28, 2018.
- Regional Meetings were held October 30, 31 and November 1, 2018 in Edmonton, Red Deer and Lethbridge. This year, topics of interest for producers included trade and the USMCA, changes to Health Canada's Regulations, the chicken industry AMU Strategy, and changes to the CFC Animal Care Program.
- Meetings were held with processors throughout the year to collaborate on matters of mutual interest.
- Alberta hosted a Western Boards Meeting with representatives from the boards of Manitoba, Saskatchewan and British Columbia. Two additional Western Meetings were held in British Columbia and Manitoba; and three National Chicken Farmers Alliance meetings were held in Montreal and Toronto

where representatives from all provinces participated.

- In early 2018, Ag Coalition consultations were held in Grande Prairie, Red Deer and Lethbridge to focus on the Occupational Health and Safety code changes.
- Representatives from the Board attended CFC's Annual Summer Meeting in Nova Scotia.
- Directors attended the Annual General Meetings of the British Columbia Growers Association, Chicken Farmers of Saskatchewan, Chicken Farmers of Ontario, and Manitoba Chicken Producers.
- This year presentations were made at the Ag Lenders Workshop, the Poultry Service Industry Workshop, and the Classroom Agriculture Program.
- A meeting was held with the Alberta Hatching Egg Producers Board to discuss matters of mutual interest.
- A poultry boards Chairs and Managers meeting was held to collaborate on mutual topics.
- Funding for the facilitation of a strategic framework for poultry diagnostics and flock health was received by the four poultry boards and meetings began in late 2018 with conclusion expected in mid-2019.
- SM5 members met with the Alberta Cattle Feeders Association in September to discuss topics of mutual interest.
- Jason Born attended the Alberta Beef Producers Annual General Meeting in December.



## 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 2018:**

- Front Desk Safety & Security
- Advancing Women in Agriculture Conference
- Social West – Media and Digital Marketing Conference
- Canadian Centre for Food Integrity Summit
- Spokesperson Media Training
- Leadership Development; Executive Education
- Emotional Intelligence Training
- Spring Protein Outlook Conference
- CFC Orientation
- Express Markets Inc. Conference
- Broiler Feed Quality Conference
- Alberta Council's Government Relations Workshop
- Alberta Poultry Research Summit
- Prairie Poultry Workshop
- Alberta Farm Animal Care Livestock Care Conference
- Farm Data Efficiency Analysis Workshop
- BC Poultry Industry Disease Exercise
- CFC Auditor Training
- Poultry Service industry Workshop

### Webinars:

- Brene Brown's Braving the Wilderness
- Talking Today's Agriculture: Sharing Different View Points to Connect Farm and Food
- Public Trust and Millennials
- Nielsen USA – Understanding Shifts in Food & Beverage Demand
- Nielsen – 2018 What are Consumer Trends, Fads or Fundamentals
- CAP Environment Sustainability Risk Factor
- Canada's Food Industries – Confronting Winds of Change
- Grocery Tactics – Balancing Price Increases with Volume Shifts
- Nielsen – Beyond Your Aisle – The Total Food Frontier

The Alberta Chicken Producers Board of Directors participated in a two-day Governance and Team Building Session facilitated by Jim Brown of *Strive!*

Following the Annual General Meeting, newly elected Board Directors participated in a Director Orientation Session at the Board office to learn about Board governance, policies, team culture and office protocols. ●



# Governance Committee

SUBMITTED BY JASON BORN, *Committee Chair*

The Governance Committee supports the Board's oversight function and is guided by its mandate: *"To support and enhance Board governance by recommending policies, programs, procedures, and best-practices to the Board."* In this role, the Committee monitors best practices and trends in board governance, assesses policies and practices of the Board and brings forward options and suggestions to the Board to maintain a culture of good governance.

The Committee is comprised of two Directors and the Executive Director, and its Mandate and Work Plan are reviewed and updated annually by the Board.

2018 was a busy year for the Committee and its activities included:

- conducting Director Peer Reviews in early 2018;
- completing a full review and update of ACP's Organizational Culture and Policies Handbook;
- conducting an orientation session for new Directors and the full Board in March;

- holding a board governance and team development workshop in May;
- leading ACP's Committees through an annual review of their respective mandates and terms of reference;
- working with the Board to revise and implement a new Board "Leadership Covenant";
- with the input of Producer Representatives, leading the Board through a review of the Producer Representative Role and Responsibilities; and
- leading the Board through an assessment of ACP's committee structures.

The Committee also reviews and monitors board meeting evaluations, leads the board through ongoing leadership and team development activities, and encourages Directors to pursue professional development activities.

The Committee looks forward to planning the next Producer Leadership Development Workshop in 2019 and supporting Board in continuously developing current and future leaders for the industry.

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



# Production Committee

SUBMITTED BY DENNIS STEINWAND, *Committee Chair*

The Production Committee is guided by its mandate, “to provide the Board with advice concerning the marketing of chicken in Alberta”, and is comprised of two Directors and two staff members.

The primary areas of focus for the Committee in 2018 were the Direct Marketing Lease Program, assessments of the Organic Chicken Lease and Specialty Chicken Production Programs, and Alberta’s production performance.

In 2018, approximately 197,500 direct marketing lease kilograms were leased to five producers. Since the program’s inception in 2014, the volume of direct marketing lease has increased by approximately 125,000 kilograms and the number of producers accessing the program has increased from three to five.

The Committee also reviewed the Organic Chicken Lease and Specialty Chicken Lease Programs in 2018 and presented its assessments to the Board. The Committee took into account current uptake of the programs by producers; data and feedback from the

marketplace; and programs and policies in other provinces. In terms of the Organic Chicken Lease Program, the Board concluded that the Program is meeting the needs of the market at this time, and a full review of the Program will be conducted again as part of ACP’s next regulatory review.

ACP’s Marketing Regulation requires that a full review of the Specialty Chicken Lease Program be conducted after its third year in effect. 2018 marked the third year of the Program, and, accordingly, the Committee completed an assessment to ensure the Program remains competitive and encourages the development and growth of specialty markets in Alberta. Based on this assessment, it was concluded that the Program is functioning as it was intended and that it continues to provide opportunity to specialty chicken producers to access the Specialty Chicken Lease Program.

Each spring the Committee meets with processors to review Alberta’s production performance. In reviewing the data for 2017 in the spring of 2017, overall production performance saw continued improvement and resulted in optimal utilization for Alberta.

Continued investments by our producers into their operations has resulted in 45 new barns coming into operation over the past three years. The Committee continues to monitor the availability of lease and barn space in the province and provides regular reports to the Board. As well, changes made to the leasing policy to extend the timeframe for leasing from twenty-eight to thirty-five days took effect in Period A-149; and the Committee looks forward to reviewing and assessing the effectiveness of this change in the coming year.

I would like to thank fellow Committee members, Henk Schuur, Karen Miller, and Laurie Power 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 DENNIS STEINWAND, *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".

In 2018, the Supply Chain Committee focussed in particular on:

- Monitoring ACP's sustainable growth metrics regarding quota utilization, barn space, and targets for 7-day mortality;
- Implementing national strategies to address animal care, flock health and transportation;
- Addressing challenges associated with antimicrobial reduction, including the new Health Canada veterinary oversight regulations that took effect on December 1, 2018, and the ban of the use of Category II antimicrobials for disease prevention that took effect on January 1, 2019.

Reducing 7-day mortality levels in Alberta was one of the original chick quality objectives of the committee. The original 7-day mortality target of 2% was achieved with the collective efforts of our producers and industry partners both at the hatchery and the farm. The committee has shifted to a rolling annual reduction target of 15%, which for 2018 was 1.26% 7-day mortality. A second goal was to have no more than 5% of barns reporting 7-day mortalities over 2%. While there is still a ways to go in meeting this target, this year,

performance improved from 15% to 12.5% of barns.

As 7-day mortality continues to improve, we have started to look at other performance quality indicators. Condemn rates in Alberta have dropped over the past three years, with an Alberta rate of approximately 0.8% compared to a National average of 1.32%. Overall flock mortality has dropped from an average of 7.8% in 2016 to 6.8% (for first three quarters of 2018).

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, timely reporting of 7-day mortality to your processor/hatchery. A complete data set is integral to measuring our progress.

On December 1, 2018, Health Canada regulations for increased veterinary oversight of medically important antimicrobials came into effect. With CFC's ban of the use of Category II antimicrobials for the prevention of disease following soon after this on January 1, 2019, significant changes to the way we work with our veterinarians and manage poultry health were an imminent challenge. A goal of both initiatives is to reduce antimicrobial use and to reduce the risk of development of antibiotic resistance. Antibiotics are intended for therapeutic treatment of disease and not for preventative use.

To prepare for changes to veterinary oversight and reduced use of Category II antimicrobials, members of the Supply Chain Committee have been working with feedmills and poultry veterinarians operating in Alberta to discuss how these changes would be implemented and how they would

impact Alberta broiler farms. One of the benefits of the collaborative approach we take by working together across the poultry sector is that we can get ahead of challenges before they become roadblocks to the industry. ACP's Supply Chain Committee provides an open, collaborative forum for broiler producers and our industry partners to collectively address challenges and opportunities for the broiler sector.

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 HENK SCHUUR, *Committee Chair*

2018 was marked by final preparations for the roll-out of the updated Animal Care Program and by preparing to implement the ban on use of Category II antimicrobials for disease prevention. The Flock Health and Management Committee has been providing input into these initiatives over the past few years, and this year focused on preparing for the roll-out of these initiatives on broiler farms.

## Food Safety and Animal Care Program Updates

Alberta broiler producers have been working to update their farm management practices to align with the new requirements of the revised Poultry Code of Practice since mid-2017, when Chicken Farmers of Canada released an addendum to our Animal Care Program. With CFC's proposed changes now viewed as sufficient to meet the

new standards described in the Poultry Code of Practice, our Animal Care Program has been formally updated and the new version came into effect on January 1, 2019. Program changes include updated requirements for barn lighting programs, ammonia and flock monitoring, catching and loading, euthanasia training, employee code of conduct, and more. The largest change we will see on farm is that the proposed changes have moved from Highly Recommended to Mandatory now that they have been formally approved.

The Flock Health and Management Committee has provided comprehensive feedback on both Animal Care Program drafts and on plans for roll-out of the updated program. The Committee and our Board is pleased to see that our input is being carefully considered nationally as the Program changes are being finalized. We invite producers 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.

Alberta Chicken Producers is in the process of moving the farm OFFSP / Animal Care audits from paper format to electronic format as part of the redevelopment of our Grower Program system. These changes are expected to lead to efficiencies during both the on-farm audits and in the management of the audit program. We encourage producers to continue with this transition to electronic data management by taking advantage of electronic versions of many of the forms used on farm.



## Anti-Microbial Use Surveys and Farm Data: Supporting Reduction in Antimicrobial Use

As part of CFC's antimicrobial use (AMU) action plan, there are producer-facing initiatives that include:

- Collect and compare regional and national AMU data over time
- Educate farmers and industry on antibiotic reduction and the good production practices required with reduced use
- Determine cost impacts to the industry of eliminating preventative use of Category II and III antimicrobials

2018 was the fifth year our program audit team performed the AMU survey with producers during their on-farm audits. Each year we survey 25% of our farms and 2018 marked the point that all Alberta broiler farms had completed the survey at least once. The data collected from the surveys has enabled CFC to characterize how product choices shifted regionally with the ban of Category I antimicrobials for disease prevention in 2014. The survey results will be even more important as we shift into the ban of Category II antimicrobials for the prevention of disease in January 2019, enabling us to characterize the shift in product choice and overall volume use, as well as to provide information on the readiness of the poultry industry for the targeted ban of Category III antimicrobials for the prevention of disease.

The Flock Health and Management Committee will be helping to shape Alberta's farm data collection strategy in 2019 to help assess the impact of changes to antimicrobial use on flock health and welfare, and on production costs. While it is clear that not all flocks require antibiotics for disease prevention, it is unclear what the extent of the impact will be for welfare and production traits. One goal of the committee in the coming year will be to identify knowledge gaps and educational opportunities as we continue moving towards the goal of no longer using antibiotics of human importance for disease prevention in poultry production. As examples of Alberta feedback in action, many of the video themes included in CFC's second AMU magazine (available at [www.chickenfarmers.ca/amumagazine/](http://www.chickenfarmers.ca/amumagazine/)) were identified by Alberta to have more practical information on for our producers.

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, flock health, and performance.

## Growing Forward On-Farm Biosecurity Project

Alberta Chicken Producers participated 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. This project led to the development of an on-farm biosecurity readiness assessment tool, completion of a "Basic-Better-Best" biosecurity best management guide, creation of a tool to build farm-specific self-quarantine protocols, development of a scalable disease surveillance and

response plan, creation of tools to select and implement emergency farm depopulation, and more. In the coming year, we plan to work with the other feather boards to emphasize several key themes for the year and to support measurable change in the identified high-impact areas.

A special thank you is extended to Committee members Rob van Diemen 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: Establishing and Reaffirming Public Trust

The marketing and communications strategy and its tactics are carefully crafted to target issues brought forward in our consumer research.

In the Spring of 2018 Alberta Chicken Producers conducted its second consumer study. The study brought forward similar themes with concerns related to consumer trust in the stages of on-farm animal care, transportation, and processing of our supply chain. These key findings have reaffirmed that collaboration and alignment with the industry supply chain in communicating to consumers is crucial for building/reaffirming and ensuring public trust.

# 2018 Highlights

## Social Media

Social media continues to be an effective vehicle for delivering messages to consumers. In 2018, we saw growth in the Instagram platform with new functionality and a growing younger audience. Alberta Chicken Producers ran several contests throughout chicken month, celebrating food and farmers. As well, a four part video series was shared widely across Alberta and Canada, showing day-to-day farm chores with feel-good messaging about how chickens are raised in Canada. Later in the year, we utilized social media to grow brand awareness with the Raised by a Canadian Chicken Farmer brand and buying Canadian.

Are you following us?

Twitter: @Alberta\_Chicken

**Solely food, health  
and well-being focused:**

Instagram: @EatAbChicken

Facebook: @EatAbChicken

**Solely Alberta Chicken Producers farming facts, education and activities focused:**

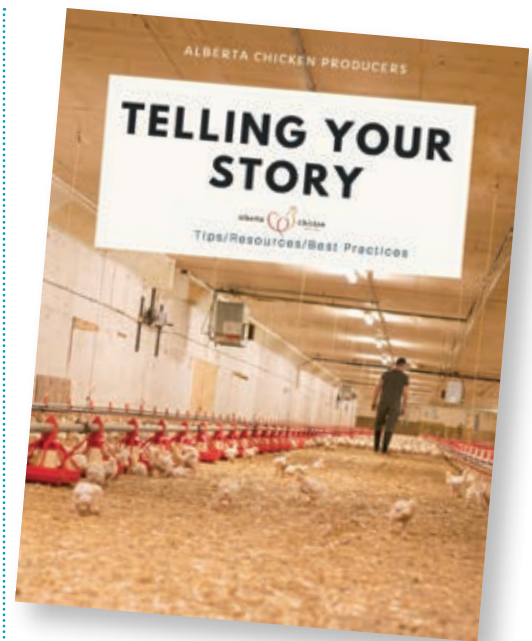
Instagram: @AlbertaChicken

**Facebook: @AlbertaChickenProducers**



## Revamped Tradeshow Displays

ACP added several new pull-up banners and two new large display backdrops to inventory in 2018. The cohesive designs all provide consistent messaging that counter common consumers concerns and industry myths. As well, ACP added new feed and bedding displays, and the best conversation starter yet – a mock barn.



## Producer Communications Workshop

On Wednesday, November 21, 20 enthusiastic producers had the opportunity to attend our 2nd annual producer communications workshop featuring Andrew Campbell. Andrew gave a two hour presentation on advocating for our industry. Topics included consumer perceptions, how emotions affect buying, and focusing shared values with our consumers.

Participants appreciated the small group format, and how Andrew tailored his presentation to chicken farming. The group was very engaged with feedback and questions. The second half of the workshop was facilitated by ACP Communications and Marketing Specialist, Maria Leslie, who engaged the audience with more tips on sharing content and the Classroom Agriculture Program. Each attendee also created an "elevator pitch" and committed to one action they will undertake by the end of 2018.

New producer focused communication toolkit was developed and is available on the ACP website.



## Dietitians of Canada

In the Spring of 2018 ACP supported the annual *Canadian Dietitian's Day Forum* in Edmonton. Registered Edmonton Dietitians enjoyed a chicken meal and had the opportunity to ask farmers questions.

ACP and Albertan consumers recognize Dietitians as a trusted source for information regarding food and health.

As a follow-up to the engagement and questions from Dietitians at the Spring event ACP hosted a Fall farm tour on Saturday, October 20, 2018. The day started with the group meeting at the ACP office for a brief introduction. The group then boarded a bus to Dennis and Jacquie Steinwand's farm for a tour of their broiler barns. The tour was followed by lunch at Chartier Restaurant in Beaumont and ended with a debrief back at the ACP office.



## Stollery Children's Hospital: Teddy Bear Fun Run and Walk

On Saturday, May 12, Alberta Chicken Producers had the opportunity to engage with the public at the Stollery Children's Hospital Teddy Bear Fun Run and Walk. Our enthusiastic volunteers and their children handed out approximately 1,500 chicken wraps to participants. As well, they handed out informative brochures and some of our signature Chicken Pops!

Thank you to Sofina Foods/Lilydale for donating the chicken for the wraps and the Edmonton Expo Centre for donating their services in catering.



## Taste Alberta

Taste Alberta is an industry-led initiative that communicates and engages with consumers about how food is grown, raised, processed and prepared in Alberta. Taste Alberta uses a variety of ways to reach consumers including digital stories, social networks, and events such as farm tours and festivals. We measure our success in every project to better understand consumers, so that we can improve our messages and engagement activities.

In 2018 we created and amplified two digital stories, *Agriculture Day: Get to*

*know your local Farmers and Improve your morning routine with Simple and delicious local ingredients.* These stories profiled farmers and a range of healthy foods produced in Alberta, reaching over



200,000 consumers with an engagement rate of about 3.1%. Taste Alberta also partnered with Alberta Diabetes Foundation to host a culinary combat between Mairlyn Smith and Chef Steve Brochu of Chartier to promote healthy eating with ingredients available and grown in Alberta. Five Prairie on the Plate dinners were also held at various restaurants that featured the creativity of local chefs using local ingredients from the Taste Alberta Partners.

2018 was the 30th anniversary of Christmas in November (CIN) at the Fairmont Jasper Park Lodge. Taste Alberta brings a local food focus to this culinary

festival by sponsoring chefs like Chef Corbin Tomaszeski, by ensuring Alberta food such as chicken is served during the event, and by hosting a Fireside chat to talk about how food is grown and raised in Alberta. Over 1,600 guests dined on chicken wings during the reception and roasted chicken during one of the

lunches. The Fireside chat was an amazing success, with over 100 guests at each session engaged in discussion about the importance of knowing where your food comes from, and asking questions for a deeper understanding about how it's produced.



## Third Annual 'September is Chicken Month' Highlights

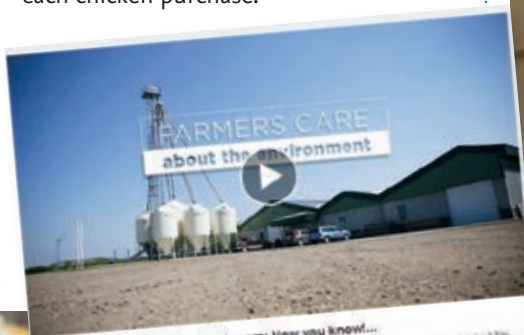
This September marked the third annual chicken month across Canada!

Alberta Chicken Producers ran two different digital campaigns to celebrate and educate. One was a four-part video series educating consumers about on-farm practices and industry facts. The second campaign was weekly contests encouraging consumers to buy Canadian chicken. Both campaigns saw strong engagement from Albertan and Canadian consumers reaching over 80,000 Canadians.

If you haven't yet, check out and share our four new films on Facebook!

Taste Alberta hosted its second annual dinner for September is chicken month. The event was held at the Harvest Room, Fairmont Hotel Macdonald with a special chicken dish as the feature!

ACP also partnered with local restaurants to distribute an ACP recipe and spice with each chicken purchase.



Alberta Chicken Producers: Now you know...  
Did you know that the Canadian Chicken Industry has reduced its carbon footprint by 37% over 40 years? Farmers take care of the environment and make responsible choices - it's one small part of their sustainable practices. You should feel good about buying



New Alberta Chicken/Chartier co-branded sandwich board.



## Ag Events

Alberta Chicken Producers values the opportunities it receives to participate in agricultural and consumer-related events throughout the year. This past year, we participated in Aggie Days (Calgary, Lethbridge and Raymond), the Calgary Stampede, the Stony Plain City Slickers, the Stollery Teddy Bear Fun Run, Amazing Agriculture in Edmonton, and 'Outstanding in the Field' in Brooks.

Participation in these events would not be possible without the commitment of our producers who so willingly volunteer their time to share their knowledge and experience in chicken farming. Each year, feedback from our volunteers reinforces the value of ACP's attendance at these events. These events are invaluable in connecting our producers with the public, and provide many opportunities to educate those who stop by our booth and help dispel myths about agriculture.

A special thank you is extended to Maas Brink who has taken on the



responsibility of Agricultural Events Set-up Coordinator, which includes setting up the chick pen and ensuring the well-being of our chicks throughout the events we attend. Maas' dedication and commitment is highly valued – 'thank you' Maas!

A heartfelt thank you is also extended to our Classroom Agriculture Program producer volunteers who so willingly acknowledge the importance of educating the younger generation. Spending time in the classroom teaching children about



where their food comes from and the health benefits of protein such as chicken helps to establish fact-based knowledge about agriculture and good health choices at a young age.



## Producer Farm Tours



## Government Relations

Prior to the announcement of the USMCA, ACP was active throughout the spring and summer months in government relations at the provincial and federal levels:

- The Alberta SM5 met with the Alberta Minister of Agriculture and the Alberta Minister of Economic Development and Trade on several occasions to discuss our concerns and needs with respect to the NAFTA negotiations and impacts of the Comprehensive and Progressive Trans-Pacific Partnership Agreement (CPTPP);
- Dennis Steinwand attended a round-table with Minister Champagne in Calgary in February 2018 regarding the potential Mercosur trade agreement. This round-table was followed by several teleconferences throughout the year;
- The Alberta SM5 also hosted an MLA reception in early March. All parties were represented, and over forty MLAs attended, including several Ministers and the leader of the Alberta Party;
- In May, Dennis Steinwand attended the United Conservative Party's Annual General Meeting, at which the policies and platforms of the UCP were established leading into the next provincial election in Spring 2019;



2018 March MLA Reception  
Dennis Steinwand, MLA Shaye Anderson



SM5 & Premier Rachel Notley

- Jason Born, Dennis Steinwand and Karen Kirkwood met with 13 MPs on Ottawa on CFC's Lobby Day;
- Alberta's SM5 met with the Minister of Economic Development and Trade in July; at which time he invited the SM5 to prepare a presentation for his use at the Pacific Northwest Economic Region Conference of Senators and State officials;
- Many of our producers engaged in meetings with their Members of Parliament at a grassroots level in response to the federal Progressive Conservative (PC) Party Ideas Lab proposal;
- Rob van Diemen met with MP Rachel Harder and hosted a farm tour for Alberta's Minister of Environment and Parks, the Honourable Shannon Phillips;
- Jason Born attended the federal PC Convention in Halifax;
- Alberta's SM5 met with the Alberta Cattlefeeders on September 5 to develop common understanding of our sectors;
- Through our Alberta SM5's government relations firm, Jason Born and Dennis Steinwand met with leader of the United Conservative Party, Jason Kenney; and Dennis Steinwand met with leader of the Alberta Party, Stephen Mandel;

- Jason Born and Albert Kamps with Alberta Milk spoke at a NAFTA 2.0 Conference that was hosted by the Van Horne Institute in Calgary in early October.

Following the USMCA announcement, our SM5 were in daily contact with our Ministers' offices and continued to provide weekly updates to the Minister of Agriculture and Minister of Economic Development and Trade's Chiefs of Staff. Alberta's poultry and dairy sectors have been invited to make formal submissions to the Standing Committee on Alberta's Economic Future in early 2019.

In addition to government relations, public relations related to Supply Management are a high priority in ACP's 2019-2021 strategic plan.



Conservative Party BBQ – Calgary Stampede  
Jason Born, Conservative leader Andrew Scheer

# Research Committee

SUBMITTED BY CHRISTIAN GUENTER, *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. 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. 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. These processes have been very successful, leading to a high percentage of poultry projects we are interested in being successfully funded.

2018 has been unique in that it was also the start of a new, five-year AAFC Poultry Science Cluster project. CFC has invested nearly \$400,000 in research funding into this cluster to fund projects under the themes of replacements to antibiotics and mitigating the effects of reduced use of antibiotics for poultry production. Several ACP-supported projects are also

part of this cluster. ACP has also been working with the Alberta poultry and the Poultry Research Centre to work towards a new PRC funding contract. During the development of the new contract, there has been a clear shift towards a partnership structure with a broader focus on poultry research, tech transfer, and education happening across the Province. The proposed agreement will be reviewed in early 2019.

## Research

Research and development of innovative technologies and techniques are essential to the competitiveness and sustainability of our industry. We invest in projects we believe will have the greatest impact on Alberta broiler production, based on our research and knowledge 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. *Salmonella* and *Campylobacter* are of particular importance because of their ability to cause foodborne illness in humans. An example of high-impact research results from 2018 was provided by Doug Inglis (Ag-Canada Lethbridge) in the final report for the project, 'Mitigation of *Campylobacter jejuni* in chickens'. The researchers found that only a small subset (11%) of *C. jejuni* types associated with poultry were



deemed to be a risk to human infection. This is very good support for the safety of poultry products from farm to fork.

This year, the Agriculture Funding Consortium received 170 letters of intent (LOI) requesting funding for the 2018/2019 call for proposals. A total of 12 LOIs were identified as having the potential to impact the Alberta broiler industry. Of these, the ten most relevant LOIs were selected for review by the ACP research committee. Six of these were reviewed again as full proposals, along with two new LOIs submitted to a different grant competition. The ACP Research Committee suggested support of five of these proposals in the form of cash and/or in-kind contributions. Of these proposals, two are now fully funded and will commence soon, while the other three either remain under review by partner funding agencies or will require additional revision to be accepted for funding. The industry dollars and in-kind contributions ACP committed to these projects help demonstrate the need for this research.

## Projects supported by ACP Carried Forward from Previous years

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

3. Footpad Project: Is there a Genetic Predisposition to Footpad Lesions? (C. Bench: UofA)
4. Effect of Broiler Breeder Weight on Broiler Offspring Performance. (M. Zuidhof: UofA)
5. A dietary approach to reducing the carbon footprint of table egg and chicken production (Oryschak, AF)
6. An Inexpensive Plant-Derived Vaccine for Coccidiosis and Necrotic Enteritis. (J. Alcantara: UofC)
7. Alternatives to antibiotics: Employing autochthonous bacterial to mitigate enteric inflammatory disease and pathogens in broilers (D. Inglis, Ag-Canada, Lethbridge)
8. 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)
9. Assessment of variant Avian Reovirus and Chicken Astrovirus virulence and autogenous vaccine immunogenicity in Western Canada (T. Inglis, Poultry Health Services)

## New Poultry Research Projects

(Approved)

1. Optimizing body condition for reproduction: A multiphasic approach to growing broiler breeder pullets (M. Zuidhof: UofA)
2. Development of functional yeast enriched in puniceic acid for the reduced use of antibiotics in poultry (G. Chen: UofA)

## New Poultry Research Projects

**(Proposed support by cash / in-kind by ACP. Under review by matching grant agencies or under revision, with results to be announced early 2019)**

1. Bioactive glucosamine self-condensation products to improve locomotion problems in broiler chickens (M. Betti: UofA)
2. Managing physiological stress to enhance broiler chick quality and production health with an emphasis on mitigation of colibacillosis (D. Inglis: Ag Canada, Lethbridge)
3. Novel antibiotic alternatives to inhibit both human and poultry pathogens with green materials (D. Korver: UofA)

In closing, I would like to acknowledge the valuable contribution that Robert Renema, Henk Schuur, 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

In 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, along with a grant from the provincial Growing Forward 2 program for a biosecurity project that compliments the emergency management project.

These two projects were completed in March 2018 and have resulted in a revamped Emergency

Management Program that includes: crisis preparedness, geofencing (*Be Seen Be Safe* mapping and alerting tool), a personal protective equipment plan, a depopulation and disposal plan, and a virtual emergency operations centre.

In the spring of 2018, the four poultry boards in Alberta entered into a contract with ERM (Emergency Response Management Consultants)

to support the ongoing administration, training and testing of the Emergency Management Program with the Alberta poultry industry. Throughout 2018, Alberta's Poultry Industry Emergency Management Team (APIEMT) was active under ERM's guidance to in further develop and test these plans. A series of training sessions will continue to be held for the APIEMT in the upcoming year. ●



# Chicken Farmers of Canada



SUBMITTED BY DENNIS STEINWAND, Alberta's Director to CFC,  
Chair of the CFC Governance Committee, and member of the CFC Finance and Production Committees

As ACP's Director on the Chicken Farmers of Canada Board, it is a pleasure to report on the activities of CFC this past year.

## Trade

2018 was marked by two significant trade agreements that will impact the Canadian chicken sector.

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) entered into force on December 30, 2018. The first year of the CPTPP implementation began on December 30, 2018 resulting in a lost phase-in year for the industry to cope with the impact. January 1, 2019 marked the beginning of Year 2 of the CPTPP implementation, meaning that an additional 7.8 million kilograms of duty-free imports will be permitted to enter the Canadian market from fellow CPTPP countries in 2019.

The Canada-United States-Mexico Agreement (CUSMA) was signed on November 30, prior to the change in Mexico's President on December 1. The implementation of CUSMA will take place on the first day of the third month after all parties have ratified it. Once this agreement is fully implemented after 15 years, Canada will have granted an additional 12.7 million kilograms of chicken market access to the U.S. Furthermore, based on 2017 production, the combined access conceded by Canada in the CPTPP and CUSMA will increase the level of market access from 7.5% of annual production to 10.7% after 18 years, once both agreements have fully entered into force.

In light of the implementation of both the CPTPP and eventually the new CUSMA, the Government of Canada has announced that it will be convening a poultry and egg working group that will focus on developing short-term and long-term strategies to ensure the poultry and egg sectors are able to adjust to the new levels of market access and continue to succeed. CFC will be an active participant in the poultry and egg working group, guiding policy and program development to guarantee that the chicken sector remains robust well into the future.

## Strategic Planning

2018 was the final year of the current Chicken Farmers of Canada (CFC) five-year strategic plan, and a new Five-Year Strategic Planning Steering Committee was formed to survey the industry, define its mission, articulate its vision, and make recommendations for future priorities.

The eight-member Strategic Planning Steering Committee was created in late 2017 and included:

- Benoît Fontaine, CFC Chair (Quebec farmer)
- Ed Benjamins (Ontario farmer, provincial board Chair)
- Ghislain Ouimet, St-Hubert (Foodservice)
- Jason Born (Alberta farmer)
- Richard Davies, Olymel (Quebec processor)
- Cheryl Firby, Maple Leaf Foods (Ontario processor)
- Jason Schedewitz, Loblaw's (Retailer)
- Ron teStroete (Nova Scotia farmer)

The Committee completed its work in mid-2018; and the CFC Board of Directors refined and approved the plan. In last September, the Board of Directors held its annual Strategic Planning Retreat and used the new 2019-2023 Strategic Plan to set the priorities and action plans for the coming year.

Several critical priorities were identified:

- AMR/AMU (antimicrobial resistance and use)
- Branding
- Government Relations Strategy
- Import Controls
- Pathogen Reduction Strategy
- Public Relations Strategy

## Animal Care

The *Raised by a Canadian Farmer* Animal Care Program has been in place since 2009, and it remains the only program capable of ensuring that animal care standards are implemented and audited on all chicken farms in Canada. The program was reviewed in 2017/2018 and revised to incorporate the new Code of Practice requirements. A new manual was created, and circulated to farmers, with the new standards being the basis of audits beginning January 1, 2019.

CFC released a new Sustainability Report in 2018, which reaffirms the objectives and values of our Sustainability Excellence Commitment that was launched in 2016.

The four key sustainability values are:

1. **Protecting bird health and welfare**
2. **Producing safe chicken for Canadians**
3. **Preserving the health of the land and of our farms**
4. **Providing value to Canada, and affordable food to Canadians through supply management**

A notable addition to this revised report is the recently completed life cycle assessment (LCA). The positive findings from this assessment add to the strong value and assurances provided by the *Raised by a Canadian Farmer* brand.

## On-Farm Food Safety

This year marks 20 years since the *Raised by a Canadian Farmer* On-Farm Food Safety Program (OFFSP) was first developed, and CFC continues to implement the program from coast to coast.

The program maintains full recognition from the federal, provincial, and territorial governments for on-farm food safety programs, and is subject to regular reviews to do so. Beyond the requirements for this recognition, OFFSP undergoes a third party audit from NSF International. This is yet another component of the value and assurances offered through the *Raised by a Canadian Farmer* brand.

## Antimicrobial Resistance and Use

The issues of antimicrobial resistance and use (AMR and AMU) remain at the forefront of CFC's work. We are

implementing an antimicrobial use strategy to meet consumer expectations while protecting the health and welfare of birds, and Canada's chicken farmers continue to evolve their production practices in response to consumer preferences.

As part of the AMU strategy, the preventive use of Category II antimicrobials was eliminated at the end of 2018. This follows the successful elimination of the preventive use of Category I antibiotics in 2014. The third phase of the strategy is a goal to eliminate the preventive use of Category III antimicrobials by the end of 2020; and CFC will be conducting a review of this goal in 2019 to ensure the industry is prepared. The strategy is built on the foundations of reduction, surveillance, stewardship, and research and innovation. It maintains the use of ionophores (those antimicrobials not used in human medicine), along with antibiotics for disease treatment to maintain the health and welfare of birds.

The Canadian Integrated Program for Antimicrobial Resistance Surveillance (CIPARS) continues to monitor antimicrobial use and resistance levels, and this information will be especially useful going forward, as CFC conducts an assessment in 2019 of the Category III elimination goal.

## Public Relations Strategy

In 2018, CFC was proud to launch the "Day in the Life" initiative, a compelling look into a typical day on a chicken farm. In late 2017, CFC filmed the first videos of this series, which were released in early 2018 and immediately

attracted attention from across the country. In late spring 2018, CFC set out to film two more of these videos that will be released in early 2019 with a big push on social media.

CFC also hired farmer and social media guru, Andrew Campbell, to train farmers on how to promote farming on social media. His presentations in various provinces, including our own, were well received and attended; and CFC will continue to work with Andrew in the upcoming year.

2018 marked CFC's third annual National Chicken Month! Throughout the month, consumers across the country got talking about the importance of Canadian chicken and all the benefits it brings to Canada.

## Young Farmers Program

In 2018, CFC created the Young Farmers Program, which brings together young farmers from across the country to learn about how the Canadian chicken industry works, and to share their experience. Every year, five young farmers will be selected to partake in the 18-month program.

The following young farmers were chosen for the 2019-2020 Program:

- Nicholas Budd from New Brunswick as the Atlantic representative
- Frédéric Emery Dufresne from Quebec as the Quebec representative
- Jonathan Giret from Ontario as the Ontario representative
- Tiffany Martinka from Saskatchewan as one of the Western representatives
- André Poulin from Alberta as one of the Western representatives

## Government Relations

The 2018 CFC Lobby Day was held on May 29, 2018. CFC Directors and provincial board members participated in over 90 meetings with over 100 people, including Ministers, Parliamentary Secretaries, MPs, Senators, and Parliamentary staff, discussing how they can better help and support the Canadian chicken industry. This annual event is an important activity in the Chicken Farmers of Canada government relations strategy, by building relationships, discussing our issues, and creating awareness of our industry and our brand.

The annual SM5 Downtown Diner on Sparks Street in Ottawa had a special guest in 2018 – Prime Minister Justin Trudeau! The Prime Minister stopped by with Agriculture Minister Lawrence MacAulay to chat with farmers about trade and the importance of supply management.

CFC staff and representatives from the provinces, including Alberta, attended the Liberal and Conservative party policy conventions in 2018. Representatives attend these biennial events in hopes of building relationships with Parliamentarians, their staff, and grassroots party members, while ensuring the voice of the Canadian chicken industry is heard.

CFC hosted an industry showcase in late November on Parliament Hill, highlighting a variety of aspects of the Canadian chicken sector such as animal care, supply management, and

processing. Competing with a number of other events that evening, the showcase was still very well attended by MPs, Senators, staffers, and industry invitees. Two thousand dollars was donated to the Ottawa Food Bank as a result of guests spinning our “Wheel of Chicken”.

Chicken Farmers of Canada hosted two farm tours with MPs in 2018, including the Minister of Health.

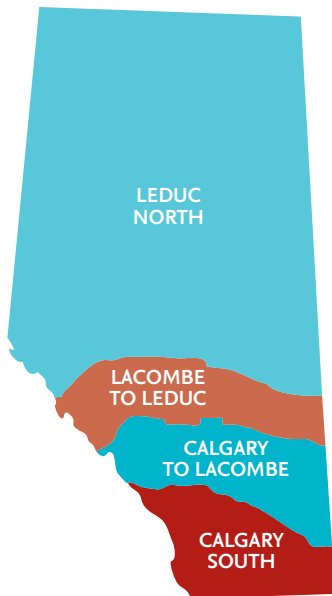
In October 2018, Rob Van Diemen was appointed as Alberta’s CFC Alternate, and it has been a pleasure serving at CFC with Rob over the past several months. In addition to serving as CFC Alternate, Rob is also serving as Alberta’s representative on the Canadian Broiler Council.

## Into the future...

CFC’s new five-year Strategic Plan sets a firm foundation for a resilient, successful future for Canada’s chicken sector. The skillful leadership of the CFC staff, and the unique strengths each industry partner brings to the CFC table, will continue to deliver successful results for our farmers, our industry partners, our governments, and our consumers. It is a tremendous privilege to serve our producers and industry on the CFC Board; and I am grateful for this opportunity. ●



# Producer Representatives



(Left to Right):

**Georgen Hofer** – Calgary South; **Samuel Guenter** – Calgary to Lacombe;  
**Arjan Spelt** – Lacombe to Leduc; **Wes Nanninga** – Leduc North

# Industry Advisory Committee

The Industry Advisory Committee (IAC) meets twice per 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, Alberta 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 into industry initiatives.



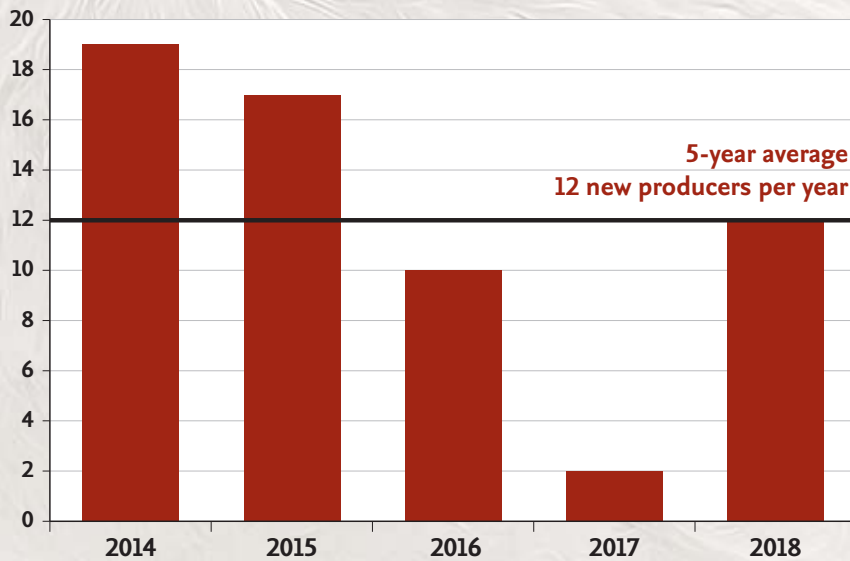
(Back row to front row, Left to Right):

**Rob van Diemen, George Hofer, Jerry Emmanuel, Ed Fetting, Arjan Spelt, Jason Born, Henk Schuur, Samuel Guenter, Reuben Joosse, Darko Mitevski, Bob Smook**

**Brenda Reimer, Dennis Steinwand, Frank Maenhout, Wes Nanninga, Rick Weiss, Kerry Towle, Karen Kirkwood**

# Market Reports

Number of New Entrants  
2014 – 2018



Alberta saw 12 new producers become licensed and start production in 2018.

An average of 12 new producers per year have entered Alberta's chicken industry over the last five years (2014-2018).

Alberta's Annual Production  
2009 – 2018



2018 total production includes 2,201,071 kgs of export production; there was no speciality production in 2018

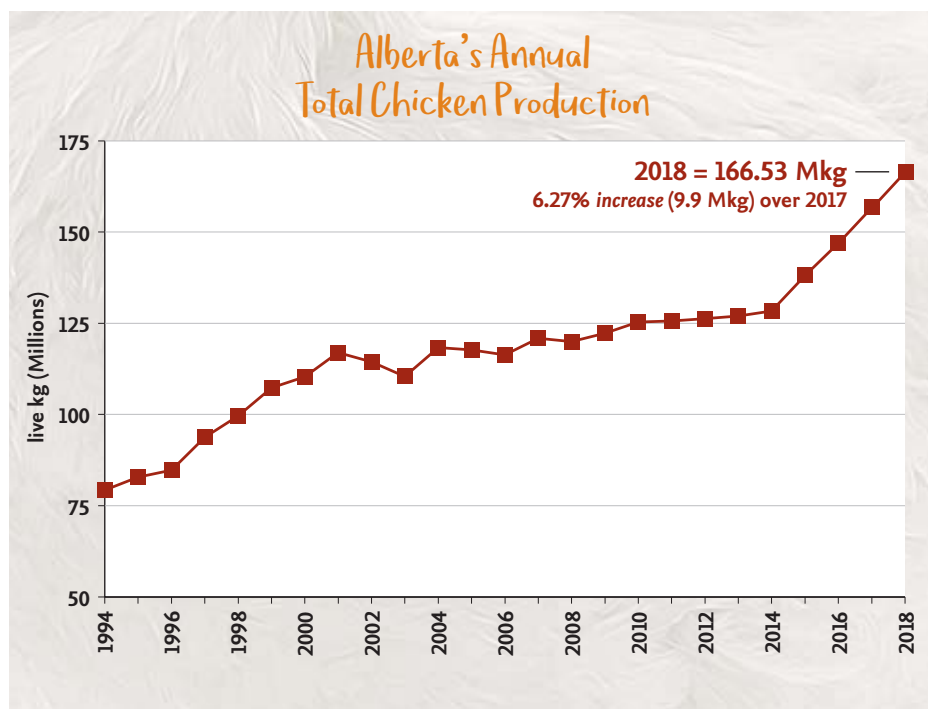
Alberta's domestic production in 2018 is estimated to be 164.33 million live kilograms, an increase of 10.12 million live kilograms, or 6.56% over 2017. Canada's 2018 domestic production is estimated to be 1.65 billion live kilograms, an increase of 82.79 million live kilograms, or 5.27% over 2017.

Alberta's export production (Market Development) in 2018 was 2.2 million live kilograms, a decrease of 291,071 live kilograms over 2017.

Alberta's Market Development represented 1.32% of Alberta's total production in 2018 versus 1.59% in 2017. Comparatively, Canada's Market Development represented 2.93% of Canada's total production in 2018, versus 3.22% in 2017.

Alberta did not have any specialty chicken production in 2018. This program was implemented in August 2015 (A-132). Production of specialty birds was active consecutively from A-132 to A-139 and is anticipated to recommence in 2019.

## Market Reports (continued)



Alberta's total chicken production in 2018, which includes Market Development and specialty chicken production, is estimated to be 166.53 million live kilograms, an increase of 9.83 million live kilograms, or 6.27% over 2017.

Stricter enforcement measures around the illegal importation of broiler meat declared as spent fowl into Canada created a gap in supply for domestic production to fill between the spring of 2017 (A-143) to the fall of 2018 (A-152). Domestic allocations during these ten A-Periods (80 weeks) averaged +4.85% nationally in order to fill market demand as well as this supply gap. This translated into +6.22% for Alberta under the national allocation formula.

Since 2015, Alberta has averaged just over 6.7% annual growth, while the previous four-year (2011-2014) average per annum growth was 0.60% per year.

Events that contributed to this significant growth for Alberta included: the new allocation formula, the supply gap created from the increased enforcement of fraudulent spent fowl imports, and retail prices for beef hitting an all-time high in 2015.

Canada has also enjoyed tremendous growth with total chicken production in 2018 estimated to be 1.72 billion live kilograms, an increase of 5.02% over 2017 and 9.3% over the five-year average (2014-2018).

**Alberta's Quota Utilization (A-140 - A-152)**

Period	Dates		Utilization			AB Compared to Canada	AB Compared to Western Canada
			Alberta	Western Canada	Canada		
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%	97.9%	2.2%	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%	98.2%	98.5%	0.0%	0.3%
A145	08/06/17	09/30/17	100.7%	99.5%	99.8%	0.9%	1.2%
A146	10/01/17	11/25/17	100.0%	101.3%	100.2%	-0.2%	-1.3%
A147	11/26/17	01/20/18	100.9%	101.5%	101.1%	-0.2%	-0.6%
A148	01/21/18	03/17/18	102.5%	102.6%	101.7%	0.8%	-0.1%
A149	03/18/18	05/12/18	99.9%	101.2%	101.2%	-1.3%	-1.3%
A150	05/13/18	07/07/18	100.1%	101.2%	99.3%	0.8%	-1.1%
A151	07/08/18	09/01/18	97.8%	99.3%	98.7%	-0.9%	-1.5%
A152	09/02/18	10/27/18	101.0%	101.7%	100.5%	0.5%	-0.7%
TOTAL PERIOD AVERAGE			100.1%	100.3%	99.9%	0.2%	-0.2%

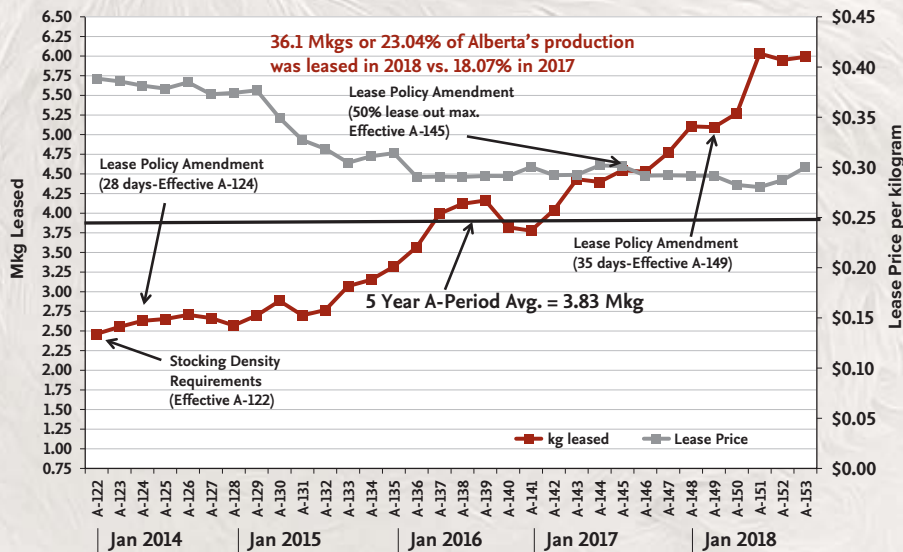
This table compares Alberta's utilization performance to Western Canada and Canada.

In 2018, Alberta's utilization performance is estimated to average 100.5%, slightly above the 2017 utilization average of 100.1%. Since 2015, Alberta has seen notable improvement of production performance, with underproduction being mainly isolated to the summer months.

The table shows, Western Canada has paced ahead of the national average at 100.3% utilization. While Alberta's utilization average of 100.1% outpaced the national average of 99.9%. Alberta's continued improvement in production performance is a testament to the importance all industry partners have placed on optimizing production.

Targeting 100% utilization continues to be a key performance indicator in Alberta Chicken Producers strategic plan due to the importance of the quota utilization factor in the national allocation formula.

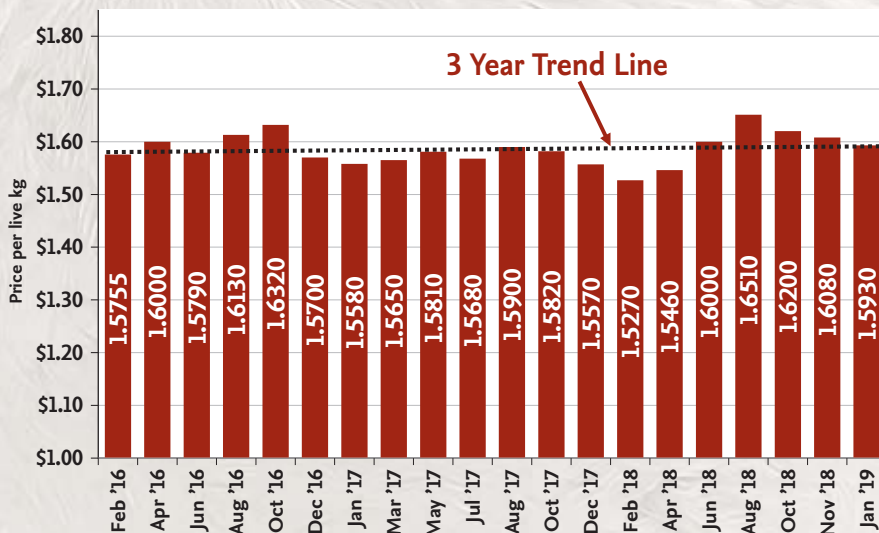
## Volume/Price of Marketing Kilograms Leased Each Period



A total volume of 36.1 million kilograms, or 23.04% of Alberta's total production, was leased in 2018. This represents an increase of 7.78 million kilograms, or 27.5% over 2017. Barn density regulations and increased allocation to Alberta remain the primary factors influencing the year-over-year increases in periodic leases.

A total of 1,618 periodic leases were approved by the Board of Directors in 2018, which is an increase of 185, or 12.3%, over 2017.

## Alberta Producer Live Price

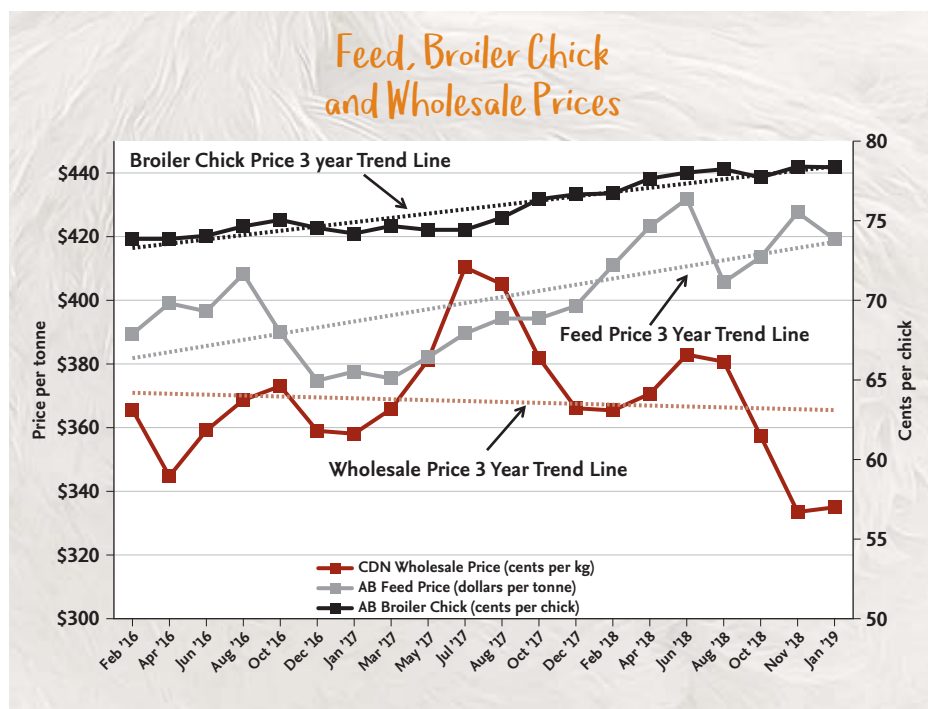


Alberta's average live price for 2018 was \$1.592/kg, an increase of \$0.0204/kg (2.04 cents) from the 2017 average. This increase in Alberta's live price is on par with increases across Canada. This year the main drivers for the slight increases in chicken live prices across the provinces were chick and feed costs.

In 2018, Alberta's live price was at its lowest in Period A-148 (Jan/Feb 2018) at \$1.5270/kg, and at its highest in Period A-151 (Jul/Aug 2018) at \$1.6510/kg. The difference between the high and low in 2018 was \$0.124/kg (12.4 cents).

Alberta maintains long-term pricing agreements 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) is adjusted for the cost changes in chick and feed each period and operational costs and adjustment factors annually.

## Market Reports (continued)

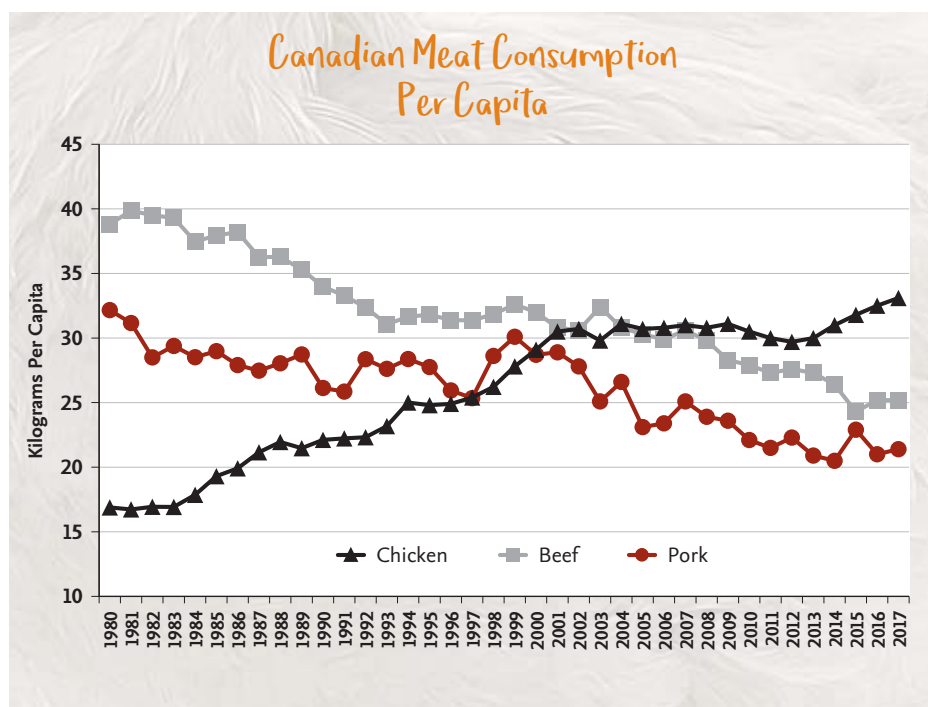


Alberta feed prices increased steadily in 2018 compared to 2017, this after enjoying four years of relatively stable feed prices following the spike feed prices took in 2013. Rising feed prices and other farm input costs put pressure on profitability, while the producer price remained relatively flat in 2018. Seasonally, the beginning of 2018 saw the lowest feed prices, while the summertime saw the highest feed prices of the year.

Minimum live price (producer 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.

Canada's market composite wholesale price (simple average of five sub-composites that represent the various cuts of chicken) for 2018 was \$3.65/kg, a decrease of \$0.16/kg from \$3.81/kg in 2017.

2018 continued to be a year of transition for the industry being in year two of managing the decline in illegal imports of spent fowl due to tighter border controls, along with changing consumer demand and increased competition from competing proteins. While demand remains strong wholesale prices returned to historical norms in 2018 after the all-time high wholesale prices seen in 2017.



As of 2017, per capita consumption of chicken in Canada was 33.1 kg, followed by beef at 25.2 kg and pork at 21.4 kg. Chicken has remained the number one consumed protein in Canada after it surpassed beef in 2004.

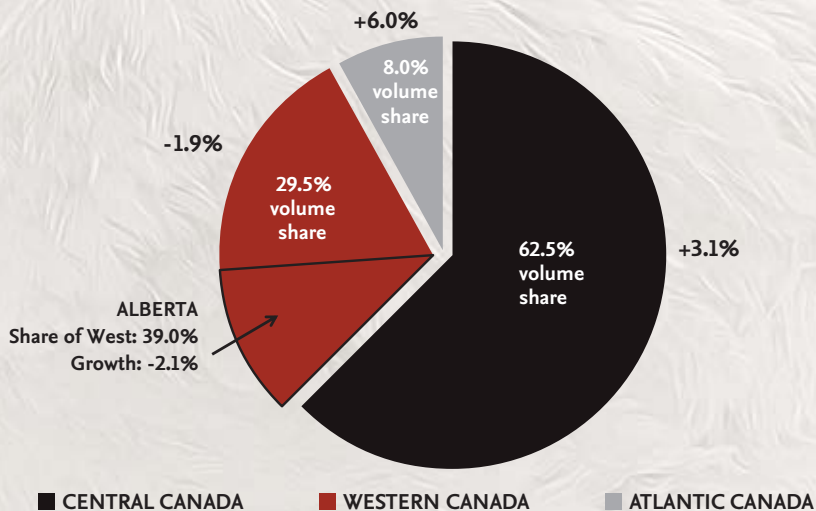
Per capita chicken consumption peaked in 2004 (31.1 kg) then started to decline though to 2014. In 2015 per capita consumption (31.8 kg) finally started to increase again, surpassing 2004 levels. Consumption has continued to rise ever since.

Beef hit its peak in per capita consumption in 1981 at 39.9 kg and pork in 1980 at 32.2 kg. Both beef and pork per capita consumption have continued to show declines since these peaks in the early 1980's.

Total meat consumption in 2017, which excludes fish, was 88.6 kg representing a 0.6 kg increase over 2016. Total meat consumption peaked in 1999 at 98.6 kg and has since declined.

As a % share of total meats consumed in 2017, chicken, beef, and pork hold a 90% combined share, of which 37.5% is chicken, 28.5% beef, and 24% pork. Of total meat, chicken consumption has continued to increase, gaining 2.1 kg per capita over the past ten years, while beef and pork have declined 5.4 kg and 3.7 kg respectively over the same time period.

### Retail: Fresh Chicken Category Volume Market Share & Yearly Growth % Change by Region



Nielsen Retail Scan Sales (Freshtack Data) 52 weeks ending November 10, 2018

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

It is estimated that the retail sector represents 59% of all chicken consumed in Canada.

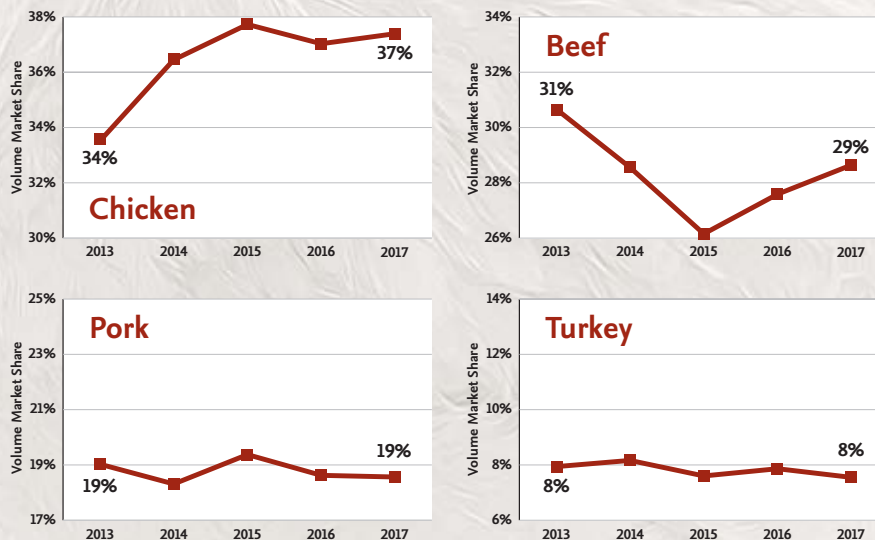
Nielsen data shows that the volume of fresh chicken sold in Canada for 52 weeks ending November 10, 2018 increased by 1.8% vs the same weeks one year ago.

This chart shows the volume share and % volume change over last year by region.

Western Canada saw a 1.9% decrease in volume sold over last year and represents a 29.5% market share of all fresh chicken sold in Canada.

Alberta's year-over-year chicken sales volume sold declined by 2.1% this past year; and Alberta comprises 39% of the volume sold in Western Canada.

### Canadian Meat Protein Market Shares by Volume



Retail scan data, as provided by Nielsen Fresh Track, shows that chicken gained 3% market share by volume, while beef lost 2% over the last 5 years (2013-2017). Both pork and turkey market shares by volume have remained stable at 19% and 8% respectively.

The Canadian 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. Beef has recovered market share after hitting its lowest share in 2015. Chicken's share peaked in 2015 at almost 38%, then declined in 2016 and has since seemed to have stabilized at 37% in 2017.

This charts clearly illustrate the relationship chicken and beef have at retail. Market shares shifting between beef and chicken demonstrate consumers' purchase interaction is stronger than between other meats in the meat case.

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

## TRIBUTE



This year Alberta Chicken Producers acknowledges and celebrates Karen Miller's ten years of service as ACP's Business and Market Analyst!

We appreciate Karen's dedication and commitment to Alberta Chicken Producers and continuously benefit from her professionalism, keen attention to detail, and extensive knowledge and experience. Always eager to accept new challenges, she is a true team player, highly respected by her coworkers and colleagues in the industry. As an honourable mention, Karen has not missed one day of work due to illness in all of her years of service!

Thank you Karen for your dedication and continued leadership in the industry.

10 Years

**ALBERTA CHICKEN PRODUCERS**

**Financial Statements**

**Year Ended November 30, 2018**

# **ALBERTA CHICKEN PRODUCERS**

## **Index to Financial Statements**

**Year Ended November 30, 2018**

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Statement of Changes in Net Assets	4
Statement of Cash Flows	5
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## INDEPENDENT AUDITOR'S REPORT

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To the Directors of Alberta Chicken Producers

We have audited the accompanying financial statements of Alberta Chicken Producers, which comprise the statement of financial position as at November 30, 2018 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, 2018 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 29, 2019

CHARTERED ACCOUNTANTS

**ALBERTA CHICKEN PRODUCERS****Statement of Financial Position****As at November 30, 2018**

	2018	2017
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 167,014	\$ 564,122
Accounts receivable (Note 2)	244,475	176,578
Prepaid expenses	18,319	10,319
Current portion of mortgage receivable (Note 3)	54,961	7,786
	<u>484,769</u>	<u>758,805</u>
<b>MORTGAGE RECEIVABLE (Note 3)</b>	-	54,961
<b>PORTFOLIO INVESTMENTS (Note 4)</b>	1,944,805	1,971,433
<b>PROPERTY AND EQUIPMENT (Note 5)</b>	<u>1,199,861</u>	<u>1,255,667</u>
	<u>\$ 3,629,435</u>	<u>\$ 4,040,866</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 117,049	\$ 181,638
<b>DEFERRED CONTRIBUTIONS (Note 7)</b>	-	393,916
	<u>117,049</u>	<u>575,554</u>
<b>LIQUIDATED DAMAGES RESOLUTION (Note 8)</b>		
<b>NET ASSETS</b>		
Invested in property and equipment	1,199,861	1,255,667
Unrestricted	<u>2,312,525</u>	<u>2,209,645</u>
	<u>3,512,386</u>	<u>3,465,312</u>
	<u>\$ 3,629,435</u>	<u>\$ 4,040,866</u>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# ALBERTA CHICKEN PRODUCERS

## Statement of Operations

Year Ended November 30, 2018

	Budget (Unaudited) 2018	2018	2017
<b>REVENUE</b>			
Levies (Note 9)	\$ 1,975,400	\$ 2,021,869	\$ 1,904,500
Project grants (Note 7)	25,000	534,647	421,824
Monetary penalties	100,000	199,628	134,098
Producer grower program	113,800	131,066	191,747
Other production income	65,000	94,050	66,358
On-Farm Food Safety charges	82,300	83,621	73,195
Investment	51,600	56,826	48,940
Administrative fees and other	21,700	23,754	33,230
Rental	16,400	16,470	15,780
Increase in fair value of portfolio investments	-	-	33,689
	2,451,200	3,161,931	2,923,361
<b>EXPENSES</b>			
Salaries, contracts and benefits (Note 10)	773,800	748,459	719,580
Grants	145,000	629,019	535,289
Professional fees	178,600	239,587	76,051
Diagnostic services	220,000	233,381	183,780
Producer grower program	209,713	201,180	298,211
Travel	186,800	197,928	177,368
Office, training, and memberships	188,800	180,417	138,712
Advertising, promotion and sponsorship	190,500	167,632	183,686
Director fees (Note 10)	147,800	153,593	142,108
On-Farm Food Safety charges	95,000	103,807	91,686
Amortization	95,000	77,567	80,521
Taxes and fees	66,000	56,177	57,061
Telephone and utilities	42,400	35,186	33,123
Decrease in fair value of portfolio investments	-	26,250	-
Equipment rentals	24,500	25,513	26,537
Repairs and maintenance	20,000	16,942	39,529
Insurance	12,500	11,136	11,557
Interest and bank charges	4,000	6,215	5,025
Loss on disposal of property and equipment	-	4,868	782
	2,600,413	3,114,857	2,800,606
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	(149,213)	47,074	122,755
<b>REFUND OF LEVIES PAID</b>	-	-	(307,763)
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	\$ (149,213)	\$ 47,074	\$ (185,008)

**ALBERTA CHICKEN PRODUCERS****Statement of Changes in Net Assets****Year Ended November 30, 2018**

	Invested in Property and Equipment	Unrestricted	2018	2017
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 1,255,667	\$ 2,209,645	<b>\$ 3,465,312</b>	\$ 3,650,320
Excess (deficiency) of revenue over expenses	(77,567)	124,641	<b>47,074</b>	(185,008)
Purchase of property and equipment, net	21,761	(21,761)	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 1,199,861</b>	<b>\$ 2,312,525</b>	<b>\$ 3,512,386</b>	<b>\$ 3,465,312</b>

**ALBERTA CHICKEN PRODUCERS****Statement of Cash Flows****Year Ended November 30, 2018**

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ 47,074	\$ (185,008)
Items not affecting cash:		
Amortization of property and equipment	77,567	80,521
Unrealized change in fair value of portfolio investments	26,250	(33,689)
Loss on disposal of property and equipment	4,868	782
Realized gain on sale of portfolio investments	(15,409)	-
	<u>140,350</u>	<u>(137,394)</u>
Changes in non-cash working capital:		
Accounts receivable	(67,897)	(15,411)
Prepaid expenses	(8,000)	(3,344)
Accounts payable and accrued liabilities	(64,589)	(32,576)
Deferred contributions	(393,916)	319,370
	<u>(534,402)</u>	<u>268,039</u>
Cash flow from (used by) operating activities	<u>(394,052)</u>	<u>130,645</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds on disposal of portfolio investments	141,000	-
Proceeds from mortgage receivable	7,786	7,483
Proceeds on disposal of property and equipment	-	1,000
Purchase of property and equipment	(26,629)	(25,697)
Purchase of portfolio investments, net	(125,213)	247,964
	<u>(3,056)</u>	<u>230,750</u>
Cash flow from (used by) investing activities	<u>(3,056)</u>	<u>230,750</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b>(397,108)</b>	<b>361,395</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>564,122</b>	<b>202,727</b>
<b>CASH - END OF YEAR</b>	<b>\$ 167,014</b>	<b>\$ 564,122</b>

# ALBERTA CHICKEN PRODUCERS

## Notes to Financial Statements

Year Ended November 30, 2018

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### NATURE OF OPERATIONS

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

## 1. SIGNIFICANT ACCOUNTING POLICIES

### Basis of Presentation

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

### Revenue Recognition

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, 2018

### 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

	2018	2017
Trade	\$ 146,391	\$ 74,257
Levies	88,634	102,321
Alberta Poultry Industry (API) loan	9,450	-
	<u>\$ 244,475</u>	<u>\$ 176,578</u>

### 3. MORTGAGE RECEIVABLE

	2018	2017
4%, monthly repayments of \$845, including interest, due December 1, 2019, secured by an office condominium	\$ 54,961	\$ 62,747
Current portion	(54,961)	(7,786)
	<u>\$ -</u>	<u>\$ 54,961</u>

**ALBERTA CHICKEN PRODUCERS****Notes to Financial Statements****Year Ended November 30, 2018****4. PORTFOLIO INVESTMENTS**

	<b>2018</b>	<b>2017</b>
Guaranteed investment certificates	<b>\$ 1,529,761</b>	\$ 1,505,104
Mutual funds	<b>402,740</b>	465,882
Cash	<b>12,304</b>	447
	<b>\$ 1,944,805</b>	\$ 1,971,433

The guaranteed investment certificates earn interest at rates ranging from 1.45% to 2.55% and have maturity dates ranging from June 5, 2019 to May 3, 2022.

**5. PROPERTY AND EQUIPMENT**

	Cost	Accumulated amortization	<b>2018 Net book value</b>	2017 Net book value
Condominium units	\$ 1,768,921	\$ 646,193	<b>\$ 1,122,728</b>	\$ 1,181,819
Furniture and fixtures	402,720	345,802	<b>56,918</b>	54,896
Computer equipment	43,856	23,641	<b>20,215</b>	18,952
Computer software	106,918	106,918	-	-
	<b>\$ 2,322,415</b>	<b>\$ 1,122,554</b>	<b>\$ 1,199,861</b>	\$ 1,255,667

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2018</b>	<b>2017</b>
Trade	<b>\$ 100,077</b>	\$ 165,371
Government remittances	<b>10,188</b>	6,893
Wages and benefits	<b>6,784</b>	9,374
	<b>\$ 117,049</b>	\$ 181,638

**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:

	<b>2018</b>	<b>2017</b>
Balance - beginning of year	<b>\$ 393,916</b>	\$ 74,546
Contributions received or receivable	<b>311,484</b>	744,905
Amounts repaid	<b>(170,753)</b>	(3,711)
Recognized as project grants	<b>(534,647)</b>	(421,824)
Balance - end of year	<b>\$ -</b>	\$ 393,916

# ALBERTA CHICKEN PRODUCERS

## Notes to Financial Statements

Year Ended November 30, 2018

### 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 (2017 - \$165,068) to secure the CFC's position should the marketing in Alberta exceed the allocation. At November 30, 2018, certain investments of the Board have been pledged as security.

### 9. LEVIES

	2018	2017
Levies charged	\$ 2,899,892	\$ 2,731,640
CFC portion	(878,023)	(827,140)
Net levies	<u>\$ 2,021,869</u>	<u>\$ 1,904,500</u>

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

	Salaries and Contract	Benefits	Fees	2018	2017
<b>Salaries, contracts and benefits</b>					
Office staff	\$ 643,428	\$ 105,031	\$ -	\$ 748,459	\$ 719,580
<b>Director fees</b>					
Jason Born	\$ -	\$ 1,959	\$ 40,305	\$ 42,264	\$ 26,005
Dennis Steinwand	-	1,564	31,879	33,443	19,013
Christian Guenter	-	1,163	23,535	24,698	19,398
Rob Van Diemen	-	786	16,609	17,395	-
Henk Schuur	-	561	12,360	12,921	-
Erna Ference	-	628	12,595	13,223	44,479
Martin Van Diemen	-	301	5,634	5,935	20,453
David Hyink	-	-	-	-	11,405
Producer representatives	-	-	3,714	3,714	1,355
	-	6,962	146,631	153,593	142,108
	<u>\$ 643,428</u>	<u>\$ 111,993</u>	<u>\$ 146,631</u>	<u>\$ 902,052</u>	<u>\$ 861,688</u>

### 11. PENSION EXPENSE

Pension expense included in salaries, contracts, and benefits is \$36,400 (2017 - \$34,293).

# ALBERTA CHICKEN PRODUCERS

## Notes to Financial Statements

Year Ended November 30, 2018

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### 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, 2018.

#### 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, 2017.



**Alberta Chicken Producers**

## *Shared Industry Vision:*

**Alberta's chicken industry  
is collaborating to grow,  
create shared value, and ensure  
chicken is consumers' preferred  
and trusted protein.**



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