

Alberta Hatching Egg Producers



Annual Report 2009

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28th Annual Report



Board of Directors

LEFT TO RIGHT: JoAnn Nanninga, Chair Tina Notenbomer,
Vice Chair Dennis Wickersham,
Kevin Tiemstra, Ashley Rietveld

Vision

Committed to provide the industry with a superior quality product while fostering profitable growth.

Mission

- To ensure the availability of a high quality product by encouraging and promoting high standards and efficient practices.
- To provide an economic environment for the profitable production of broiler hatching eggs.
- To foster confidence in the hatching egg industry through effective communications and by building co-operative relationships with other stakeholders in the poultry industry value chain.
- To provide input into the agricultural policy regulatory environment and general agricultural policies impacting broiler hatching eggs.

Board Committees

Executive

Tina Notenbomer, Chair
Dennis Wickersham, Vice Chair

- ◆ Alberta Animal Health
JoAnn Nanninga
- ◆ Alberta Chicken Producers Advisory
Tina Notenbomer
- ◆ Alberta Environmental Farm Plan
Ashley Rietveld
- ◆ Alberta Farm Animal Care
Ashley Rietveld
- ◆ Alberta Livestock Meat Agency
Ashley Rietveld
- ◆ COP Committee
Kevin Tiemstra, Dennis Wickersham
- ◆ Emergency Management
Ashley Rietveld, Kevin Tiemstra
- ◆ Fowl Strategy
Dennis Wickersham
- ◆ Intensive Livestock Working Group
Ashley Rietveld
- ◆ Joint Venture II
JoAnn Nanninga
- ◆ Policy Advisory Group
Ashley Rietveld
- ◆ Producer and Hatchery Standards
JoAnn Nanninga
- ◆ Promotions
JoAnn Nanninga
- ◆ CHEP Representatives
Kevin Tiemstra, Director
JoAnn Nanninga, Alternate

Chair's Report

As Chair of the Alberta Hatching Egg Producers, I look forward to meeting with our producers and industry partners at our Annual General Meeting to get their perspective as to how the past year has unfolded. From the Alberta Hatching Egg Producers Board perspective, 2009 can be described as a year of having some predictability, in terms of price, as well as being characterized by very flat to no growth.



Each year, your Board identifies priorities, and at the end of that year we ask the questions: what have we accomplished and what is needed for the continued success of our industry? In 2009, the Alberta Hatching Egg Producers identified five priorities:

- i. Development of an Effective Compensation Program
- ii. Cost of Production
- iii. Fowl Disposal/Market Development
- iv. Provincial SM5 Strategy (Ongoing)
- v. Regulatory Review

These priorities bring forward a framework which brings changes in how we approach our strategies in industry planning.

With respect to developing an effective compensation program, this is an ongoing mandate for the broiler hatching egg and layer sector. Most recently, in April 2009 we had experienced firsthand, eradication of a commercial poultry operation with unconcluded compensation. This was the result of changed legislation without enough time and planning to investigate what costs are involved in the production of broiler hatching eggs. Our Cost of Production provides insight; however a livestock insurance plan will have to be forged, as our current Agri-Stability, Agri-Recovery and Agri-Insurance do not meet our industry needs. We are meeting with the provincial government and industry partners to explore all options for preparing plans of action to accompany the legislation. Nationally, this discussion topic is being addressed in a sense of a legal challenge with CFIA on compensation paid for the eradication of an Avian Influenza flock, as well as the further investigation on the reciprocal insurance program.

The Alberta Serecon Cost of Production (COP) was utilized in 2009, in the price settlement formula as prescribed in the Arbitration Award for a 64 week period of time.

This pricing formula approach has worked well throughout 2009 and it is hoped that we can continue to move forward with our industry partners to have a continued solidified predictable formula in place by the end of March 2010. Our COP committee, consisting of AHEP members and AHA members, has met on several occasions in 2009 and will continue to meet to achieve a structured pricing mechanism, as well as predictability. One sector in a value chain cannot succeed at the cost of another and therefore we must continue to work together to achieve this balance in the chicken value chain.

The Poultry Research Centre and Alberta Hatching Egg Producers developed a study that seeks to understand why chick yield per hen in Alberta is lower than other provinces. Fifteen Alberta producers have volunteered to participate by having one of their flocks closely monitored by the research team from day old placements through to the end of the production cycle. The Alberta Hatching Egg Producers would like to extend a thank you, to the producers, for their continued support of our industry. We appreciate the funding support for this project provided through Growing Forward and Alberta Livestock Meat Agency.

Fowl disposal and market development of fowl products has always been an area that the AHEP believes requires development. This development can lead to providing our industry additional revenue to our income stream as well as removal of spent birds on a timely basis as to match flock life to demand. Dr. Ellen Goddard, her students and Lakeland Poultry had worked on investigating the potential development and market use of this type of spent hen product. The area that was looked at was the pet food sector launching a Pet Food Treat item called 'Country Chicken Chows'. Lakeland Poultry from St Paul produced some prototype product, while the U of A team developed an initial marketing plan. Further work on the development of this type of product is needed, perhaps with the support of ALMA funding.

Development of a Government Relations Strategy is a process the SM5 organizations have worked on over the past several years, in order to communicate with our elected MLA's and MP's on matters affecting supply management. In 2009 the Strategy focused on maintaining our relationships with Alberta Rural Department and key MLA's involved in the WTO finalization, which was delayed. For 2009, six strategies were developed and followed through to put forth our SM5 regarding trade. Some of the events involved meeting with Rural Caucus and the Deputy and Assistant Deputy Ministers.

With the recent change in Cabinet positions, namely in Agriculture, the AHEP looks forward to working with our newly appointed Agriculture Minister, Honourable Jack Hayden.

For the AHEP, the regulatory review process started in 2008 and was concluded in May 2009. The amendments to the existing plan and regulations were minor; however in light of the 2008 pricing arbitration and costs involved, the AHEP have worked on seeking to move away from the authority to negotiate price (Arbitration and Negotiations Regulations) and move toward the authority to set price, similar to the authority granted to the other SM4 commodity organizations. The major reason for looking at this alternative method of pricing authority lies in the area of costs involved and timeliness in Arbitration.

Over the years, the Alberta Hatching Egg Producer's Board has developed many building blocks and tools to produce positive accomplishments for our members in developing an industry that aspires to sustainability. I believe that we as an industry will continue to move forward and build on our strengths.

I would like to thank our producers, Board of Directors, employees and industry partners who have been instrumental in supporting the AHEP's Vision and Priorities in helping develop a strong foundation for our chicken industry.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Tina Notenbomer', written in a cursive style.

Tina Notenbomer
Chair

Office Staff



Bob Smook, General Manager
Nancy Robinson, Assistant Manager (R)
Gloria Prochinsky, Administrative Assistant (L)

E-mail: ahemb@telusplanet.net
Website: www.albertahatchingeggs.ca

General Manager's Report

The agriculture livestock sector in the Alberta economy had its challenges and very few success stories in 2009. This past year brought continued increased input costs, coupled with reduced returns. This fact is more evident in some sectors than others. In the grains sector, similar turmoil is occurring with reference to burdening storage stocks of grains and oilseeds having improper stock to use ratios. Part of this imbalance appears to be



occurring as a result of rationalization of some of the non supply management livestock sectors and their decreased presence in the feeding industry. As well it is noted in the "Geneva Watch" that there appears to be a heightened level of protectionism in many countries which is linked to job prospects, employment and countries decreasing GDP's. These signals do not provide much optimism in the near term for agriculture, or really any other sector in today's current economy.

Our broiler breeder industry has faced some of these challenges with reduced flock life and allocation, coupled with the need to dispose of domestic production in an attempt to meet our import MOU obligations. Our domestic production flow projections, comparing 2010 to 2011, will decrease by approximately 3M sets (at a 58 week flock life and 82% allocation). Perhaps in 2011, there may be a potential to increase flock life to more respectful levels.

With respect to pricing matters, the Alberta Hatching Egg Producers engaged less in actual negotiations and more in the development of methodologies involved in creating a pricing formula beyond March 2010. This provided our directors and staff more time to devote to matters involving industry issues as they relate to Intensive Livestock (ILWG, AFAC, government and producer relations, etc.).

The Alberta Hatching Egg Producers (AHEP) continued to move forward with the finalization of a pricing mechanism since the Arbitrated decision in December 2008. We have met as a COP committee with the Alberta Hatchery Association (AHA) on many occasions in 2009 and plan to continue to meet until an amiable conclusion is reached to finalize a successful pricing mechanism that is fair to all parties involved. With this initiative, we believe we are planning for success not for failure.

The Alberta Hatching Egg Producers have been encouraged to; and plan to, meet and consult with our affiliated producer poultry group, our hatcheries and their affiliated processors. This planned consultation is aimed to develop a better and stronger understanding in building a successful value chain that can aspire toward solidifying a chicken industry with sustainability for all partners in mind.

Thank you to our producers for your patience and support, to the Board of Directors for the guidance necessary to achieve success, to the hatchery partners for your spirit and willingness to talk and my staff for their devotion in getting a job well done.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Bob Smook', written in a cursive style.

Bob Smook
General Manager

Support Staff



Dana Penrice
On Farm Food Safety
Technical Support



Graham Marriott
On Farm Food Safety
Auditor



Wendy Teles, CMA
Wentel Consulting Ltd



Dr. Tom Inglis
Poultry Health Services



Dr. Darko Mitevski
Poultry Health Services

Board Initiatives

Chick ‘N Chat Meetings

The Chick’N Chat meetings were held in Strathmore on November 25 and in Edmonton on December 1, 2009. The objectives of the meetings were to update the producers on the current initiatives and activities of the industry. The meeting was devoted to group discussions. Thank you to all producers who have taken time out of their busy on-farm schedules.

AHEP Website

The Alberta Hatching Egg Producers website, together with our circular, are our key communication tools.

The objectives of the website are to create awareness of the Alberta hatching egg industry amongst the public, media and other sectors of the agriculture industry.

A ‘Producers Only’ section will be accessible in the near future to allow producers to retrieve timely information.

Regulatory Review

The Alberta Hatching Egg Producers in 2009 have worked towards seeking a change in pricing authority; moving from the authority to negotiate price to the authority to set price from both a cost savings and timeliness perspective. If granted, the change in pricing authority will continue to be based on tangible information and a pricing Mechanism/Formula that is fair to all parties involved.

Throughout the year the Alberta Hatching Egg Producers (AHEP) and the AHA (Alberta Hatchery Association) have met on numerous occasions to move forward with the finalization of a pricing mechanism. The meetings have been positive in adopting a Formula (COP based) with discussions and review regarding the elements that create the Formula. The AHEP and AHA have reviewed and continue to review the COP elements on an ongoing basis.

The AHEP have submitted, through the respective authorities:

- That the necessary regulation amendments move forward to Legislative Council
- That the negotiation and arbitration regulation be repealed
- That necessary adjustments to the Plan be made to enable the change in pricing

Marketing Council has received comment from both groups and will, into 2010 provide comment on a decision regarding their recommendation.

Supply Management

The Alberta Supply Management Five (SM5) – (Alberta Hatching Egg Producers, Alberta Chicken Producers, Alberta Egg Producers, Alberta Turkey Producers , and



Alberta Milk under the consultation of Bill Donahue of Prismatic Group are dedicated group with a common purpose.

This years activities included:

- *Rural Caucus Presentation
- *Hancock Lobster Boil
- *Jack Hayden's Golf Tournament
- *Doug Griffith's Golf Tournament
- *George Groeneveld Golf Tournament
- *Prime Minister Harper's BBQ
- * Edmonton Premier's Breakfast
- *Dave Hancock Charity Golf Tournament
- *PC Annual General Meeting

Supply Management is a major part of Alberta agriculture and makes a valuable contribution to Alberta's rural economy.

On Farm Food Safety

With the discontinuation of the Joint Venture Group the Canadian Hatching Egg Quality Program (CHEQ), a mandatory HACCP- based On Farm Food Safety Program, continues to be coordinated through the AHEP office. Dana Penrice, OFFSAP Delivery Agent, has been conducting producer visits in order to prepare producers for their CHEQ Audits by an external auditor. Following successful completion of the audit, certification is issued to the producer. By achieving this it is apparent that the National Industry Standards are being endorsed by AHEP producers. These programs continue to evolve and represent the Alberta Hatching Egg Producer's commitment to food safety and good management practices.

Salmonella Poultry Baseline Study

The Salmonella Poultry Baseline Study which was commissioned early in the second half of 2007, completed its testing by the end of April of 2009. Its purpose was to gain accurate information on the prevalence of *Salmonella* spp., and in particular *Salmonella* Enteritidis and *Salmonella* Typhimurium along the production segments of poultry meat supply chain in Alberta. This information is to help the industry and government, in determining measures for *Salmonella* control, and for policy development. Initially the plan was to include *Campylobacter* – the next most serious foodborne pathogen in poultry meat, because of the cost savings of doing both at the same time, but logistics, time and resources constrained its inclusion.

Sampling of the three poultry meat commodities began in October 2007, and was completed in April 2009. Broiler and turkey chick pad samples of participating farms were the first to be collected, at placement, and ceca and neck skin were sampled at processing. For broiler breeders, samples were collected at placement of flocks, and via boot socks, again at cycle end, between 56-59 weeks of age, and this was concluded in April 2009. More than 7000 chick pads, and around 2500 ceca and neck skin samples were cultured in the study. More than 80 boot sock samples from participating broiler breeder flocks were cultured.

Following this, a risk factor questionnaire (RFQ) was developed, and mailed out, beginning in June 2009. The final return date was extended to September 2009, which allowed for higher response numbers. By this date there were 132 RFQs returned for all three commodities. The purpose of the RFQ was to establish correlations between the

prevalence results and the prerequisites and food safety practices on the farm. All data have now been validated and turned over to the ARD epidemiologists for analyses.

Salmonella spp. and the target serotypes of *S. Enteritidis* and *S. Typhimurium* have been isolated from a large number of samples. Preliminary prevalence data may not be available for the APIC annual general meeting in Red Deer on February 23/2010.

The Salmonella Poultry Baseline Project Committee wishes to thank the producers, the poultry boards, the hatcheries, processing plants, and all other participants for their kind cooperation and support in getting this work done.

Intensive Livestock Working Group

The ILWG is a valueable organization where membership includes Alberta Turkey Producers, Alberta Milk Producers, Alberta Beef Producers, Alberta Chicken Producers, Alberta Pork Producers, Alberta Egg Producers, Alberta Cattle Feeders Association and Alberta Hatching Egg Producers. The ILWG serves as a forum for sharing information, developing common positions and exploring actions on issues of interest to producers. Because of the limited resources, the following issues will be reviewed regularly.

- Feed Grains Strategy
- Wetlands
- Water for Life
- Alberta Animal Health & Welfare Strategic Framework

Action Plan for 2010

- Land Use Framework
- Water & Air Quality Thresholds
- Water Rights and Allocation
- Cumulative Effect
- Occupational Health and Safety
- Agri-Environmental Partnership Alberta

Poultry Health Services

The biggest change for the veterinary team at Poultry Health Services in 2009 was the introduction of Dr. Jenny Fricke to our team. Dr. Fricke has been working hard to learn about, and support our industry while bringing her skills, expertise and network of colleagues to help us solve disease and production problems. We are very happy to welcome Jenny and recognize her contributions as a great value to our industry in Alberta. Like myself, Jenny got her introduction to the poultry industry at the U of A while completing her pre-veterinary training and Animal Science degree. Dr. Fricke's choices to work in the poultry industry and return to Alberta are indications of the strength of the poultry program at the U of A and the impact of producer and industry support for these programs.

Last year brought new health challenges for the breeder flocks of the Alberta Hatching Egg Producers. Infectious Laryngotracheitis virus was reported in broiler breeders in Alberta. Infectious Laryngotracheitis is a very contagious viral disease of chickens causing respiratory infection and mortality. The affected flock was depopulated. Strict biosecurity measures imposed by the grower together with emergency vaccination, prevented infection from spreading to other flocks on the farm and nearby. Luckily this was an isolated incident and poultry industry did not face a widespread ILT crises such as that reported in neighboring British Columbia. Alberta Hatching Egg producers should continue to be vigilant and implement strict biosecurity measures to prevent the introduction of this and other infectious diseases on their farms.

Also diagnosed were several cases of another viral disease, Avian Encephalomyelitis. As mentioned in last year's report, this somewhat forgotten disease can cause a significant drop in egg production. We have also recorded similar incidents in table egg layer flocks. These cases are reminders that the virus is widespread and that timely and successful vaccination before the production period is the only solution.

Infections with *Staphylococcus aureus* continued to affect a number of breeder flocks. We worked with the producers to implement preventative and long term medication to mitigate the problems in the affected and subsequent flocks.

We would like to assure AHEP that Poultry Health Services will continue to provide timely and accurate diagnostic and science based consulting services. There was a 67% increase in diagnostic cases submissions in 2009 over the previous year so needless to say, the diagnostic team has worked hard at getting results and recommendations to producers.

We look forward to a productive, profitable and healthy year in 2010 for the industry, farms and producers while continuing to work with the AHEP. On behalf of our team I would like to thank you for your ongoing support.

Alberta Hatchery Association

The Alberta Hatchery Association is a non-profit organization, which represents the interests of all active hatchery operators in the Province of Alberta. The Association is an active member in the national body “The Canadian Egg and Poultry Processors Council”.

The association represents its member’s interest to the four provincial egg and poultry marketing boards by appointment members to their various committees and by inviting the Board’s representatives to attend all of our meetings.

The Alberta Hatchery Association’s members contribute significantly to the success of the Alberta Poultry Industry. Our members attempt to work closely with hatching egg suppliers, chicken, egg and turkey producers of Alberta, toward balancing the supply and demand cycles in an effort to maximize the benefits to all concerns and produce top quality food products for the consumers of Alberta and other marketing areas.

We thank the Alberta Hatching Egg Producers for the opportunity to contribute to your annual report and wish the Board and producers well in your meeting today and throughout the coming year.

Alberta Farm Animal Care

Alberta Hatching Egg Producers (AHEP) works locally, provincially and nationally to fulfill its animal care mandate. AHEP actively supports the Alberta Farm Animal Care (AFAC) Association in its goal to promote responsible animal care. Staff, directors and delegates regularly interact with AFAC on several animal handling issues and through AFAC, collectively address issues in a multi-species, unified way. Ashley Rietveld represents AHEP on AFAC’s board.

In April, Susan Church retired as general manager of AFAC after over 16 years of idea generation, development, promotion and mentoring of many within the livestock and poultry sectors. AFAC, lead by Susan, was ahead of its time in developing proactive animal care and handling practices within Alberta’s livestock and poultry sectors. As of February 1, 2010 Lorna Baird has been hired by the board as the new executive director of AFAC. Lorna comes to AFAC with a strong background in animal welfare and an

extensive involvement in welfare research. Lorna and her team, along with the board, will be very capable in leading AFAC into the future.

Livestock Transport Regulations:

AFAC and industry are strongly recommending the revised CFIA regulations be outcome based and relate to research reflecting Canadian conditions. The excellent humane transport practices used by the industry must be recognized. It is anticipated and strongly encouraged that these regulations should move further toward adoption in 2010.

Certified Livestock Transport Training:

AFAC's **Certified Livestock Transport (CLT)**, which AHEP has supported from its inception in 2007, is a training program for livestock haulers, shippers and receivers. In 2009, the program was introduced into Quebec and it now is operating in all provinces except Atlantic Canada. Another 650+ truckers, including poultry haulers, have completed the CLT training program in 2009. The **CLT poultry module** was updated last fall and a special course was presented to poultry haulers in November.

AFAC's **Livestock Care Response Plan** is continuing for its 8th year and the '**On Call Veterinarian**' program has been expanded as of November of 2009. We now have 16 veterinarians signed up on the program covering the province from Fairview in the north to south of Lethbridge. This program has been very successful since its inception with Dr. Ray Fenton being our main resource. It is expected that **the expanded program, which includes a veterinarian specializing in poultry diagnostics**, will provide us with greater efficiency and effectiveness of response. The On Call Veterinarians also work with AFAC's **ALERT resource team**, the Alberta SPCA and the RCMP in dealing with animal care issues.

This program is sponsored by industry investment and a grant from the Alberta Livestock and Meat Agency.

Consumer Education

One on one contact with consumers is vital and AFAC steps forward at many public venues to deliver the message and show how we care for our animals. AFAC connects with urban youth at Aggie Days and City slickers. In addition, the AFAC website www.afac.ab.ca is continually being upgraded. For those interested in exploring the world of animal care and handling, the AFAC website is a good place to start. Public interest for animal care continues to grow and special interest groups often use misleading information to influence consumers and denigrate production practices.

Open and well placed communication by all affiliated livestock and poultry industries is increasingly imperative. Efforts by industry to clearly articulate its direction, its research initiatives and how animal needs are being met are more vital than ever.

Promotions

Fairs/Conferences

▪Amaze-ing Agriculture – Edmonton

The event is an amazing agricultural adventure experience especially for children from Grades 1 to 6. It is a celebration of agriculture and its impact on our daily lives. Alberta Hatching Egg Producers continues to partner with Alberta Chicken Producers attended this event. Alberta Chicken producers would like to extend a special thank you to producers and the the AHEP families for tending the booth.



▪Calgary Stampede

The Alberta Hatching Egg Producers were present at the Calgary Stampede. Visitors to our booth were provided an opportunity to view day old broiler chicks. Volunteers at the display share information about the production of Alberta chicken. Representation from AHEP ensures the public is made aware of the important contribution hatching egg producers make to high quality Alberta chicken. These venues are valuable in educating consumers with accurate information and serve as an opportunity to displace myths about our value chain.

Industry Relations

Alberta Livestock and Meat Agency Ltd.

The Alberta Livestock and Meat Agency Ltd. (ALMA) is an action-oriented catalyst organization focused on achieving an internationally competitive and profitable livestock and meat industry. It has a \$30-million suite of programs aimed at helping move the industry forward. Since its formation less than a year ago, ALMA has built a strong base of 11 board members and more than 30 staff. ALMA has narrowed its action plan to focus on four priorities, which fall under the umbrella of the Alberta Livestock and Meat Strategy (ALMS).

- Market Access
- Demand
- Competiveness
- Information Flow

ALMA represents the entire industry – from the gate to the plate – as it works strategically to help its partners rebuild the industry, recapture lost markets and establish a foundation for further success.

CHEP Report to Provincial Boards

Membership

As part of CHEP's overall goal, one of our biggest objectives is to increase our membership as an Agency. Currently, CHEP has four member provinces (British Columbia, Manitoba, Ontario and Quebec), as well as, two provinces, Alberta and Saskatchewan, who have signed agreements with CHEP. These agreements allow them to be included in all national agency business and fully participate in the national supply management system for broiler hatching eggs. This includes quota allocation distributed by the national agency and the benefits surrounding CHEP's regulations, policies and programs, such as on-farm food safety and animal health programs. The final step is for all signatories in the six provinces, the Federal Minister of Agriculture and Agri-Food Canada (AAFC) and CHEP to sign a new Federal Provincial Agreement (FPA), which will create a more solid Agency. CHEP will also continue to pursue membership

opportunities with both Nova Scotia and New Brunswick being the only two remaining provinces with broiler hatching egg production in Canada.

CHEP Directors and the FPA subcommittee met on a number of occasions over the last few years to draft a new FPA for the broiler hatching egg industry in Canada. In 2009, the last outstanding issue concerning the change in directorship provisions contained in CHEP's Proclamation was resolved to the satisfaction of all parties. As such, CHEP will work diligently with all its signatories to have our FPA completed by the end of next year. When completed, CHEP will have six signatory provinces spanning from British Columbia to Quebec and encompassing over 92% of Canadian broiler hatching egg production. The new FPA will also allow the industry representatives, the Canadian Hatchery Federation (CHF), to name two Directors to the CHEP Board – one from the East of the Manitoba/Ontario border and the second from the West – bringing the number of CHEP Board of Directors to a total of eight.

Avian Influenza (AI) Surveillance

CHEP continued to participate in the Canadian Notifiable Avian Influenza Surveillance System (CanNAISS) program in collaboration with the Canadian Food Inspection Agency (CFIA) for a second year. In 2009, forty-three broiler breeder farms were selected and tested as part of the pre-slaughter component. A total of 311 results across all sectors were authorized during the year and all were negative. It is expected that this will become an ongoing program.

CHEP was also active in working with the CFIA to develop the hatchery supply flock (HSF) component of CanNAISS, which focuses specifically on broiler, layer and turkey breeders. Sampling under this component is expected to commence in early 2010. CHEP continues to express concerns with the amount of compensation available for broiler breeder flocks when they are required to be depopulated by CFIA under the HAA.

Compensation

Throughout the year, CHEP continued to express immense concern with the compensation levels under the HAA as it relates to broiler breeders. In 2009, CHEP continued its support of the Saskatchewan producer who is attempting to overturn the low level of government compensation payments received from AAFC when AI was found on his farm in 2007. The HAA does not recognize the real value of broiler breeder birds and therefore will not allow a producer to recover their costs.

This producer's compensation appeal is expected to be heard by the federal court. We are hopeful that the arguments raised in this case will result in a change to his compensation payment from AAFC, which should also bring a thorough review of both the value of

broiler breeders under the HAA, as well as, the formula used by AAFC when calculating compensation based on the age of the birds.

In CHEP's analysis, the government's current suite of business risk management programs have substantive shortfalls, which results in these programs offering very little benefit for supply management producers.

WTO

The World Trade Organization's (WTO) on again-off again negotiations continued to be very high on the priority list for CHEP as well as for Supply Management in general. The WTO failed to reach an agreement on modalities again in 2009; however, the question remains as to whether or not there will be a renewed effort to reach an agreement in 2010. Canada's balanced trade position, which is supported by Supply Management, has not changed and states: no increases in market access and no cuts to over-quota tariffs. CHEP will maintain our effort with the Canadian Government to defend and promote its balanced trade position at the WTO.

Poultry Research Centre

The researchers and students at the Poultry Research Centre have had a busy year working to support a sustainable poultry industry with research based solutions in the areas of poultry production and product development. The annual PRC Evening of Learning and Sharing on June 2, 2009 provided an excellent opportunity for students to share the highlights of their research and the benefits to the industry. Attendees included producers, allied industry personnel, poultry board members, government representatives and researchers. Check out the PRC's website to see summaries of the material presented at www.poultryresearchcentre.ca.

Ways to improve uniformity

A study was recently completed to investigate the potential of alternative broiler breeder feed management practices to increase body weight and carcass trait uniformity. Body weight uniformity, as measured by the coefficient of variation (CV), was lowest in a treatment sorted every 4 weeks into low, standard and high BW groups (CV 6.2%), followed by scatter feeding pellets (CV 10.9%) and skip a day feeding (CV 12.7%) as compared to the control treatment (CV 15.3%). Carcass traits such as breast and fatpad weights were also affected with the skip-a-day birds having the lightest breast weights and the highest fatpad weights. This study indicated that pullet flock uniformity can be improved by using sorted or scatter feed management practices without increased feed consumption.

Fine tuning broiler breeder feeding

Dr. Zuidhof's research team is working to better understand the effects of environmental temperatures on feed restricted broiler breeder hens. Environmental temperatures can affect the birds' feed requirements for maintenance, growth and reproduction.

Understanding these effects will enable better feed allocation decisions without over- or under compensating the birds' metabolic needs. From this understanding of the birds' physiology and metabolism, feeding programs can be "fine tuned" to ultimately improve production efficiency.

Working together for a better future

Researchers from Alberta Agriculture and the University of Alberta will be working with a group of volunteer producers and hatcheries to understand factors underlying lower hatchability in Alberta as compared to other provinces. This project aims to understand how the amount and quality of data can be used to support decisions on farm and in the hatchery to improve performance and chick yield.

Wild Rose Agricultural Producers

My second year as president of this organization has again been a time of continued learning and opportunities to meet producers from across this province and across the entire country. A highlight for me was the meeting of European Union and North American farm leaders in Niagara Falls this fall that gave me the opportunity to meet and network with producers from around the world.

When I read over my Presidents report from the 2009 annual meeting it drove home the fact that as much as we feel that we are working to implement policy that enhance producers returns, the task is far from being completed. In fact it seems at first glance that we have not been effective at all and I wondered why we continue the task that is before us. But every once in a while I see the difference that we can make and realize that if we don't work to shape our future, there may not be a future for all in our industry.

This past year has been a busy one for me as some of the legislation debated and passed in our Legislature caused much concern for our members and the public of this province. The introduction of Bill 19 – the Land Assembly Project Act- inspired an upwelling of disapproval. We were active in sending letters and contacting our government members and some amendments were introduced and passed as part of this legislation. Bill 43 – the Marketing of Agricultural Products Amendment act was introduced in the end of April and was part of our discussions held during a meeting with Minister Groeneveld in the early part of June. A primary concern to us was that one of our commodity members was

included in this legislation and no consultation was held with them before or during the process. Bill 50 – the Electric Statutes Amendment Act was passed at the end of the fall session. The issue of the removal of public consultation in the designation of critical projects and the lack of consultation in the drafting of these bills is an ongoing concern for many of our members.

Also on the provincial scene the implementation of the Land Use Framework is moving forward and it is imperative we work to ensure that agriculture is represented at this level and that agriculture is recognized as the economic driver that it is. We are disappointed with the continued lack of support for an Alternate Land use Services pilot project in northeastern Alberta. We feel that this project could provide the necessary information to compensate Alberta producers for the landscape benefits that we provide now and in the future.

I have attended many commodity group meetings so that I can better understand the issues that face each group and have the knowledge to discuss the issues when they arise. I feel that it is important to stand back and look at what the implications are of a decision by one sector of agriculture upon the whole industry and to understand the balance necessary to allow the entire primary agricultural industry to thrive and be profitable.

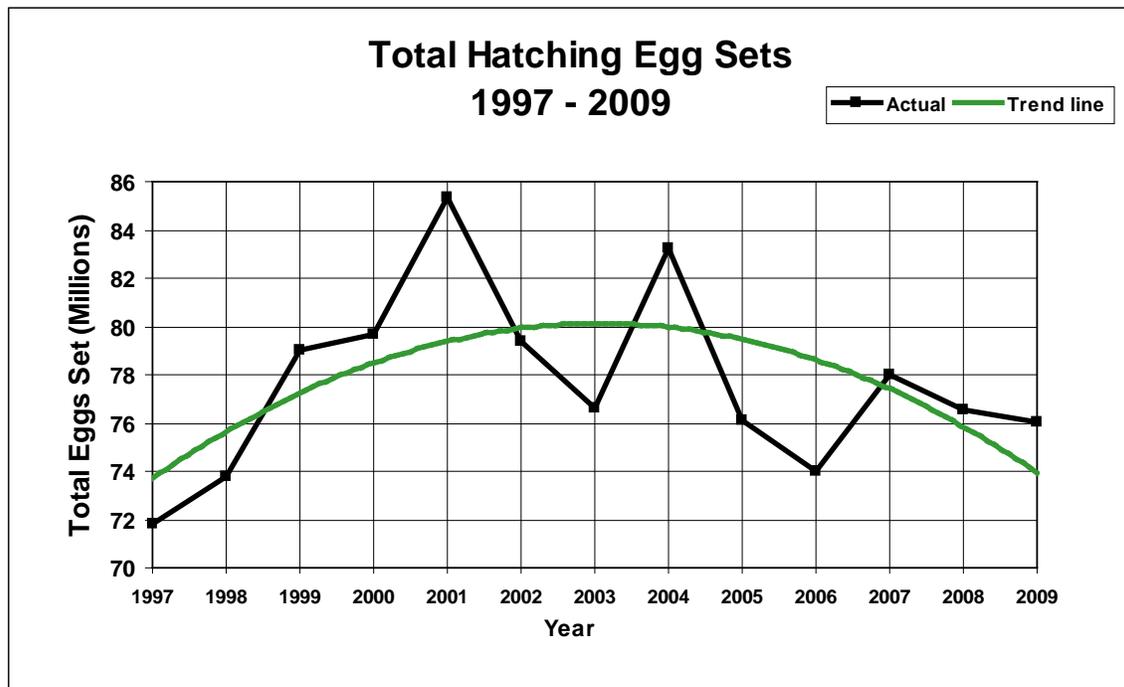
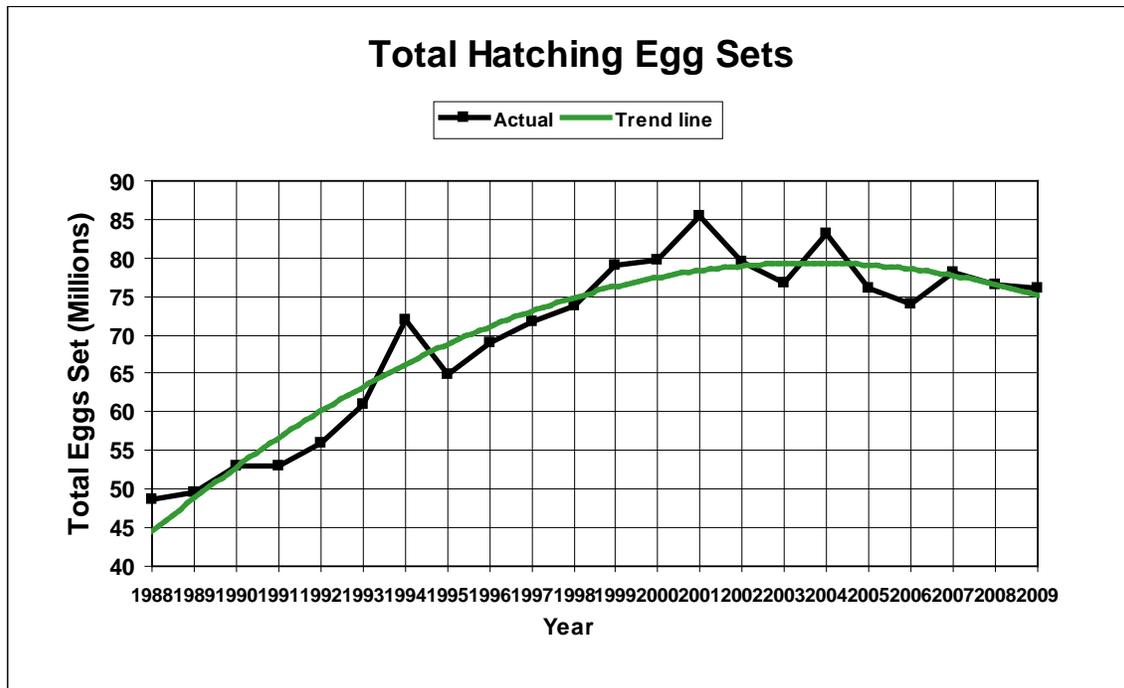
I meet regularly with the leaders from the other Prairie Provinces where the impact of these meetings is growing quickly. The media coverage of these events has been a huge benefit to all involved. We have cooperated on a number of issues that are of common concern and moved forward with some worthwhile projects including a Private Sector Risk Management study on Payment security options for grain deliveries and a study that was titled the Farmers Share. This last study detailed the farmers share in a family's grocery basket for a week and yielded some sobering results. There is never enough time to discuss all the issues that are common let alone the ones that are distinctive to each area but the discussion is always lively and a common direction on most issues is the result.

On the national scene our involvement with the Canadian Federation of Agriculture and its members is vital to agriculture in this province. Many of the issues that arise throughout the year are federal in perspective and are dealt with at this level. Rail issues, trade both internal and international, food safety and traceability, agricultural research and the environment are all issues of national perspective and we welcome the opportunity to discuss these and provide an Albertan input and opinion at the national level. I am looking forward to the annual meeting at the end of February this year and I hope that our annual WRAP meeting will provide us with some resolutions to advance for discussion at a national level.

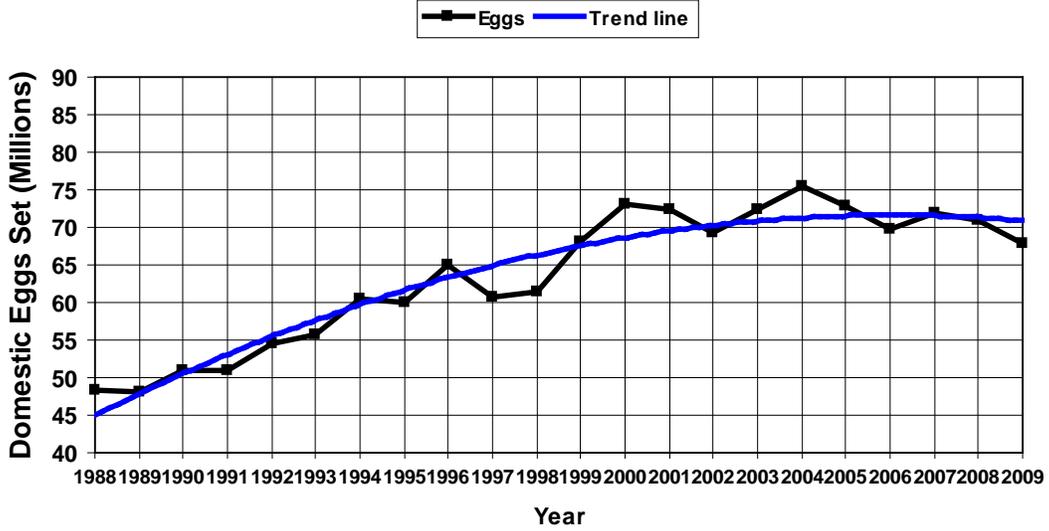
Priorities 2010

- ▶ Establishment of Pricing Mechanism
- ▶ Optimization of Chick Yield
- ▶ National Activities (CHEP)
 - a. Federal Provincial Agreement
 - b. Cost of Production
- ▶ Alberta Health of Animals Act
- Development of Policies
- ▶ Intensive Livestock Working Group
- ▶ Provincial SM5 Strategies

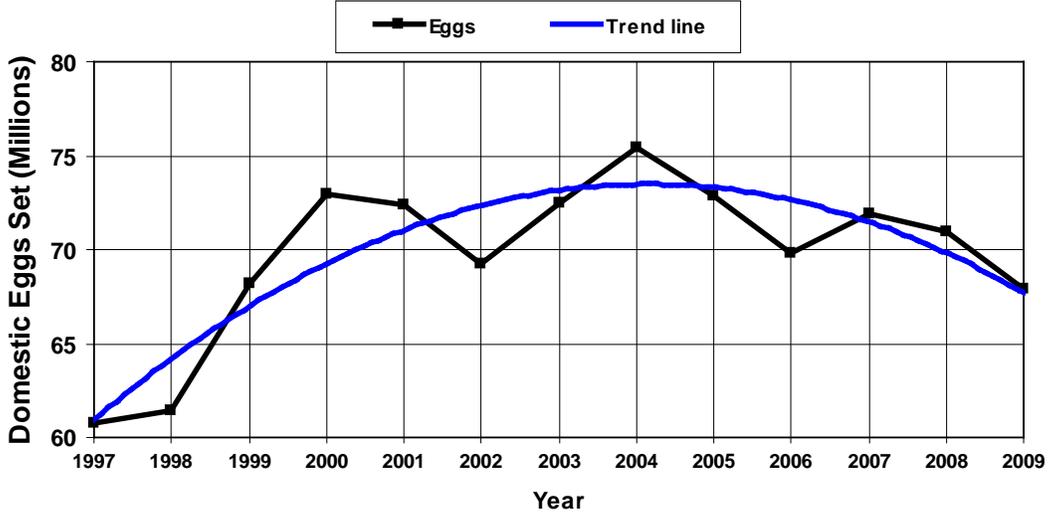
Alberta Broiler Hatching Egg Statistics



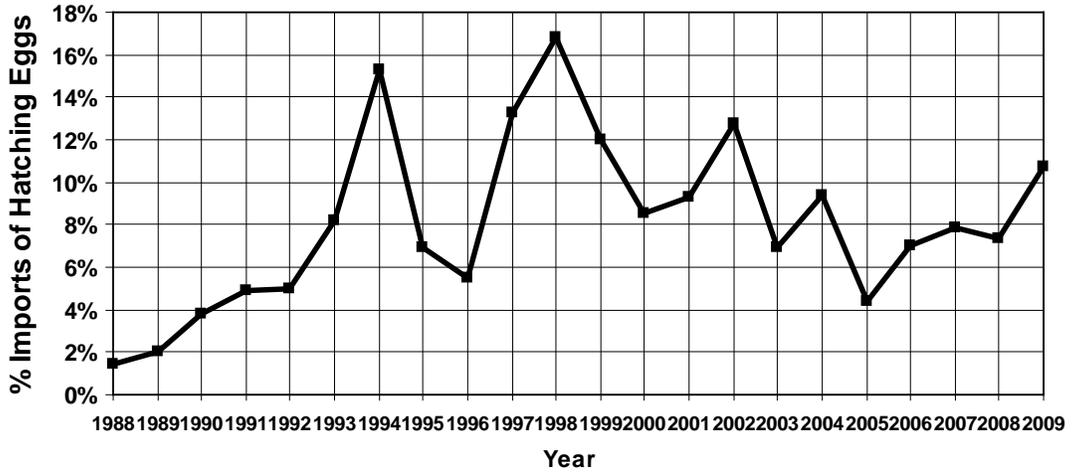
Alberta Domestic Hatching Egg Sets



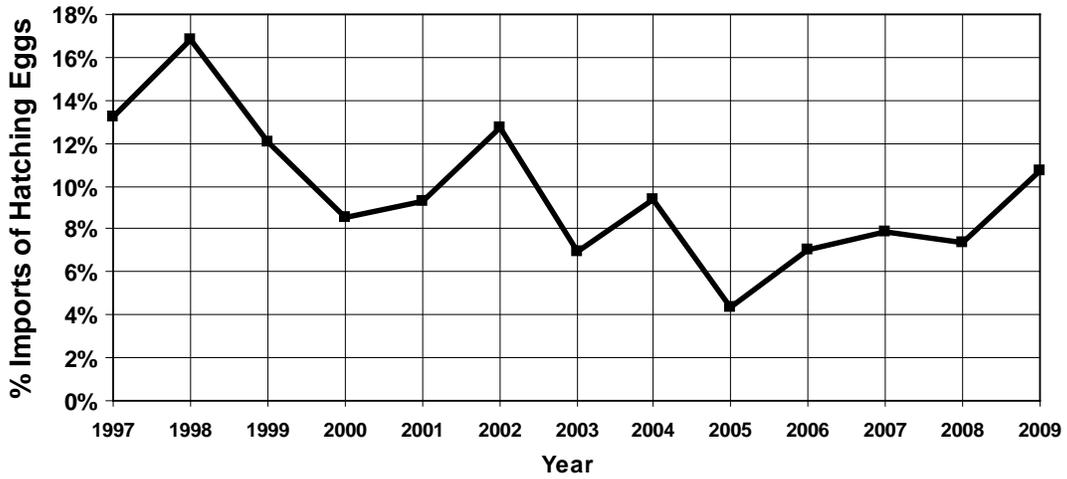
Alberta Domestic Hatching Egg Sets 1997 - 2009



Imports as a % of Total Sets



Imports as a % of Total Sets 1997 - 2009



Insert Financial Statements

Total of 12 Pages

Alberta Hatching Egg Producers

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