

Alberta Hatching Egg Producers



Winter 2016

Circular

Board News

- **APO Period 52: Nov 14, 2016 – Jan 8, 2017**

The current saleable chick price for APO 52 is \$0.5407 (100% pd).

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- **Flock Life**

Effective July 6, 2016 flock life was adjusted to 58 weeks.

- **Merry Christmas!**

The AHEP Board and staff would like to wish everyone a very happy and safe holiday season.



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Allocations

National

Alberta attended the November 2016 national allocation advisory meeting in Ottawa.

The advisory included the following participants, each providing their recommendations for 2017

- CHF (Canadian Hatchery Federation) – recommended a 3.3 % increase over 2016
- CPEPC (Canadian Processors and Egg Processors Committee)- recommended a 3.0 % increase over 2016
- Ag Canada- recommended a 3.3 % increase over 2016
- FPPAC (Further Poultry Processors Association of Canada)- recommended a 3.0 % increase over 2016
- CFC (Chicken Farmers of Canada)- recommended a 3.8 % increase over 2016
- DFAIT (Department of Foreign Affairs International Trade)- provided a report on Import TRQ trade and supplemental applications

As a result of these inputs, the recommendation put forward nationally was

- 1182 Kilo tonnes (2017) of eviscerated chicken for 2017 over 2016

Therefore, the national advisory revised 2017 allocation upward to 3.3 % over 2016 projections.

Provincial

Provincially, Alberta Chicken reported that production for 2016 will close out at 7.02% over 2015. For 2017, their preliminary estimate over 2016 is 4 %, as a result of both national and deferential growth favoring Alberta.

However, producers must remember that these are estimates.

Animal Care Program Update

The animal agriculture industries are working to demonstrate stewardship and meet social license demands in the welfare of animals. As such, the continued development of the animal care program is key in meeting these expectations.

Nationally, CHEP's Animal Care Program has been in the development and consultation stage for the past three years. Considerable progress has been made as a result of the on-farm test pilots, consultations and continued guidance

and input from member provinces. Discussions with third party auditing firms is in progress in Canada. For Alberta, this process is in place for third party audits, which includes Boyd Bresnahan as our third party auditor.

Review and Closure to the Vaccinations and Catching Initiative

The AHEP has moved forward to investigate and develop a vaccination and catching service for the industry as requested by producers.

Directors were provided a vaccination proposal sent to producers and hatcheries, as well as a survey conducted internally by AHEP staff. AHEP producers were consulted by Jesse Hunter (AHEP Staff), and indicated that they were interested in considering a Provincial approach.

The interest expressed in the service was reported as:

- 18 in favor of the service
- 2 unsure
- 2 undecided

Further, producers, at the Chick 'n Chat meetings indicated as far back as 3 years ago, that the AHEP board should take action concerning the vaccination initiative, as to make Alberta comparable to Ontario.

However, before proceeding any further with the proposal, staff were asked to re-contact producers to follow through with the notice of intention to go forward with Chick Shots and Choboter catching services proposal. Twenty seven producers were re-contacted.

Results and comments of the discussions with the Alberta hatching egg producers were as follows:

	No	Yes	In Favor
Vaccination Services	3	24	89%
Vaccination Catching Services	12	15	44%
Fowl Ship-Out	10	17	63%

12/27 (44%) of the producers supported full service compared to earlier survey support of 82%.

General Comments from producers

- Most producers expressed concerns in terms of reliability and sustainability of catching services, and fear of losing their current vaccination and catching crew. Hence, many were not in favor of

- supporting the catching model for the vaccination process at 10 weeks and 18 weeks
 - Track record of vaccinators and catchers was a big concern
- The majority of producers supported a universal vaccination service in the province, to be financed by the hatcheries
 - Some producers commented that we cannot simply increase our COP, it does not look good to be the highest cost province
- Producers were more supportive of a catching service for fowl ship-out. However, producers indicated that they were more concerned with the costs. Existing fowl catching services in the province are becoming quite expensive
- Biosecurity
 - Producers were concerned about the biosecurity risk of a catching service

General Comments from Hatcheries

The Alberta Hatchery Association also reviewed the proposal and felt that the proposal did not have viability as:

- Individual hatching egg producers could face substantial cost increases
- Processing plants need to have the flexibility of choosing the slaughter date for fowl, rather than being constrained by the schedule of a provincial catching crew
- Mileage charges would add significant cost to the service
- Margins for heavy fowl are marginal for processing plants. The potential for additional direct or indirect cost is unacceptable

Suggestions and Recommendations:

Given the review and discussions the AHEP recommended:

- Promote the vaccination services offered by Chick Shots and catching services offered Choboter Services by providing the contact information of both companies. This approach will allow producers to experience and gain trust in the individuals offering the services, which over time, may become universal throughout the industry.
- The potential for a province wide uniform service for vaccination delivery will be discussed at the next board meeting
- At the moment, producers will continue to be responsible for these services as requested and indicated via survey

Carbon Tax and Efforts

Alberta has announced a Climate Change Policy and Carbon Tax structure aimed at reducing carbon emissions to take effect January 1, 2017 at a rate of \$20.00/tonne and move to \$30.00/tonne January 1, 2018. The levies set to

support the Specified Gas Emitters Regulation will increase the cost of producing food in Alberta. In the market place, these costs cannot simply be passed on, as retailers have a strong consolidated presence, motivation to remain competitive and are unwilling to accept increased costs. This message sent to our Agriculture and Environment Ministers via letter, meetings and consultations.

Currently, the oil sands, concrete, fertilizer and crops side of agriculture receive exemptions. Marked fuel was the exemption provided. However, for our industry sector, very little marked fuel is used compared to the cropping sector.

Natural gas is used for heating, to ensure that proper welfare and environmental standards are met. These standards are prescribed by animal care programs developed by our national agencies in consultation with industry partners, like the Canadian Food Inspection Agency. For our industry, this SGER levy will increase the cost of production by a minimum of \$12,000 per year per farm for both natural gas and power. The natural gas component of the increase is estimated at \$6.0 k per year for the average broiler breeder farm. The SM5 and pork sector are working to have this burden eliminated by having tax dollars flow back to the intensive livestock industries in the form of funding provided to enhance our farms through environmental capital improvements and feed delivery improvements.

Municipal Levy Discussions (Provincial)

Funding at municipal levels is becoming a challenging task in this province. Recently municipalities have had a funding cut of 10 % on the linear funding tax credit provided by the Alberta Government.

The County of Lethbridge has implemented a per head tax to raise funding for a deteriorating infrastructure in the county region. This per head tax was not supported by the Lethbridge cattle feeding industry and is currently being legally challenged.

The ILWG had looked at many different approaches to attempt to address the funding short fall along with recommending a remedy amiable to the livestock sector that would work.

There have been some basic principles established by the ILWG to help guide the development of any levy proposal:

- The levy would be voluntary at the discretion of the municipality
- The levy would have a maximum rate set by provincial regulation
- The levy must be comprised of both a livestock/poultry and cropland component
- The levy must be specifically directed to infrastructure improvements/maintenance
- The levy assessment process will be that of self-reporting

This approach has been attempted; however with no consensus with the ILWG. As a result the four poultry boards and Alberta Pork provided a recommendation to Alberta Municipal Affairs recommending the above principles as well as recommending that the levy reflect a manure tonnage component for each

livestock sector to a maximum of \$0.25 per tonne. For the broiler breeder industry, this municipal levy would be equate to \$0.019 per hen (1.9 cents). The Tonnage approach is currently not supported by all livestock sectors. There are currently further consultations slated for January 17th. Cora Scheele represents this file for the AHEP.

CHEP Summer Meeting

Alberta is hosting the CHEP summer meeting in 2017. The meeting will be held July 18th to July 20th in Jasper Alberta. The meeting will cover off business matters with respect to:

- Updated Allocation Review
- National Research matters
- Animal Care Program
- Alberta Producer of the Year

Alberta Producers are encouraged to attend the open board meetings and committee meetings in Jasper. Further details will be forth coming through the year.

Balance of Supply

The Balance of Supply of domestic broiler hatching eggs continues to be a challenge in terms of distribution for Alberta Hatcheries, particularly in times of tight supply. The Balance of Supply Agreement has expired in February 2014; however the AHEP and AHA have agreed to work with the principles in the expired document.

To meet markets and to avoid breaking of eggs, our industry needs the co-operation of:

- Producers
 - Willingness to move hatcheries when requested
 - Willingness to provide small lot hatching egg products
 - Willingness to support adhere to quality standards
- Hatcheries
 - Willingness to trade eggs dock to dock
 - Willingness to trade producers
 - Willingness to utilize domestic product obligations
 - Not put up barriers to trade domestic product
 - Willingness to trade TRQ paper

Emergency Management

The Alberta Poultry Industry Producer Organizations together with ERMIC (Emergency Response Consulting) have made application through GF2 funding and the AgriRecovery umbrella to develop a durable resilient emergency response plan.

Background

The Alberta Poultry Industry (API) has not experienced a federally reportable emergency to date however, the incidence and severity of reportable diseases is on the increase in both Canada and the United States. Provincially managed outbreaks and operational emergencies including barn fires and roof collapses are realities and risks that also need to be planned for and are included in the scope of this initiative.

The API believes that industry has an increasingly important role to play in managing risks and therefore has embarked on an initiative to develop and implement an industry leading emergency risk management program. The 4 feather boards comprised of the Egg Farmers of Alberta, Alberta Chicken Producers, Alberta Hatching Egg Producers and the Alberta Turkey Producers will be working together to collaborate with key stakeholders including: federal and provincial teams-CFIA and Government of Alberta Agriculture, local producers, support associations and upstream and downstream industry partners. Early support for this approach has been positive. Initial consultations with provincial peer industries (e.g. Ontario and B.C.) are also generating stronger relationships and information sharing.

The risk program is designed to integrate a number of independent risk management functions under one risk framework. This will enable the API and its key stakeholders to more effectively prepare for and manage emergencies and crisis. The risk framework includes the following elements:

- Emergency Response Plan
- Crisis Communications Plan
- Geo Fencing/Alerting/Mapping
- Personal Protective Equipment Program
- Depopulation and Disposal Program

We will be presenting more detailed information on the program in our upcoming meetings. Producers wishing more information on the project are asked to call the office.

Alberta Growth Policy and Regulatory Amendments

The AHEP continue to work with Alberta Marketing Council to move forward the broiler hatching egg growth initiatives launched this April. As mentioned at the April and August meeting, this requires consultations and amendments to the Alberta Marketing Council 2.8 Quota Allocation Guidelines (2006) and to the Alberta Regulations AR 280/1997 sections 19 & 20.

The AHEP will be sending out a more detailed review of the process history and evolution.

2017 AHEP AGM

The 2017 AHEP Annual General Meeting will be held on Tuesday February 28, 2017 at the Sheraton Hotel Red Deer. Further information will be distributed in January, 2017.

SM-5 Update

On November 2, 2016 the Alberta SM-5 co-hosted, with the Honourable Minister Carlier, a reception for all Alberta MLA's at the Alberta Legislative Federal Building. The event was a huge success, with over 40 MLA's and staff attending. SM-5 created large posters for the event that depicted key messages about the benefits of supply management, and great conversation was generated by the visually impactful signage. The Honourable Minister Gray brought greetings to the attendees and highlighted the importance of Supply Management to the Alberta economy and the Albertan people. The event was incredibly positive and well received. A huge thank you to Minister Carlier's office for helping to organize such an important event!

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