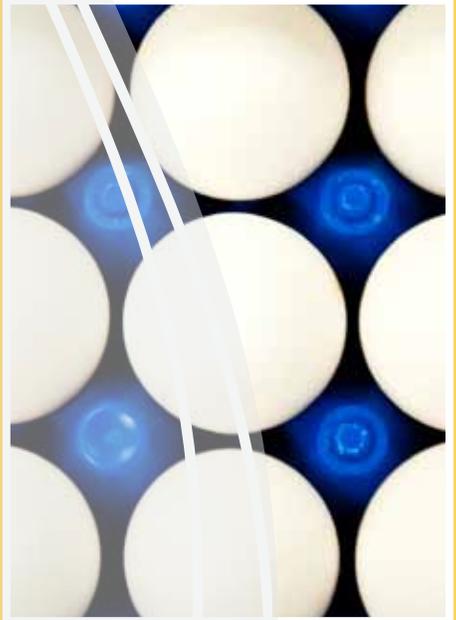


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REPORT



ALBERTA
Egg Producers

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APPENDIX A

Treasurer's Report and Financial Statements—Deloitte and Touche LLP



Back Row (Left to Right): Amin Valji, Michael Froese, Meb Gilani

Middle Row (Left to Right): Murray Minchin, Susan Gal, Christina Robinson, Maeve O'Rourke, Catherine Kelly

Front Row (Left to Right): Delphi Palmer, Peggy Galbraith, Laurel Martin

Not Pictured: David K. Stahl, Andrew Wipf, Levi Hofer

INTRODUCTION

The 2010 Annual Report is presented at the 42nd Annual General Meeting of the Alberta Egg Producers held Tuesday, March 1, 2011 at the Capri Hotel and Conference Centre in Red Deer, Alberta.

THE ALBERTA EGG PRODUCERS TEAM (AS OF DECEMBER 25, 2010):

Board of Directors

David K. Stahl	Chairman
Meb Gilani	Vice-Chairman and EFC Alternate
Andrew Wipf	EFC Representative
Michael Froese	Director
Levi Hofer	Director
Amin Valji	Director

Staff

Susan Gal	General Manager
Maeve O'Rourke	Marketing & Communications Coordinator
Laurel Martin	Office Manager
Christina Robinson	Producer Services Manager
Murray Minchin	Field Services Coordinator
Peggy Galbraith	Administrative Assistant—Customer Service
Catherine Kelly	Administrative Assistant—Marketing and Communications
Delphi Palmer	Administrative Assistant—Producer Services

ALBERTA'S EGG INDUSTRY: AT A GLANCE

	DECEMBER 5, 2010	DECEMBER 6, 2009
Total number of registered producers	155	156
Total issuance (hens)	1,836,410	1,768,758
Average flock size (hens)	11,848	11,338
Total egg production (dozens)	46,028,004	43,416,931
Total industrial product (boxes)	358,508	343,178

Pricing:

- Producer prices for large eggs ranged from a low of \$1.62 per dozen to a high of \$1.73 per dozen in 2010.
- The average producer price increased \$0.07 to \$1.71 per dozen in 2010 from \$1.64 per dozen in 2009.

Levy:

- Levy for registered producers increased to \$5.985 per bird in week 01/10 and to \$8.422 in week 05/10 from \$5.89 per bird in 2009.
- Levy for unregistered producers increased to \$0.2395 per dozen in week 01/10 and to .337 per dozen in week 05/10 per dozen from \$0.2357 per dozen in 2009.

CHAIRMAN'S MESSAGE

Looking back at 2010, I must say that this year has been one of the busiest years for the AEP Board of Directors and staff. We are fortunate to continue to have supply management as a solid foundation to work from allowing the Board to provide strong strategic direction in other areas such as:

- A continuation of our regulatory roles and responsibilities related to the production and marketing of eggs in Alberta;
- Working to improve the perceptions of eggs and the Alberta egg industry;
- Ensuring that we can be progressive in the areas of on-farm food safety, animal care and the environment;
- A focus on commercialization of value added products through research and the development of strategic partners.

From a strategic point of view, I am comfortable that we are directing our human and financial resources to the appropriate areas to help ensure a strong future for egg producers in Alberta.

The Board continues to believe that it is important to ensure that all stakeholders in the value chain are engaged as we look to develop and provide producers with the leadership necessary to ensure that egg producers are able to continue to maintain control of their own destiny. Items like new growth, allocation, animal care, food safety and quality are topics that require immense effort and work in an ever evolving environment of consumer preference and demands. I encourage all producers to continue to excel on their farms through production and management practices as the recent SE outbreak in the U.S. is another lesson learned that we are only as strong as our weakest link.

While 2010 was relatively quiet with respect to the WTO, we continue to monitor the negotiations and to present a unified voice from supply management to our various governing bodies. 2010 was definitely a challenge in terms of keeping the ship on course. Unanticipated events such as staff turnover, disease outbreaks and office renovations taking longer than anticipated are difficult to predict and I want to thank our producers for their patience as we worked through all of these challenges.

This AGM will be the last for me as your chair. My six year term as a Director, the past three as your Chair, will come to a close. Looking back, I do not regret the time commitment I have given this industry. It is a small payback to an industry that has served many Canadian farm families well in the past 40 years, and I will miss the many friends I have made in the egg industry across Canada. From the Board members that remain and the new ones joining us with fresh perspectives, I am confident that they will have the necessary skills to quickly fill the gaps and work together as a team.

In closing, I would like to thank my fellow Board members and the entire AEP staff team for the huge commitment they make every day in providing and implementing strategic leadership to this industry. Understanding the complex environment and difficult decisions that need to be made on our industry's behalf will make me look at our Board and staff with a new sense of gratitude as a producer.

GENERAL MANAGER'S MESSAGE

It has been said that, *if you do not have a plan or a roadmap, any road will get you to your destination*. This year, like past years, was very busy and full of challenges. The difference in how well an organization is able to manage challenges and stay on course depends largely on how well they have planned and provided future orientated strategic direction. Equally important is the strength of the relationships within the team.

The Board members are responsible for ensuring that they clearly articulate to the staff where they believe the organization should be in the next 15–20 years. These discussions are critically important to ensure that the organization is heading in the right direction over time, and it also helps when dealing with ongoing challenges as we ensure decisions are made with our future goals in mind. As challenging as the issues may sometimes be, my experience tells me that there are always lessons to be learned and progress to be made.

One of the major initiatives that will help guide us in the future both provincially and nationally, will be to develop proactive initiatives designed to address issues of social responsibility (SR) and farmer image. SR can be defined as “the way firms integrate social, environmental and economic concerns into their values, culture, decision making, strategy and operations in a transparent and accountable manner and thereby establish better practices within the firm, create wealth and improve society.” This definition reinforces that SR isn't a program or an initiative; for us as an industry, it's a commitment to integrate social concerns related to eggs and egg farming into your values, culture, decision making, strategy and operations. It becomes a way of doing business that builds long-term stakeholder trust in the egg industry in Canada.

Success demands an increased level of communication and engagement and willingness to look for solutions that are *ethically grounded, scientifically verified and economically viable* for each segment of the egg industry. This is commonly referred to in a business as the “triple bottom line”—people, planet and profit.

Successful social responsibility requires a commitment to do what's right for the right reasons. Alberta producers have a solid track record when it comes to doing what's right for the right reasons in areas such as on-farm food safety, animal care and community involvement which help egg producers to maintain control of their own destiny and their social license to operate. The best way to prevent government regulations is for industry to address issues proactively.

In closing, I would like to thank all of my colleagues across Canada, and our numerous industry and government partners. Most of all, I would like to thank the Directors and staff members of AEP for their commitment and passion that continues to drive our organization in a positive, proactive manner.

SUSAN GAL, GENERAL MANAGER

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EFC DIRECTOR'S REPORT

My first year as the Egg Farmers of Canada (EFC) director for Alberta has been a journey of discovery, new opportunities and new responsibilities. As this year draws to a close, it is my privilege to provide an overview of some of our national egg industry activities in 2010. You will see how the EFC Board of Directors has been striving to preserve the pillars of supply management, strengthen stakeholder relationships and incorporate social responsibility into our work culture while growing our markets and improving overall business efficiencies.

Beginning with EFC's financial position, it has remained essentially stable throughout 2010 with all fund balances safely inside the Board's established trigger points. At the end of Period 9 in September, the unrestricted portion of the Pooled Income Fund (PIF) stood at \$24.8 million, while the unrestricted portion of the Administration Fund came in at just under \$4.4 million. Key factors impacting the unrestricted portion of the PIF include a stronger Canadian dollar, a Canadian processor base price for large eggs averaging 49 cents year-to-date in October, and a projected year-over-year increase in industrial product volumes of at least a million boxes. As a result, the fund is expected to end the year at around \$22 million.

In November, the EFC Board of Directors approved the 2011 budget which includes a 3.0 cent per dozen levy increase in the unrestricted portion of the PIF to 28.5 cents, a 0.25 cent decrease in the unrestricted portion of the Administration Fund to 3.0 cents, and no changes to the 0.25 cent Research Fund and 1.0 cent Risk Management Fund levies. At the time of writing this report, a total levies order for 2011 of 32.75 cents was before Farm Products Council of Canada for prior approval. If approved, the new levies order would represent a 2.75 cent increase over last year.

The November Board meeting was also significant for the fact the 2009 Cost of Production (COP) Survey results and proposed updating methodologies were presented and approved, with implementation for January 2011. Of note, the national COP to produce a dozen eggs in 2009 was estimated at \$1.5998. The national average rate of lay improved to 25.44 dozen eggs per bird annually, up from 24.99 in 2004, while the feed conversion ratio improved from 1.5759 kilograms of feed per dozen eggs in 1999 to 1.5246 kilograms in 2009. There was a slight increase in labour hours largely due to changes in the survey format and questioning, which captured more detailed data about time spent by farm workers on various duties. Following the approval of the COP formula methodology, the Board also approved a 0.5 cent increase in the recoverable portion of the provincial administration levy to 3.5 cents.

In order to preserve the pillars of supply management, EFC and its national supply management coalition partners (SM-5) have been closely monitoring the ongoing Canada-European Union Trade Agreement (CETA) negotiations and the World Trade Organization (WTO) Doha Round talks in Geneva. On the Canada-EU negotiations, we received assurances in October from the Canadian negotiator that Canada will not be making concessions on supply management. Prior to this announcement, EFC had made known its concerns to the Minister of International Trade over the fact the federal government had not asked to have supply management kept off the table at the outset of the talks. EFC Chairman Laurent Souigny and CEO Tim Lambert met politicians in November, encouraging Canada to remain firm and defend this

EFC DIRECTOR'S REPORT

position throughout the CETA negotiations—in addition to those of the Trans-Pacific Partnership, should Canada participate.

In 2010, the WTO negotiations experienced a lull and were less intense than in previous years due to an absence of political momentum. At their November summit, however, G20 leaders gave the political signals necessary to resume negotiations, and it is widely expected there could be a push to conclude the Doha Round by December 2011. We remain concerned with both the number and treatment of sensitive products, just as we remain concerned about the most recent revised draft modalities text on agriculture. Working in collaboration with our national SM-5 partners, we have had and will continue to have a strong presence at home and abroad to ensure our politicians are aware of these concerns. Egg farmers are encouraged to follow the latest trade developments in the Geneva Watch updates at eggs.ca and to keep their MPs informed of our trade concerns and the benefits of supply management to the Canadian economy. On a related matter, the lull in negotiations in Geneva offered EFC and its national SM-5 partners an opportunity to approach countries and international agriculture organizations with similar needs and sensitivities to supply-managed industries in order to form a common front.

Regarding social responsibility, our objective as an industry is to go above and beyond government and consumer expectation because it is the right thing to do. We also recognize that while it's important to be good at what we do, we must also show we genuinely care about what we do—that we care about the welfare of our hens, food safety, nutrition, the environment and our communities. To better understand the concept of social responsibility in 2010, EFC carried out consultations with provincial boards to discuss implications for farmers and for the industry as a whole. Part of this process involved determining whether farmers' values align with those of consumers—which they do—and to emphasize the importance of leadership and citizenship. As farmers, it is our utmost responsibility to maintain our farms according to the acceptable criteria of our Animal Care Program and Start Clean-Stay Clean™ on-farm food safety program.

In 2010, we achieved a breakthrough on the issue of compensation for egg farmers whose flocks are ordered destroyed under the Health of Animals Act due to Avian Influenza. Minister of Agriculture and Agri-Food Gerry Ritz acknowledged in a letter to EFC that the current \$8 maximum per hen is inadequate. After four years of consultations with the Canadian Food Inspection Agency, we are expecting a new, higher maximum to be in place soon. To strengthen our response efforts in the unlikely event of a human health, food safety or animal health issue related to eggs, EFC coordinated traceability concept trials at large and small-scale grading stations in four provinces as part of our efforts to develop national egg traceability standards. Our goal is to establish a set of operational standards for an egg traceability system to quickly trace up or down the supply chain to determine the source of any problem.

Meanwhile, egg sales at retail were stable throughout 2010. By the end of October, Nielsen sales data showed a 0.24% increase over the previous 52 weeks in total egg sales. Of note, the 8% growth seen over the two previous years has not been eroded by the improving economy. Working in collaboration with the provinces, our messages

EFC DIRECTOR'S REPORT

have continued to stress the importance of eggs providing lasting physical and mental energy. We were honoured this past year to have Team Canada's Olympic hockey gold-medalists Hayley Wickenheiser and Kim St-Pierre star in Get Cracking™ TV ads and serve as spokespeople for eggs on a national media tour. They also served as the face of our in-store promotion to win a Get Cracking™ toque by sending in two UPC codes, which grew egg sales 2.5%. In addition, EFC was a proud sponsor of the Canspell National Spelling Bee in March to help strengthen the link between eating eggs for breakfast and academic performance. In October, we also teamed up with CIBC Run for the Cure as an Official Nutritional Partner at eight locations to raise money for breast cancer research. As part of our cholesterol-concerned strategy, we reached more than 4,000 doctors through the Physicians Education Program to convey that an egg a day is okay for high cholesterol patients. Finally, we created a Get Cracking™ page on Facebook to share recipes and our eggs.ca website was redesigned for an early 2011 launch.

On the subject of research, EFC officially entered into a multi-year partnership with Laval University to establish a first-ever Economic Research Chair on the egg industry in Canada. The objective is to generate a critical mass of knowledge about the egg industry while fostering innovation through targeted funding of specific projects. Lead by Dr. Maurice Doyon, the Economic Research Chair will study key issues such as specialty eggs, trade, and pricing models. In 2011, EFC is looking to establish Research Chairs at other universities specializing in animal care and nutrition.

To strengthen business efficiencies in 2010, EFC conducted a transport study of shipping routes in western Canada which resulted in significant savings in the Industrial Product Program. As well, new computing tools were introduced to streamline third-party verification processes. Of note, field inspectors adopted new tablet computers for on-farm visits to help improve the timeliness of data gathering and reporting. EFC also continued negotiations with the processors toward a new agreement. Although this has been a lengthy process, we believe a deal in the best interest of all stakeholders is within reach.

ANDREW WIPF, EFC DIRECTOR, ALBERTA

THE YEAR IN REVIEW

In 2010, Alberta's egg industry was faced with a number of opportunities. These focus areas are organized by Key Result Area (KRA), which are priorities identified by the Board at their annual strategic planning session.

KEY RESULT AREA I: GROWING, PROFITABLE PRODUCTION BASE

GOVERNMENT RELATIONS AND TRADE

Agreement on Internal Trade (AIT)

EFC, and its national supply management partners have been actively monitoring and looking for clarification on the Agreement on Internal Trade (AIT) governing domestic trade in agricultural and food goods. In particular, regulations surrounding the movement of product and imposition of inter provincial trade barriers that have the potential to restrict the continued success of the transfer of products between provinces under the regulated provincial boards and national system. Amendments have recently been formally ratified by all provinces and the new version of Chapter 9 has come into effect on November 8, 2010. EFC continues to monitor the AIT and work with provincial governments to reach additional agreements to reduce barriers to trade and investment.

Canada-European Union Trade Agreement (CETA) Consultations

In December, the Honourable Peter Van Loan, Minister of International Trade, met with Karel De Gucht, the European Union Trade Commissioner, in Ottawa to take stock of progress toward a Canada-European Union Trade Agreement (CETA). Both parties declared that they are satisfied with the substantial progress that has been achieved and that negotiations will continue for the benefit of their respective economies. EFC received assurances in October from the Canadian negotiator that Canada will not be making concessions on supply management.

Alberta SM-5 Strategy

Alberta supply managed commodities continue to work together with the assistance of a government relations consultant in order to ensure that supply management remains top of mind for government politicians. Alberta Egg Producers took the lead in developing the 2010 Government Relations Strategy and budget.

Key activities included an information session about supply management to the Wildrose Alliance leadership, sponsorship of the Premier's Breakfasts in Calgary and Edmonton, and support for events held by Dave Hancock, Doug Griffiths, Hector Goudreau, George Groeneveld, Verlyn Olson, Jack Hayden and Gene Zwozdesky. Egg producers' consistent attendance at these events in 2010 has allowed AEP to enjoy increased recognition and visibility with Alberta politicians while giving Alberta producers the opportunity to let elected officials know that supply management works for Albertans.

LEVY

Effective January 24, 2010 (week #05/10), the levy was changed to \$8.422 per bird per annum for registered producers and \$.3370 per dozen for unregistered producers,

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increasing by \$2.437 per bird and \$.0975 per dozen respectively. There were no further adjustments to the levy throughout 2010.

QUOTA ALLOCATION

Since 2004, AEP has been working on the development of a new Over Base Quota Policy. In continuous consultation with Marketing Council, the Board looked at many possible alternatives that considered the long-term stability of the industry and met the expectations of our government. Ultimately it was decided that over base quota will be allotted to registered producers on a pro-rata basis, calculated on their owned quota as of the issued date. Over base quota is tied in direct proportion to base quota on a percentage basis. Ownership of over base quota does not transfer to producers and therefore cannot be sold or further transferred. When producers transfer a portion of, or all base quota, the associated over base quota will also move to the purchaser.

As part of the new Over Base Quota Allotment Policy, and in conjunction with the transition to the new policy effective July 4, 2010, the Board decided to set aside 15,000 layers of quota special programs which may include, but is not limited to: new entrant programs, incentives for adoption of good management practices, opportunities for those with innovative, value added products, etc. Policies relating to AEP special programs are currently in development. With the introduction of this quota pool for AEP Special Programs, the current Market Development Leasing Program (MDLP) will be transitioned to sit within the AEP Special Program framework.

Quota Allotment

Towards the end of 2009, Canadian Poultry and Egg Processors Council (CPEPC) signaled that they were concerned with the overall supply in Canada given the increases in table consumption that were recorded throughout 2009. This prompted EFC to complete a comprehensive mid-year review in early 2010 which was presented at the May EFC meeting. After review, EFC authorized a national allocation totaling 558,044 layers. Alberta's share of this increase amounted to 83,768 layers.

On July 4, AEP authorized the implementation of 170,720 layers (9.4224% of base) that was issued to registered producers in accordance with the new Over Base Quota Allotment Policy. The over base quota (85,938 birds) that was previously allotted to producers on a temporary basis on April 19, 2009, was rolled into the new over base quota allotment policy.

COST OF PRODUCTION/PRICING

There were two price adjustments in 2010, driven mostly by changes in levy and feed prices.

Alberta's Participation in the 2009 National Cost of Production Survey

Every 5 years, EFC completes a national cost of production (COP) survey. This survey is at the foundation of supply management for the Canadian egg industry. The results from the survey are used to ensure the producer price for eggs accurately reflects producer costs plus a fair rate of return.

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Twelve Alberta producers representing different sizes and types of production facilities participated in the survey in order to give an accurate view of egg production in the province. Participants provided 2009 cost data from their egg laying operations and were interviewed by an independent third party economic research consultant. The results from the 2009 COP survey will be used to develop the cost of production figures beginning in 2011.

As part of the implementation of the new COP survey results, EFC and the provinces have agreed on a new methodology to review and update the Provincial Administrative Levy Component (PAL). As a result of this review, the provincial administration levy will increase 0.5 cent/dozen to 3.5 cents/dozen when the new COP results are implemented.

REGULATIONS

Development of a New Infectious Laryngotracheitis Policy in Alberta

Under the new Animal Health Act, it is important that the appropriate response plans and compensation models related to reportable diseases for poultry is developed.

In 2010, the Office of the Chief Provincial Veterinarian and the Poultry Industry undertook the development of a joint Infectious Laryngotracheitis (ILT) Control Policy. The purpose of this policy is to provide clarity on the prevention, detection, reporting, response, and recovery of ILT. The draft policy will be finalized and presented to the Minister in 2011. If approved, the policy will look at developing a reciprocal insurance program and will serve as a foundation for other reportable diseases that will require compensation programs.

GOVERNANCE & DIRECTOR TRAINING

This year, the Board welcomed Michael Froese and Levi Hofer as new Directors replacing retiring Egg Farmers of Canada Representative Ben Waldner and Director Susan Schafers.

During 2010, Directors and producers attended various training sessions including: Board Governance, Champion Chairmanship, Difficult Conversations, Parliamentary Procedures and Director Recruitment. In addition, Board and staff completed a Disc assessment which assesses personalities in specific situations.

In an effort to ensure that our Board continues to be leading edge, the Board developed a Director Recruitment Package as well as an attribute matrix. These tools will help us communicate with the membership about the Boards' needs in terms of succession planning. This will be presented at the Regional Meetings in January 2011.

Over the past year we continued to work with STRIVE! to provide one-on-one coaching for the chairman and general manager. As part of our overall business process, the Board engaged a new facilitator to assist with its annual strategic planning session. The session was helpful to ensure that staff clearly understands the direction in which the Board envisions. Establishing clearly articulated goals ultimately helps to build strong organizational plans year over year.

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ADMINISTRATION

Staffing

There were several staff changes in the year beginning with a new position in producer services being added. Christina Robinson took over the newly created position of Producer Services Manager while Delphi Palmer assumed the role of Administrative Assistant-Producer Services. Murray Minchin was hired as Field Service Coordinator to take over the flock verification and salmonella testing role previously fulfilled by contract. Finally, Maeve O'Rourke joined us at the end of March as the Marketing & Communications Coordinator. In early 2011, a Market Development and Research Officer will be hired.

New staff meant in-house and on the job training for them. Time was spent on team building and individual staff had training for Microsoft Office Suite, our Content Management System for updating our website, as well as media training.

Office Space

In late 2009, AEP purchased the office space directly above their current space. Throughout the summer and early fall, renovations took place to modify the new space and to connect the two spaces with an internal staircase. With the extra offices, an agreement to lease to Alberta Farm and Animal Care (AFAC) was finalized starting September 2010 for a period of three years.

EGG PROCESSING INNOVATIONS INC./UNITED EGG FARMERS

In 2010, Egg Processing Innovations Inc. (EPI) completed much of their preliminary work related to assessing the feasibility assessment of processed, value added egg products and related business practices. The first level of financial analysis was completed and, given the tight operating margins and the highly competitive nature of industry, the recommended business strategy for EPI is to find a partner or partners for value added product(s) prior to operating the breaking facility. The critical success factor to this business plan is a move to a branding and differentiation strategy.

A financial plan and recruitment package outlining the corporate profile and vision, position profile, candidate profile and product development strategy were developed and based on these plans. EPI/AEP made application to the Alberta Livestock & Meat Agency (ALMA) and were successful in securing funding for a portion of the plan through to the end of 2011. AEP also granted an additional \$200,000 to EPI from their over base quota fund.

At year end EPI was working with a recruitment firm to fill the position for their Chief Executive Officer (CEO).

PARTNERSHIPS

Egg Farmers of Canada

As part of a strong partnership between Alberta Egg Producers and EFC, AEP participates in several committees established by EFC in order to contribute to national incentives and solutions that serve to strengthen the industry. In 2010, Marketing & Communications Coordinator Maeve O'Rourke served on the Communications Committee and the Cholesterol Committee in conjunction with other provinces across the country. The Communications Committee focused on initiatives surrounding

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social responsibility, animal care and urban hens. The Cholesterol Committee focused on continuing to support informing the cholesterol-concerned population about the benefits of including eggs as part of a heart healthy diet through our Physicians Education Program.

SE Insurance Transition Team

In early 2010, EFC announced the establishment of the SE Insurance Transition Team (SETT) who would be responsible to take over the SE insurance project from the Project Management Team. For the remainder of the year, the majority of work continued in various subgroups to complete the identified gaps. Tremendous efforts were expended to determine the best insurance vehicle for all of Canada.

Traceability

In 2010, traceability was identified as a priority project at Egg Farmers of Canada. Traceability was brought to the forefront by Federal-Provincial Agriculture ministers who have signaled that traceability is of utmost importance to Canadian Agriculture and that there would be significant benefit to developing traceability in the poultry industry.

Traceability in the egg industry is defined as the ability to track and trace eggs, chicks, pullets and hens through all stages of production, processing and distribution. Traceability is an essential component to protecting human health, animal health and the marketability of eggs.

The purpose of the EFC traceability project is to develop standards for tracking and tracing eggs and birds in Canada. The team that has been assembled to tackle this challenge includes EFC staff, provincial boards, hatcheries, transporters and producers. Alberta Egg Producers is taking part by sitting on the core traceability team, as well as three working groups. Once the traceability system is in place, the industry will be better equipped to provide reliable data in emergency situations; quickly identifying which animals are involved, where they are located and what other animals might have been exposed.

Transportation Review

EFC finalized the western transportation review. Requests for proposals were sent out to several freight companies in Alberta and Kindersley Transport and Plett Trucking were chosen to transport industrial product shipments from Alberta.

AGRICULTURE AND RURAL DEVELOPMENT

AEP continues to work very closely with Marketing Council on issues as they pertain to our Plan and Regulations. We continue to enjoy an open and transparent relationship where we can discuss big picture items such as the over base policy and our involvement in helping to establish EPI.

During 2010, Marketing Council amended their policy with respect to Director terms. The amendment enables Directors to serve up to nine consecutive years prior to a mandatory one-year stand down period. There is no requirement for participation at a national level as part of the term extension.

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AEP considered the new policy, however decided against amending their regulations at this time because they believe that it is most important to continue encouraging new thinking at the Board level.

The Operation of Boards and Commissions Regulation was amended as part of Council's ongoing regulatory review and in response to requests to have more flexibility in managing their financial assets and ability to make investments.

POULTRY HEALTH CENTRE OF EXCELLENCE

A new memorandum of understanding (MOU) was reached in 2010 with respect to the agreement between Alberta Agriculture and the Poultry Industry Organizations to continue with providing diagnostic capacity in Alberta. This new five year agreement allows us to provide for poultry diagnostic and surveillance, disease research capacity and transfer of information to producers by various means.

This new agreement expanded the government's role in the program to cover the costs for all ancillary testing for reportable diseases and cover all costs associated with backyard flocks.

PREMISES IDENTIFICATION SYSTEM

The Premises Identification System (PID) has been established by Alberta Agriculture and Rural Development (ARD) as a way of linking farm animals to geographic locations for disease, health and food safety purposes and effective emergency response. PID registration for livestock owners in Alberta is an important step in developing an effective traceability system, which can mitigate threats to market access, the economy and public health.

AEP will be partnering with ARD to use the PID system for emergency response. The PID system will assist us in locating producers in an affected area and sending communications to our producers in a fast and efficient way. As a result, the accurate representation of our producers in the PID system is of utmost importance. In 2010 AEP worked with ARD staff to encourage producers to register for a PID number and to ensure that their laying hens and pullets were accurately reported. Key initiatives to encourage registration included the PID registration tables at the Annual General Meeting and at the June Regional Meetings. Premises ID number has also been added as a required field on the annual AEP license renewal forms. An information sharing agreement that will support the partnership between ARD and AEP is set to be in place by early 2011.

INDUSTRY PRESENTATIONS

Alberta Egg Producers had the privilege of sharing information about our industry to a wide variety of organizations in 2010.

In conjunction with the other poultry boards in Alberta, Susan Gal and Christina Robinson made a presentation to the University of Calgary Veterinary Medicine class in February. The students were provided with an introduction to the egg industry, supply management and current options for hen housing.

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In November, AEP was again asked to speak to a group of students, this time a University of Alberta Animal Welfare class. Susan Schafers, Dr. Darko Mitevski and Christina Robinson provided the class with a comprehensive review of animal care in the egg industry. The group also led further discussion about challenges, advances and initiatives related to animal care and hen housing.

Agricultural Financial Services Corporation (AFSC) asked AEP to speak at their training session together with a variety of commodity groups. Michael Froese presented on behalf of AEP, providing a general introduction to the egg industry, background on the supply managed system and an overview of the challenges and opportunities facing Alberta's egg producers.

AEP was invited by Marketing Council to speak at the Alberta Rural Development Network, Creating Rural Connections Conference in May on their success with Board Governance over the last 10 years. Dave Stahl and Susan Gal made the presentation and have subsequently been invited to speak to all of the Agricultural Boards and Commissions in January 2011.

While these presentations take time to prepare and present, the benefits are well worth the effort. Our speakers open a door to those that may not have been familiar with AEP. These opportunities to speak allow AEP the opportunity to forge connections with a variety of current and future influential individuals in the agriculture industry.

EMERGENCY RESPONSE

Emergency preparedness and response efforts for Alberta egg producers were again addressed through the Alberta Poultry Industry Emergency Management Team (APIEMT). This team, which is made up of representatives from all four Alberta's poultry board, Alberta Agriculture and Rural Development, the Canadian Food Inspection Agency, and industry, meet at least twice a year to discuss challenges and threats to the poultry industry as well as review and maintain the Poultry Industry's emergency response plan.

One of the challenges the group faced this year was the discontinuation of Telus Geomatics, the system that the team was using during emergency response to map producers in an affected area and communicate emergency messages in an efficient way. Although Alberta Agriculture's Premises ID system is set to ultimately provide this functionality to the APIEMT, this system is not yet fully operational. This leaves a gap in the team's ability to manage emergency response efforts. The team is putting efforts into ensuring commercial producers are registered for the Premises ID system, while also working on interim mapping and communication solutions to fill the gap in the meantime.

Effective emergency preparedness and response requires constant training and practice. The APIEMT came together in November for a two day training and tabletop session where the Emergency Response plan was reviewed and tested. The session provided a good opportunity to refresh participants on emergency response plans and strengthen relationships between poultry industry stakeholders. Not even a week

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after the emergency team was together for training, the Alberta Poultry Industry was challenged with two emergency situations: Avian Influenza in a commercial turkey flock in Manitoba, and ILT in a commercial layer flock in Alberta. Having just gone through the training was of great benefit. Team members were able to work together to react quickly in a coordinated effort to communicate the risks to producers and service personnel in order to protect Alberta's industry.

While being prepared at an industry level is important, having producers prepared at the farm level is crucial. Over the past year AEP has been working to remind producers of the critical part they play, and the steps they can take to be prepared including: being familiar with self-quarantine procedures, registering for a Premises ID, and completing their emergency preparedness questionnaire and site plan. AEP currently has 103 site plans on file for our producers.

PRODUCTION BENCHMARKS

Quota Credit Program

In early 2010 the Egg Farmers of Canada unveiled a new, more flexible Quota Credit Program for producers. The revised program allows quota credits to be earned year-round and used over a maximum of five years. Producers who do not have room to house their quota credits are now permitted to lease the credits to another producer. To qualify for quota credits a production facility must be empty for at least 14 days, but not longer than one production cycle. The changes to the program resulted in a noted increase in the number of quota credit applications received at AEP.

Medium Egg Study with The Poultry Research Centre

Alberta's grading of medium eggs decreased to 21.17 percent in 2010, from 21.77 percent in 2009. Alberta continues to have the highest percentage of medium production in the country; in 2009, the national average was 16.69 percent. ALMA and AEP have approved a project submitted by Doug Korver of the Poultry Research Centre that will study management strategies to increase Alberta egg farm revenue. The project team is developing a management survey which will ultimately help them understand differences in production management strategies and may help us understand why some flocks produce such a high percentage of medium eggs.

GRADER ADVISORY COMMITTEE

The Grader Advisory Committee (GAC) was very active in 2010. This committee provides a forum for ongoing discussions with our graders about issues related to industry and grader agreements which include industrial product removal in Alberta.

An agreement was reached to conduct a study to help us benchmark the current costs associated with farm-gate pickup in Alberta and to develop a model that can be used in the future in order to ensure that there is an independent process available to update these figures on an ongoing basis. In addition to this project, work is underway to develop two special programs to encourage multi-age producers to move to one age and for those producers who currently change flocks in December to amend that date so we are better able to supply our market.

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KEY RESULT AREA 2: POSITIVE IMAGE OF EGGS, EGG PRODUCTS AND THE ALBERTA EGG INDUSTRY

COMMUNICATIONS

U.S. Egg Recall

As the massive American egg recall from two Ohio egg farms expanded to numbers topping half a billion in August 2010, Alberta Egg Producers prepared to ease concerns about the safety of Canadian eggs with local media by passing on key statements made by the Canadian Food Inspection Agency (CFIA) and EFC that none of the recalled eggs that were infected with *Salmonella enteritidis* had entered into Canada. When Dean Thomas of CFCW 790 requested a radio interview regarding the safety of Canadian eggs, Alberta Egg Producers were prepared to have Chairman of the Board, Dave Stahl, speak with confidence about the large recall and more specifically, the regulated Canadian production practices including on-farm food safety programs and protocols that are observed on Alberta egg farms.

Operation Happy Hen

AEP staff continues to work to establish and maintain relationships with key municipal, post-secondary and SPCA/Humane Society contacts. Our strategy includes sending egg recipe cards to celebrate Christmas and Easter to keep Alberta Egg Producers top of mind and to ensure decision makers know who to talk to in the egg industry when questions arise about egg farming methods.

Egg Ambassador

The Be an Egg Ambassador program is a great way for producers to connect with our stakeholders. It allows consumers to communicate with our most powerful resource—our producers. Producers are supplied with promotional items to give away and to help to start a conversation to share the good news about egg farming and the egg industry in Alberta. We look forward to our farmers continuing to engage consumers and make a positive impact as they talk about the great level of care they take every day to ensure the health and comfort of their laying hens as well as the care farmers put into their barns, industry and communities.

CONSUMPTION

After two years of exceptional growth, egg sales have stabilized nationally. Based on Nielsen data collected from retail sales across Canada which highlights trends in egg sales, Alberta egg sales are still experiencing an increase beyond the 4.7 percent growth seen in 2009. As of December 18, 2010 Alberta's egg sales have grown another 1.5 percent over and above 2009 egg sales. Specialty egg sale growth (which includes omega-3 eggs, free range, free run and organic) has stabilized in Alberta with a growth of 0.2 percent in 2010 compared to a growth of 6 percent in 2009. The average price of total eggs has risen 2 cents in Alberta. Our national objective for growth in egg sales in 2011 is 1.5 percent.

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Category	2009 Growth	2010 Growth
Total Eggs	4.7%	1.5%
Regular Eggs	4.5%	1.7%
Total Specialty Eggs	6.0%	0.2%
Omega-3	10.0%	0.8%
All other specialty—free range, free run and organic	-3.1%	-1.2%

MARKETING AND PROMOTIONS

New Website

In June of 2010, Alberta Egg Producers launched a new consumer website to replace the existing site which served consumers well over the past decade. With an updated look, the newly redesigned site includes easy to use navigation and new and creative ways to use, share and comment on your favourite recipes. As always, kid's games, teacher and health resources and our online store are featured prominently. You can even access eggs.ab.ca from your mobile phone. AEP staff have been trained on how to make changes to our new website. Whether it's adding new recipes or updating information, the marketing team at AEP can now manage the changes to our website utilizing our own resources. AEP would like to thank Alberta Livestock and Meat Agency—their funding has helped to make this new website possible.

Meet your Alberta Egg Farmer

We will continue to build on the strengths of reaching consumers online by adding a new section of content to “about the egg industry”. This area will feature three Alberta egg farms and will give consumers a look at food production, animal care and the farmers that manage the conventional, enriched, and free-run facilities that supply eggs for our local consumption. This initiative will strive to bridge the gap with consumers that are concerned with farming and food production by providing information about the who, what, where, when and how of egg production in Alberta. Following the debut online, we will also feature our egg farmers in smaller weekly papers to connect with a younger urban audience.

New Egg-zibit

We are looking forward to bringing a new trade show “egg-zibit” booth to our larger agricultural fairs in Calgary and Edmonton in 2011. Our new “egg-zibit” will bring families information on the egg-cellent journey of the egg from the farm to the grocery store, nutritional value, animal care and frequently asked questions about eggs and egg anatomy. Our new structure will dedicate a significant amount of space to show the different types of hen housing used in Alberta.

Billboard Campaign

AEP launched a billboard campaign in March 2010, “Laid Fresh Daily,” with Pattison Outdoor Marketing in Lethbridge, Red Deer, Grande Prairie, Calgary and Edmonton. The “Laid Fresh Daily” campaign used the tagline “from our farmers to you” in order to increase awareness that eggs are produced locally. With quality and fresh food

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production at the forefront of discussions surrounding the consumption of food, this campaign targeted informing consumers that egg production is part of local agricultural production in Alberta. With positive feedback and recognition of our billboards, we ran them again throughout July and the first week of August.

Events

Promoting the active energy and nutritional benefits of eggs helps us to encourage Albertans to eat eggs more often as part of a nutritious and balanced diet. AEP supports campaigns developed nationally by distributing material and information at events in Alberta. Supporting EFC's national sponsorship initiatives in 2010 included CIBC Run for the Cure, Canspell National Spelling Bee, and walking and running events held by the Running Room. AEP also offered in-store nutrition sessions given by a dietician in Calgary and Edmonton Running Rooms.

AEP continues to develop and nurture solid relationships with consumers by being present and supporting events throughout the province. Our top events to connect with consumers and families continue to be Aggie Days in Calgary, AMAZE-ing Agriculture in Edmonton, Easter EGGstravaganza at the Calgary Zoo, The Calgary Stampede and The Calgary Women's Show. In addition, AEP sponsored 185 community events, and in 2010, AEP distributed over 143,000 promotional items.

Top events at health and wellness fairs included attending the City of Calgary Employee Wellness Fair and the Calgary Police Services Wellness Fair. We continue to actively target teachers so that they take advantage of the resources and materials we have to offer. We also offer schools in-class sessions with a home economist for nutrition and cooking education. Our support of EFC's Physicians Education Program also continued in 2010, as did our attendance at the Alberta College of Family Physicians' 55th Annual Scientific Assembly, where we provided cholesterol information to health professionals. In 2010, AEP provided over 104,000 pieces of informational literature.

Our major sponsorship opportunity for 2010 was the Alberta Cancer Foundation's Weekend to End Women's Cancers in Calgary and Edmonton. Many participants have been personally affected by cancer and walked over 60 kilometers in the sunshine over the weekend to raise funds for research. In Calgary, 1,114 participants raised \$2.7 million and in Edmonton, 741 participants raised \$1.2 million. All of these funds go directly to cancer research. In 2010, AEP was also proud to support the Alberta Children's Hospital in Calgary and the Stollery Children's Hospital in Edmonton.

Consumer Behaviour Research

We look forward to working with a research firm in 2011 to identify consumer preferences and knowledge about eggs and the egg industry in the Alberta market. This data will be compiled and can be used for year over year comparisons so that we can effectively track changes in attitudes and preferences in our local market, helping us to identify potential marketing and communications opportunities to educate and engage with consumers.

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Social Responsibility

Social responsibility (SR) is a common phrase these days. We talked about SR during the last two regional meetings and asked producers to provide their feedback on what it means to them. In mid October we met in Calgary to discuss social responsibility with the western provinces and EFC. We brought the results of the survey answered by Alberta egg farmers in order to share what values are important to us here in Alberta.

The result of a well framed SR campaign is to maintain customers and our social license, not to help build sales. SR is not a marketing program or initiative; it is simply a way of doing business. For AEP, it's about ensuring our core values are demonstrated through actions that are consistent with what we say is important. It's critical that we address consumers' concerns by talking about the shared values we have with them. It is equally important to base our communications strategy on the values of our producers. Consumers don't care how much we know about egg production until they know how much we care about egg production. Maintaining the public's trust with an effective SR program allows several advantages for our industry including the freedom to operate independently.

KEY RESULT AREA 3: PROGRESSIVE EXPLORATION AND APPLICATION OF NEW TECHNOLOGY

RESEARCH COMMITTEE

In 2010, involvement in research continued to be a very important focus area for our group. AEP continued to work very closely with the Poultry Research Centre (PRC). AEP continues to be part of the Agriculture Funding Consortium and as part of this process, the consortium agreed to fund two projects this year:

- Learning from Grandma: Developing Valuable Functional Food Ingredients from Spent Hens (Dr. Wu)
- Management Strategies to Increase Alberta Egg Farm Revenue (Dr. Korver)

In addition to these projects EFC continues to fund and support various projects at the PRC. Dave Stahl also serves on the EFC Research Committee.

POULTRY RESEARCH CENTRE

Through its partnership with AEP and other industry members the Poultry Research Centre continues to fulfill its vision of advancing the development of value added poultry products and production practices. As the Poultry Research Centre enters its 25th year we would like to thank AEP for its support. Egg industry representatives Dave Stahl and Susan Schafers currently serve on the PRC Advisory Board of Directors. Starting in 2009 and continuing in 2010, the PRC team led many exciting and innovative research projects in support of the egg industry such as:

1. The identification of significant quantities of antioxidants in eggs. These findings support the health benefit of the egg beyond its already well-known nutrients.
2. The isolation and purification of small peptides (small fragments of protein) from egg yolk that have the potential to reduce factors associated with cardiovascular

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disease in human cells. These findings suggest that egg bioactive peptides can be used for the development of functional foods or nutraceuticals to aid in the treatment of cardiovascular disease.

3. The improvement of the safety of eggs for patients with egg allergies by reducing immunoglobulin (IgE) binding ability of egg white proteins. As a result, food products containing egg whites will have a larger market, contributing to increased demand for eggs.
4. Understanding factors that contribute to medium sized eggs. The first phase of survey development has been completed. The findings from the study will be used to help Alberta egg producers maximize profitability through reduced medium egg production.
5. A new feed evaluation technique will enable the rapid evaluation of feedstuffs for nutrient and energy digestibility. This work will improve the confidence in nutrition supplied to poultry.

COMMERCIALIZATION STRATEGY

In terms of our strategy related to our desire to improve our ability to have our research projects flow through to commercialization, AEP Research Committee members participated in a session that brought industry, research and potential companies who could be approached to commercialize products and/or technologies developed by the PRC. Following this session, it was determined that AEP will participate in a pilot project that will be launched in 2011. This project would lead to early engagement with industry that could influence the direction of value added research with decisions being based on market research at the ideation stage. Early analysis of the technology platform could determine which products the research should focus on. This information could be useful to the potential partner as well as to funders who invest funds in Research and Development Programs.

ELECTRONIC DATA INITIATIVES

The AEP Field Services Coordinator has been armed with electronic equipment and forms that allow him to enter his flock counts on the computer and send them electronically to producers and to the AEP office. This has created a much more reliable, efficient way of storing and communicating flock count and salmonella testing information.

Throughout 2010, AEP has been working directly with EFC and other provincial boards to see if data management processes can be streamlined to ensure efficient processing of information and to assist with field scheduling. Initial technical updates have been made at EFC and are being assessed. AEP will be helping to test some of the new technology at the provincial level in early 2011.

One of the major technology breakthroughs this year was to establish a cost effective and efficient way to provide our Colony Directors with email without having unlimited access to the internet. With the world of business communicating electronically, this solution allows us to stay better connected with our Directors and limit the amount of paper used.

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KEY RESULT AREA 4: ADVANCE THE IMPLEMENTATION OF LEADING INDUSTRY PRODUCTION PRACTICES

PRODUCTION MANAGEMENT COMMITTEE

With a variety of production issues coming to the forefront in 2010, a decision was made to activate the Production Management Committee (PMC). The PMC is made up of an AEP Board representative, producers, industry experts, government representatives and staff. The first meeting for the PMC committee was in September, with two subsequent meetings held in late 2010.

One of the main functions of the PMC is to complete the Provincial Board review of EFC programs such as the SC-SC™ programs for layers and pullets and the Animal Care Program. This year EFC introduced a new review process to ensure that all stakeholders have an opportunity to comment on proposed changes to national programs. To make certain that the views of Alberta's producers and experts are incorporated into these programs, the PMC works to carefully consider any changes from a variety of perspectives. So far, the team has reviewed 18 changes proposed by EFC, ranging from new questions and point values in the SC-SC™ programs to salmonella testing protocols for the national se testing program.

Other current issues that the PMC is reviewing include: how to implement an integrated SE control program in Alberta, recommendations for minimum density standards for alternative housing systems and how to balance cage density rules and the need to discourage topping up flocks. It is anticipated that the PMC will be busy throughout much of 2011, working on options for addressing the many production management challenges facing our industry at this time.

ON-FARM FOOD SAFETY

In late 2010, we were pleased to hear that a Salmonella Control project, led by Alberta Agriculture and Rural Development, was awarded funding through ALMA. The goal of the program is to take a close look at producers who are testing positive for salmonella year after year, determine concrete reasons why this happens and make recommendations for how the salmonella infection can be cleaned up for good. We are looking forward to sharing the recommendations from the outcomes of this project with all producers in 2011.

START CLEAN-STAY CLEAN™ ACCREDITATION

December 31, 2009 was the deadline for all producers to have reached accreditation on the Start Clean-Stay Clean™ program for layers. In January of 2010, there were 30 producers who had not yet attained accreditation, although many were very close. AEP worked with these producers to develop action plans to address their corrective actions. Change in field personnel at EFC did move some of the SC-SC™ evaluations to later in the year, and there were some transitions in the way the evaluations were delivered on site. However, at the end of 2010, 95 per cent of Alberta's egg producers are now accredited in the program. We are working diligently with those producers who have yet to achieve accreditation, and are looking forward to full compliance in 2011.

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The average SC-SC™ score for Alberta's producers was 98 per cent, with 34 producers achieving 100 per cent in the program. The producers who achieved the highest possible score in the program, and who demonstrated exceptional commitment to all areas of the SC-SC™ layer program are: Bow City Colony, Behive Eggs Ltd., Bentley Colony, Britestone Colony, Cayley Colony, Camrose Colony, East Cardston Colony, Ewelme Colony, East Raymond Colony, Evergreen Colony, Rodney & Jackie Elgersma, Greenwood Colony, Willabend Angus Ranch Ltd., Ribstone Colony, Winnifred Colony, Handhills Colony, High River Colony, Kapeda Farms Ltd., Kings Lake Colony, Lakeside Colony, Beiseker Colony, Plain Lake Colony, Parkland Colony, Purnima Farms West, West Raley Colony, Rosedale Colony, Shadow Ranch Colony, Springview Colony, Sunnybend Colony, Byron & Donna Toews, Calvin & Norma Toews, Standoff Colony, Wolf Creek Colony and Danny & Bernadette Vandeborn. Congratulations to all Alberta egg producers for a job well done!

Start Clean-Stay Clean™ Pullets

2010 was the second year EFC completed producer evaluations in the SC-SC™ Pullet Program. It was also the first year that pullet program accreditations were awarded. The average score in the program was 96 percent, which is a marked improvement over last year's average of 91 percent. To achieve accreditation in the pullet program, producers must achieve a minimum score of 90 percent in part one of the evaluation and have all of their records in place. 10 producers achieved accreditation in the program.

ANIMAL CARE

The average score for the Animal Care Program in Alberta in 2010 was 98 percent. This is slightly lower than the 99 percent achieved in 2009, and can primarily be contributed to more stringent requirements for ammonia testing in barns.

As producers made plans to renovate and refurbish barns in 2010, they had to keep a new efc cage density rule in mind. As of April 1, 2010, any modifications or additions producers make to their cages require a change to the whole lay facility. All grandfathered cage densities in the lay facility are lost and post 2003 standards must be met. This has been put in place to help facilitate the gradual adoption of current cage density standards.

Alternative Housing Tour

Alberta's producers are helping to lead the way in alternative hen housing in Canada. In 2008, the first aviary system of its kind in North America was installed at New Rockport Colony. In 2009, Alberta became the first province in Canada to have enriched colony housing systems in production at Big Bend Colony. Following the AEP Annual General Meeting in February 2010, we had the opportunity to offer an alternative housing tour and showcase these facilities to delegates from across Canada. Our visitors toured the new state of the art facilities and were able to talk one on one with our producers about their experiences and management practices. We have since learned that visitors from Manitoba have now built their own enriched colony cage facility.

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Measuring Alternative Systems

With the continued adoption of alternative housing systems by our producers, it is important that Animal Care standards for enriched housing, aviaries and free run facilities be considered. This is a challenging issue given the wide range of housing systems available. It is imperative that minimum standards be set for these types of systems so that their integrity to provide quality hen welfare is maintained and so that producers have guidance on appropriate stocking densities. There are a number of research projects currently being conducted in North America to assess the welfare standards of alternative systems and AEP is closely monitoring the results. AEP is also working to support national efforts at EFC to determine science based, practical standards for these housing systems.

Alberta Farm and Animal Care

AEP actively supports the Alberta Farm Animal Care (AFAC) Association's vision to promote responsible and humane animal care. AEP collaborates with AFAC on animal care initiatives including monitoring and contributing to issues and legislation, communicating with the public and supporting animal care research. AEP and AFAC currently support the ongoing research on treatment for chicken osteoporosis.

AFAC programs include a confidential livestock care ALERT Line for anyone with livestock or poultry care concerns. By calling 1-800-506-227, the resource team provides producers with around the clock responsible animal care advice. AFAC's Certified Livestock Transport Certification Program (CLT) has a detailed poultry model and continues to focus on the most humane handling practices for all livestock truckers, shippers and receivers. As the demand for CLT grows across Canada, courses are now being delivered from British Columbia to Quebec. Many processors are now requiring drivers who deliver livestock and poultry to be CLT certified. AFAC is currently working with national stakeholder groups to make CLT a national program. AFAC's efforts are more vital than ever when it comes to ensuring the industry is clearly articulating direction, research and how animal needs are met.

ENVIRONMENT

Agri-Environmental Partnership of Alberta

The Agri-Environmental Partnership of Alberta (AEPA) is an inclusive partnership of the agricultural industry, government and a public stakeholder. Established in 2008, the AEPA grew out of a need identified by many agricultural organizations for a transparent partnership between government and the agricultural industry for a collaborative approach to resolving agri-environmental issues, and to provide a unified voice on agri-environmental issues in Alberta.

Since 2009, the Land-Use Framework (LUF) has been the primary focus of the AEPA. Agriculture needs to provide input into the development of LUF policies and regional plans.

Agriculture producers are significant land managers in the province, and need to be able to continue to operate in an economically, environmentally and socially sustainable manner. Critical to the continuing work of the AEPA has been the involvement and participation of the various agriculture commodity groups. These groups,

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including the Alberta Egg Producers, have been actively involved both at the Board and project team levels.

Intensive Livestock Working Group

The Intensive Livestock Working Group (ILWG) is a strategic alliance of eight livestock and poultry groups in Alberta that work together in order to address common provincial issues facing livestock/poultry producers. To be most effective, the ILWG must restrict its activities to dealing with high priority issues. The following issues have been identified as having the greatest potential to impact on livestock/poultry production and have received priority action in representing the interests of producers:

- Land-Use Framework
- Phosphorous thresholds in water
- Ambient air quality thresholds (ammonia)
- Water rights and allocation policies
- Environmental cumulative effects modeling
- Occupational Health and Safety

Detailed reports on how the ILWG is dealing with these priorities are forwarded to the Alberta Egg Producers office on a monthly basis and published in *EggNotes*.

Life Cycle Analysis

Consumer interest in environmental or “green” products has increased dramatically in recent years. It is important for our industry to understand how egg production practices impact the environment. Life cycle analysis studies help us to understand the environmental impact of food production. EFC has noted this as part of their business plan and AEP has had initial contact with researchers in Alberta who have worked on evaluating environmental impact for beef producers.

Biodigester

Biodigestion is an innovative technology that can allow producers to cash in on their waste by using their manure and spent hens to create fertilizer and biogas, a clean energy source for powering electricity. To explore this technology further, AEP partnered with Alberta Agriculture and Rural Development and Highmark Renewables to visit Iron Creek Colony. Iron Creek installed a biodigester with the vision of producing energy for their farm. Unfortunately, they were forced to abandon the digester after encountering a number of issues. The goal of the visit was to look at their biodigester, assess the problems they encountered and determine the feasibility of putting it back into production. This type of technology could be the future for intensive livestock organizations in Alberta—and having a number of working digesters would help all stakeholders learn more about the challenges and possibilities of working with this type of system. AEP will continue to work with their partners to facilitate and encourage the implementation and success of these progressive systems on Alberta egg farms

Alberta Agriculture and Rural Development (AARD) Best Management Practices

In September 2010, Alberta Agriculture and Rural Development released a publication on best practices in manure management called “Calculating the Application Rate of a Manure Applicator and Why”. AEP will be distributing this publication to

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all of our producers and continue to gather more information on manure management practices as further resources become available. Manure is expected to be one of the major environmental focuses for agriculture in the coming years. Information on how to best manage it can help producers turn manure from a nuisance into a valuable asset while protecting the environment.

POULTRY HEALTH

Alberta takes part in the national salmonella surveillance program, testing each commercial layer flock for *Salmonella enteritidis* (SE). In 2010 the spotlight was on SE in eggs due to the outbreak in the United States that precipitated the recall of over a half a billion eggs, as well as an increase in human SE cases in Canada. Given the increased focus on SE, AEP took the time to elevate our knowledge of the bacteria by inviting Dr. Darko Mitevski from Poultry Health Services to a Board meeting. Dr. Mitevski did an excellent job of explaining how salmonella bacteria infects birds, how SE sampling works and the challenges and opportunities when looking at salmonella control programs. Our experience with salmonella this year has highlighted the need for a more in depth look at an integrated SE control program—a task that will be tackled in early 2011.

Infectious Laryngotracheitis in Alberta

In December, the Office of the Chief Provincial Veterinarian (OCPV) confirmed a positive case of Infectious Laryngotracheitis (ILT) in a commercial layer flock near Fort Macleod, Alberta. The affected farm was quarantined as per the Animal Health Act.

The producer, AEP, the producer's grader and the OCPV worked cooperatively to implement a response strategy on the infected farm which included vaccination and enhanced biosecurity measures.

Alberta has been fortunate to have very few cases of ILT in commercial poultry; however cases in backyard flocks are relatively common. This experience provided a strong reminder that no farm is immune to disease and that the best protection is vigilant biosecurity.

Avian Influenza In Manitoba

On November 24, 2010, the Canadian Food Inspection Agency (CFIA) confirmed that a commercial turkey breeder farm near Rockwood, Manitoba tested positive for low pathogenic H5N2 Avian Influenza (AI). CFIA quarantined the infected farm and oversaw the humane depopulation of the poultry.

As part of the trace back investigation, four additional premises were quarantined by the CFIA as a precaution. One of these quarantined premises was a hatchery, where it was decided all poults and eggs would be humanely disposed of. Test results from the four additional quarantined premises have been negative for Avian Influenza. As of the end of 2010, quarantines on three of the additional quarantined premises had been lifted, and it appears as though the AI infection was limited to one farm.

PRODUCER DEVELOPMENT AND RECOGNITION

The Alberta Livestock and Meat Agency had funding available in 2010 to producers who were implementing new technology that had the potential to improve the

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competitiveness of Alberta Agriculture. AEP was happy to hear that at least two of our producers received funding for their barns that used new alternative housing systems.

In 2010 the federal and provincial Governments offered a variety of grant opportunities through their Growing Forward Program. Biosecurity and on farm food safety program enhancements, leadership training and environmental initiatives were just some of the areas where funding was available to producers.

Summer Meeting

The 2010 EFC summer meeting was held in Winnipeg, Manitoba in July. AEP awarded a sponsorship to Joe Kleinsasser of Big Bend Colony. While in Manitoba, Joe had the opportunity to meet egg producers from across Canada, and listen to cutting edge industry speakers.

NOTES



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