

SBHEPMB Annual Meeting 2003

Agenda

Date: March 6, 2003
Location: Travelodge Hotel Saskatoon
Time: 9:00 am

1. Call to order
2. Approval of the agenda
3. Adoption of the Minutes from 2002 AGM
4. Presentation of the Financial Statements and Auditors' Report
5. Administrator's Report
6. Poultry extension report
7. Directors Per Diems and Travel rates
8. Levy fees for 2003
9. Budget for 2003
10. CBHEMA [Ralph Isaac]
11. Report on the Alberta Annual Meetings [Ben Kleinsasser]
12. Report on the CFS Strategic plan [Ray Toews]
13. Presentations
14. Other Business

SASKATCHEWAN BROILER HATCHING EGG PRODUCERS MARKETING BOARD
MINUTES # 85, MARCH 07, 2002, TRAVELODGE HOTEL, SASKATOON, SK.

Mr. Oswald Henry, the Administrator called the meeting to order at 8:40am. Director, Ralph Isaac Chaired the meeting.

10 production units were represented.

The agenda was read and discussion took place.

MOVED by Mervin Slater, seconded by Ben Kleinsasser that the agenda be accepted as read.

CARRIED.

Other business that was added to the agenda to be discussed were:

- 1)Pricing - Hatching Eggs
- 2)Election of Board members.
- 3)Governance

Ralph Isaac stated that everyone could read the 2001 annual meeting minutes on their own, and asked for someone to make a motion that the minutes be accepted.

MOVED by Ben Kleinsasser, seconded by Don Barkman that the minutes be read by everyone on their own and be accepted.

CARRIED.

The presentation of the financial statement was given by Mr. Laurie Moen, the Senior Manager from Meyers, Norris, Penny.

Discussion on the price of the audit took place, the concern being whether or not this years fee for the audit was comparable to last years fee.

MOVED by DeWayne Unruh, seconded by Don Barkman that the 2001 financial statement be accepted as read.

CARRIED.

Mr. Henry gave his Administrators report.

Questions about his report were answered by Mr. Henry and discussion took place.

MOVED by Don Barkman,seconded by Warren Isaac that Mr. Henrys report be accepted as read.

CARRIED.

MINUTES # 85, continued

Mr. Henry made a proposal to modify the way in which the directors per diem and travel rates were reviewed. Mr. Henry felt that the rates were not in line and he proposed that the mileage rate should go from .32 cents per km to .38 cents per km., and that the per diem should be lifted from \$140.00 per day to \$150.00 per day. He felt that because the Chairperson of the Board gets more calls that we should look at a way of adjusting the Chairpersons per diem to \$200.00 per day.

Ben Kleinsasser, Mervin Slater, and DeWayne Unruh volunteered to be the committee to review Mr. Henrys proposal.

Meeting was adjourned at 9:30am for a short coffee break.

Ralph Isaac called the meeting to order at 10:00am., 11 production units were represented.

Mike Dirven, a director from Lilydale talked with us and answered some questions and concerns.

Ms. Audrey Hinz brought greetings from Agri-Food Council and described the role of the Council.

Dr. Sandra Stephens gave the poultry extension report for 2001. She talked about the importance of on farm based HAACP programs being in place in the near future.

The per diem committee announced that they agree with Mr. Henrys proposal, and that the per diem should be for an 8 hour day.

MOVED by Ben Kleinsasser, seconded by Warren Isaac that we go along with Mr. Henrys proposal of the travel rate being .38 cents per km, the directors per diem being \$150.00 per day and the Chairpersons per diem being \$200.00 per day.

CARRIED.

MOVED by Bev Dubielew, seconded by Ben Kleinsasser that the new per diem be put into effect when a full Board is in place.

MOTION DEFEATED.

Ralph Isaac read the proposed budget.

Mr. Henry broke down the proposed budget and discussion took place on the proposed budget. Discussion took place on the wording of some of the proposed budget, concern was expressed as to why there was budgeting for a managers wage and travel when there has never been discussion of hiring a manager. Mr. Henry stated that the money listed for a manager would be designated for expenses for looking into joining the CBHEMA.

MINUTES # 85, continued

Mr. Henry stated that there is also an effort underway to assess the responsibilities and the remuneration of support staff of the CFS and BHE board offices, this is to be done in the spring of 2002.

MOVED by Bev Dubielew, seconded by Claude Friesen that we raise the secretary's wages to \$6000.00 per year until after the assessment is finished.

CARRIED.

MOVED by Mervin Slater, seconded by Bev Dubielew that we strike the \$10,000.00 and the \$3000.00 regarding managers wages and expenses from the budget.

MOTION DEFEATED.

MOVED by Real Letourneau, seconded by Ray Toews that we modify the \$700.00 budgeted for phone expenses to \$50.00, and secretary's wages budgeted from \$4800.00 to \$6000.00.

CARRIED.

MOVED by James Glen, seconded by DeWayne Unruh that we accept the budget as proposed.

CARRIED.

Mr. Bob Kowalchuk from Lilydale spoke to us. He announced that all "Ross" will be the breed of the future. Discussion took place.

Meeting adjourned for lunch at 11:45am.

Ralph Isaac called the meeting to order at 1:45pm. 11 production units were represented.

Discussion on joining the CBHEMA took place.

A question that was agreed on to ask Mr. Henry was : Has CBHEMA gotten back to you regarding a reduced rate for joining their organization? James Glen suggested that we table this discussion until further information was available.

MOVED by Real Letourneau, seconded by DeWayne Unruh that we send 2 representatives to the annual CBHEMA meeting in Ottawa and have CBHEMA pay for it.

CARRIED.

Real Letourneau left the room to put a call into CBHEMA to verify the number of people they would pay for from our group to attend the meeting.

MINUTES # 85, continued

MOVED by Mervin Slater, seconded by Ben Kleinsasser that the levy for 2002 be .40 cents per breeder chick placed effective March 07, 2002, until the next annual meeting.

MOTION DEFEATED.

Real returned stating that CBHEMA would pay for 2 people, Ralph asked for a volunteer to join him, Real Letourneau volunteered, everyone agreed.

MOVED by Real Letourneau, seconded by Ben Kleinsasser that the meeting be adjourned.

CARRIED.

Meeting adjourned at 2:45 p.m..

7 March 2002

SBHEPMB

RE: Richard Volk Production Unit

I am Power of Attorney for Richard Volk, and I hereby authorize Jerry Slater to vote on my behalf, the production unit of Richard Volk, at the meeting of **SBHEPMB** being held today at the Travelodge in Saskatoon, Saskatchewan.



Harold T. Hepting

Thursday, March 07, 2002 - Annual Meeting

| NAME | REPRESENTING |
|------------------------|----------------------------------|
| Don Bohm | Farm owner |
| Brian Mochel II | AFC |
| Alburt Turner II | |
| JAMES GLEN | |
| Mark + Cindy Loewen | Pine Grove Poultry |
| Alvaro Santamaría | Z.D. Poultry |
| William AUDREN | Poultry Extension Vets |
| Sandra Stephens | CFIA (Poultry Ext ²) |
| DeWane Hill | ARIAGEN |
| Scott Gillingham | |
| Reat Letourneau | CR Chick FNN |
| Ferry Slater | |

Thursday, March 07, 2002 - Annual Meeting

NAME

REPRESENTING

Donalda Kleinsasser

Lark. Broiler Hatching Egg Board

~~Wesley Stater~~

Producer

~~Wesley Stater~~

" "

Bill Selensky

Producer

Mary Adell

" "

Bill Selensky

~~Producer~~

Ben Dubielew



SAL

Janis Mohr

Meyer Morris Agency (auditors)

Ray Mohr

Producer

Oswin Adams

Administrators

Wen Lee

Warren Isaacs

Ray Toews

Toews Broiler Breeder Fa.

Spurlock Hill Livestock

Ben Klein

C.R. Chick Inn

Wayne Vahl

Shelburne

**Saskatchewan Broiler Hatching Egg
Producers Marketing Board
Financial Statements**
December 31, 2002

AUDITORS' REPORT

To the Members:

Saskatchewan Broiler Hatching Egg Producers Marketing Board:

We have audited the balance sheet of Saskatchewan Broiler Hatching Egg Producers Marketing Board as at December 31, 2002 and the statements of revenues and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Saskatoon, Canada
February 19, 2003

Meyer Norris Penny LLP
Chartered Accountants

**SASKATCHEWAN BROILER HATCHING EGG
PRODUCERS MARKETING BOARD**

Balance Sheet

December 31, 2002

| | <u>2002</u> | <u>2001</u> |
|--------------------------------------|-------------------|---------------|
| Assets | | |
| <i>Current</i> | | |
| Cash | \$ 67,721 | 36,805 |
| Accounts receivable | 3,405 | 5,856 |
| Quota conversion receivable (note 3) | <u>563,897</u> | - |
| | 635,023 | 42,661 |
| Capital assets (note 4) | <u>421</u> | <u>550</u> |
| | <u>\$ 635,444</u> | <u>43,211</u> |
| Liabilities | | |
| Accounts payable | \$ 26,870 | 7,106 |
| Quota conversion payable (note 3) | <u>563,897</u> | - |
| | 590,767 | 7,106 |
| Contingencies (note 5) | | |
| Net Assets | | |
| Invested in capital assets | 421 | 550 |
| Unrestricted | <u>44,256</u> | <u>35,555</u> |
| | <u>44,677</u> | <u>36,105</u> |
| | <u>\$ 635,444</u> | <u>43,211</u> |

See accompanying notes.

ON BEHALF OF THE BOARD:

 Administrator

SASKATCHEWAN BROILER HATCHING EGG PRODUCERS MARKETING BOARD

Statement of Revenues and Expenses

Year ended December 31, 2002

| | 2002 | | 2001 |
|-----------------------------------|-----------------|-----------------------|---------------|
| | Actual | Budget (Unaudited) | Actual |
| <i>Revenues</i> | | | |
| Annual fees | \$ 109,231 | 103,800 | 79,061 |
| Interest and miscellaneous income | 10 | 400 | 49 |
| Licenses and memberships | <u>305</u> | <u>245</u> | <u>235</u> |
| | <u>109,546</u> | <u>104,445</u> | <u>79,345</u> |
| <i>Expenses</i> | | | |
| Amortization | 129 | 225 | 171 |
| Annual convention | 1,660 | 1,000 | 1,315 |
| Directors per diem | 1,965 | 4,500 | - |
| Directors stipend | - | 7,200 | - |
| Extension program | 8,241 | 10,000 | 8,241 |
| Insurance | 1,500 | 1,200 | 1,000 |
| Management salaries | - | 10,000 | 1,478 |
| Office | 1,823 | 1,600 | 1,162 |
| Producer meetings | 1,319 | 2,500 | 1,286 |
| Professional fees | 68,528 | 40,000 | 8,354 |
| Rent | 6,000 | 6,000 | 6,000 |
| Subscriptions | 218 | 204 | 180 |
| Telephone | 48 | 200 | 48 |
| Travel - directors | 1,697 | 6,000 | 3,319 |
| - administration | 362 | 3,000 | 1,066 |
| - other | 1,835 | - | - |
| Wages and employee benefits | <u>5,649</u> | <u>6,000</u> | <u>3,805</u> |
| | <u>100,974</u> | <u>99,629</u> | <u>37,425</u> |
| Excess of revenues over expenses | <u>\$ 8,572</u> | <u>4,816</u> | <u>41,920</u> |

See accompanying notes.

**SASKATCHEWAN BROILER HATCHING EGG
PRODUCERS MARKETING BOARD**

Statement of Changes in Net Assets

Year ended December 31, 2002

| | 2002 | | | 2001 |
|-----------------------------------------------|----------------------------------|---------------|---------------|---------------|
| | Invested in Capital Assets | Unrestricted | Total | Total |
| Balance, beginning of year: | \$ 550 | 35,555 | 36,105 | (5,815) |
| Excess (deficiency) of revenues over expenses | <u>(129)</u> | <u>8,701</u> | <u>8,572</u> | <u>41,920</u> |
| Balance, end of year | \$ <u>421</u> | <u>44,256</u> | <u>44,677</u> | <u>36,105</u> |

See accompanying notes.

**SASKATCHEWAN BROILER HATCHING EGG
PRODUCERS MARKETING BOARD**

Statement of Cash Flows

Year ended December 31, 2002

| | <u>2002</u> | <u>2001</u> |
|--------------------------------------------------------------|------------------|---------------|
| Cash provided by (used for) the following activities: | | |
| <i>Operating</i> | | |
| Excess of revenues over expenses | \$ 8,572 | 41,920 |
| Add (deduct) item not affecting cash: | | |
| Amortization | <u>129</u> | <u>171</u> |
| | 8,701 | 42,091 |
| Changes in working capital balances: | | |
| Accounts receivable | 2,451 | 1,699 |
| Quota conversion receivable | (563,897) | - |
| Accounts payable | 19,764 | (18,361) |
| Quota conversion payable | <u>563,897</u> | |
| Net change in cash during year | 30,916 | 25,429 |
| Cash, beginning of year | <u>36,805</u> | <u>11,376</u> |
| Cash, end of year | <u>\$ 67,721</u> | <u>36,805</u> |

See accompanying notes.

SASKATCHEWAN BROILER HATCHING EGG PRODUCERS MARKETING BOARD

Notes to Financial Statements

December 31, 2002

1 Organization

Saskatchewan Broiler Hatching Egg Producers Marketing Board is a producer-elected board, operated under The Agri-Food Act of Saskatchewan, with the purpose of administering the marketing of hatching eggs produced from broiler hatching eggs. The activities of the Board are such that it is not subject to income taxes.

2. Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Capital assets

Capital assets are recorded at cost. Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives. The annual rates are as follows:

| | |
|-------------------------|------|
| Computer equipment | 30 % |
| Furniture and equipment | 20 % |

In the year of acquisition, amortization is taken at one-half of the above rates.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. These assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

3. Quota Conversion

An agreement was reached between the Marketing Board and The Chicken Farmers of Saskatchewan for the conversion of quota of 51,000 birds for consideration of \$600,000. The Chicken Farmers of Saskatchewan have assigned their rights under the agreement to The Saskatchewan Chicken Marketing Plan Trust Fund.

A producer is purchasing the quota resulting from the conversion. The Saskatchewan Broiler Hatching Egg Producers Marketing Board Trust Fund is committed to covering any difference between the price being paid to The Saskatchewan Chicken Marketing Plan Trust Fund and the price being received from the producer. (see note 5b).

SASKATCHEWAN BROILER HATCHING EGG PRODUCERS MARKETING BOARD

Notes to Financial Statements

December 31, 2002

4. Capital Assets

| | 2002 | | | 2001 |
|-------------------------|-----------------------------|-------------------|-------------------|------------|
| Cost | Accumulated Amortization | Net Book Value | Net Book Value | |
| Computer equipment | \$ 2,265 | 2,135 | 130 | 187 |
| Furniture and equipment | <u>1,169</u> | <u>878</u> | <u>291</u> | <u>363</u> |
| | <u>\$ 3,434</u> | <u>3,013</u> | <u>421</u> | <u>550</u> |

5. Contingencies

a) Allocation of quota

A producer has made legal claims against the Marketing Board concerning actions taken in the allocation of quota. Management of the Marketing Board believes it will be successful against these claims. It is not possible at this time to estimate the amount for which the Marketing Board would be liable if the claims should be successful.

b) Conversion of quota

The producer acquiring the quota and the Marketing Board have not been able to reach final agreement as to the price and payment terms for the quota. The matter is being submitted to arbitration. As the arbitration has yet to occur, it is not possible at this time to predict the outcome of the arbitration nor is it possible to estimate if there is any potential exposure to liability for the Marketing Board associated with the arbitration.

6. Commitments

The Marketing Board has a commitment for legal fees of \$4,000 for a special project in 2003.



SASKATCHEWAN BROILER HATCHING EGG PRODUCERS MARKETING BOARD

Notes to Financial Statements

December 31, 2002

7. Related Party Transactions

a) Directors

The Marketing Board's Directors are elected from the producer-members of the Marketing Board. The Directors are subject to the same licensing fees and levies, on the same terms, as other producer-members.

b) Administrator

Saskatchewan Agriculture and Food (the Department) has engaged the services of an Administrator for the Marketing Board. The Department is bearing the costs for these services; no amounts are being charged to the Marketing Board.

Financial Instruments

The Marketing Board as part of its operations carries a number of financial instruments. It is management's opinion that the Marketing Board is not exposed to significant interest, currency or credit risks arising from these financial instruments except as noted below:

- a) Accounts receivable expose the Marketing Board to credit risk. The risk arises as there are a small number of producers in the province.
- b) The carrying amounts of accounts receivable and accounts payable approximate their fair values due to their short terms to maturity. The fair values of quota conversion receivable and quota conversion payable are not determinable because timing of cash flows is not known.

**SASKATCHEWAN BROILER HATCHING EGG
PRODUCERS MARKETING BOARD**

Listing of Payees Receiving Payments Totalling at least \$5,000

Year ended December 31, 2002

| <u>Name of Payee</u> | <u>Total Paid</u> |
|--------------------------------|------------------------------|
| McKercher McKercher & Whitmore | \$39,069.95 |
| Kleinsasser, R. | 10,315.79 |
| University of Saskatchewan | 8,241.08 |
| Meyers Norris Penny | 5,518.04 |

SBHEPMB Administrator's Report

In June of 2000, the Minister of Agriculture and Food placed the powers of the SBHEPMB under section 8, 17, and 21 of the Broiler Hatching Egg Marketing Plan Regulations, temporarily under the control of an Administrator. The Minister also placed the administration of the CFS under the same Administrator. The first Administrator was Mr. Harvey Brooks. In April of 2001, I replaced Mr. Brooks as the Administrator.

As the Administrator, I have been focused on a number of areas. The focus of my efforts were:

- a) resolution of outstanding issues
- b) Implementing the Conversion Agreement with the CFS
- c) Implementing the modifications to the regulations
- d) Developing an appropriate governance framework for the industry.

During 2002, we focused our efforts most keenly on the implementation of the Conversion Agreement with the CFS, initially on the development of a governance structure and the developing of a relationship with the national agency – CBHEMB. We also committed to resolving outstanding issues. Our efforts in this regard continue and while the progress has been slower than we had anticipated, we expect that the quality of the resolution would be worth the effort.

The year 2001 concluded with an arbitrated ruling from Mr. Dan Ish on the Conversion Agreement. This ruling brought to an end a major phase of the conversion agreement and set the amount of the liability of the BHE to the CFS. What remained was to finalize the contribution to this liability by one of our producers. The year has been spent working to arrive at a final determination of this contribution. As we enter the new year, we have agreed on a binding arbitration process and expect that this will be resolved shortly. Once the producer contribution is concluded, the financial plan and the payment schedule to effect payment to the CFS will be finalized. We are optimistic that the Conversion Agreement will soon be behind us.

Earlier in the year, we made an attempt to discuss the governance issues of the industry. There is clear disagreement on the governance issues facing the industry and it is fair to say that the views on this issue are both not well understood or appreciated. There is a growing imperative from the public at large, which is being translated through the provincial auditor, for a transparency and accountability in governance. The events of the public and private sectors including the cases of ENRON and WorldCom merely highlight the issue. Initial attempts at bringing these matters into appropriate discussion were not successful. The group as a whole was not able to coalesce around the issues.

We have been in close contact with CBHEMA. We have sought their assistance in determining the ratios of the domestic production to the imports of eggs in Saskatchewan. This is a fundamental issue that needs to be adequately answered prior to any decisions about membership in the agency. In the meantime, I have communicated to the Government that the industry is exploring membership in the national agency. It will be

the government's decision as to whether it would be willing to sign on to the Federal Provincial Agreement which would signify membership for Saskatchewan.

Following the auction in 2001 and the provision for further auctions, I have begun the development of the Fund for the SBHEPMB. This development has however been proceeding more slowly.

Legal matters continue to be a part of the industry. We spent a significant amount of time and resources dealing with legal matters.

I am pleased with the effort and the commitment that Mr. Ralph Isaac has made during the year. It was not easy on him having to be consulted regularly on a variety of matters and be involved with the intensity that resulted from his role. There were also significant contributions by other producers who were called on from time to time to represent the industry at meetings and with whom I consulted on a regular basis. While this has worked well, we need to have the new board in place as quickly as possible. This will be a major focus in the first quarter of 2003.

As stated in my report last year, it is essential that we develop a new governance model and strategic direction for the industry. We know that the past will not be the future. Changes in governance, relationships with stakeholders, and among producers are necessary for a forward-looking industry to achieve the success we deserve.

The BHE played an active role in the "Dialogue" on the future of the Industry". Those discussions have formed the basis for a successful strategic planning exercise by the CFS. I trust that they will be as successful for the BHE in 2003.

The workplan for 2003 includes:

- a) Developing an appropriate Governance Model
- b) Developing a Strategic Plan and Vision for the Industry
- c) Finalizing the role of the SBHEPMB within the provincial and the national industry
- d) Improving the level of trust among producers.

Oswald L. Henry P. Ag.
Administrator - SBHEPMB



February 17, 2003

Saskatchewan Broiler Hatching Egg Producers Marketing Board
P.O. Box 296
Luseland, SK S0L 2A0
Attention: Ms. RONALDA Kleinsasser

Dear Ms. Kleinsasser:

RE: ANNUAL REPORT AND BUDGET FOR EXTENSION SERVICES

Please find attached the annual report and a budget statement for the year 2002. Also included are budget proposals for 2003 and 2004.

You will note that the budget for this year is similar to last year. Invoices for the upcoming year reflecting the new budget have been sent out recently.

There has been a change in staffing over the last year with Dr. Craig Riddell (who was filling the veterinarian position temporarily) being replaced by Dr. Bob Goodhope. We are very excited to have Bob join us again. He is an outstanding poultry veterinarian with a tremendous amount of relevant experience. The nature of the staffing resulted in reduced spending in that category and as a consequence a larger surplus in the extension account. I have chosen to leave the budget as it is as I anticipate higher salary costs in the upcoming year.

I will be attending the Saskatchewan Poultry Conference in March and am hopeful that I will have the opportunity to meet with representatives of your organization at that time. As always, please feel free to contact me in regards to this report or other issues related to the University of Saskatchewan Poultry Extension Service.

Yours truly,

A handwritten signature in black ink, appearing to read "Henry L. Classen".

Henry L. Classen, Ph.D.
Professor

Cc: Dr. S. Gomis, Department of Veterinary Pathology
Dr. D. Middleton, Head, Department of Veterinary Pathology
Dr. B. Laarveld, Head, Department of Animal and Poultry Science
Dean C. Rhodes, Western College of Veterinary Medicine
Dean E.M. Barber, College of Agriculture

ANNUAL REPORT
OF
THE POULTRY EXTENSION SERVICE
UNIVERSITY OF SASKATCHEWAN

JANUARY – DECEMBER 2001

Prepared for:

- Dr. H.L. Classen, Department of Animal and Poultry Science and Dr. S. Gomis, Department of Veterinary Pathology, University of Saskatchewan
- Organizations funding the Poultry Extension Service

Prepared by:

- Guillaume Audren

TABLE OF CONTENTS

| | |
|------------------------------------|-----------|
| INTRODUCTION | 3 |
| Program Objectives:..... | 3 |
| GENERAL | 3 |
| Staff changes..... | 3 |
| Producer meetings..... | 3 |
| Disease threats..... | 4 |
| Food Safety..... | 4 |
| Medications..... | 4 |
| BROILER HATCHING EGGS | 5 |
| Fertility..... | 5 |
| Floor eggs..... | 5 |
| Bio-security..... | 5 |
| BROILERS AND ROASTERS | 7 |
| First week chick loss..... | 7 |
| Cleaning and disinfection..... | 7 |
| Recycling of litter..... | 7 |
| Feed ingredients..... | 7 |
| Nutrition workshop..... | 9 |
| TURKEYS | 10 |
| Carcass quality..... | 10 |
| Condemnation..... | 10 |
| TABLE EGGS | 11 |
| Salmonella program..... | 11 |
| Grading and shell quality..... | 11 |
| Amino Acid requirements..... | 11 |
| Nutrition workshop..... | 12 |

INTRODUCTION

The Saskatchewan Poultry Extension Service is funded by the four Saskatchewan Poultry Marketing Boards and Lilydale Poultry. There are two service personnel: a Poultry Scientist and a Veterinarian. The University of Saskatchewan provides an office for each and access to university resources. Policies are established by the Saskatchewan Poultry Council on recommendation by the Research and Extension Committee. The service is supervised and administered by Dr. H.L. Classen (Animal and Poultry Science) University of Saskatchewan in co-operation with Dr. D. Middleton (Head) of the Department of Veterinary Pathology.

Program Objectives:

1. Monitor industry performance.
2. Identify and solve industry problems.
3. Investigate individual production problems.
4. Communicate advances in poultry production.
5. Act as a liaison to individuals supplying feed, medication and equipment to the poultry industry.

GENERAL

Staff changes

The Poultry Pathologist faculty position in the Department of Veterinary Pathology at the Western College of Veterinary Medicine has been filled by Dr. Susantha Gomis who was previously with the Veterinary Infectious Disease Organization (VIDO). We welcome Dr. Gomis to the University of Saskatchewan Poultry Extension "Team". Dr. Gomis will co-supervise the Poultry Extension program with Dr. Classen.

Poultry Scientist: William Audren

Poultry Veterinarian:

- January to August; Dr. Craig Riddell
- September to December; Dr. Bob Goodhope

Producer meetings

In the past year, Poultry Extension arranged to have speakers for the technical sessions and luncheons at the Poultry Producers Conference. Topics and speakers were: Dr. Doug Korver "Feed and immunology in poultry"; Mike Agar

"Vaccination principles and monitoring"; Dr. Brenda Allan "Campylobacter in broiler flocks"; Dr. Sally Noll "Barn management to improve carcass quality in turkey flocks" and "Downgrading in turkey flocks"; Dr. Bill Guenter "Egg shell quality in layer flocks"; Dr. Colleen Annett "Necrotic Enteritis in broiler chickens"; Dr. Scott Gillingham "Bio-security in broiler breeders for Salmonella control"; Ms. Tennille Knezacek "Broiler transportation in Western Canada".

The fall producer meetings in 2002 were held in Saskatoon for broiler chicken, turkey and broiler breeder producers and in Swift Current and Saskatoon for table egg producers. Topics presented at the Turkey meeting were "Brooding poults to maximize performance"; and "cellulitis, cyanosis, and breast blisters". Topics presented at the table egg producer's meeting were "Infectious Bronchitis vaccination" and "feeding whole wheat to laying hens". Producer attendance was very good for all producer groups. Lilydale organized the broiler chicken and broiler breeder meetings with the collaboration of Poultry Extension. Broiler breeder topics related to feeding strategies and biosecurity, while early management of chicks, body weight and uniformity were the focus of presentations for broiler producers.

Disease threats

The increased incidence of West Nile Virus prompted a Poultry Pointer to explain that commercial poultry is not involved in disease transmission.

Exotic Newcastle disease outbreak was diagnosed in California and eradication procedures are ongoing. As of December 31, 2002 Canada banned all imports of poultry and poultry products from California.

Food Safety

As part of the on farm food safety enhancement program, flock sheets became mandatory to be completed and sent to the processor before shipping chicken and turkey flocks to market. The flock sheets include any information regarding disease and use of medications during grow out. Particular attention was paid to medication withdrawal times by staff of the Canadian Food Inspection Agency at the Wynyard processing facility. Producers were encouraged to complete the documents to ensure continued consumer confidence. All birds presented for processing complied with the new CFIA flock sheet regulations.

Medications

A Poultry Pointer regarding changes to Canadian Food Inspection Agency enforcement policies for the "extra-label" use of antibiotics in poultry flocks was distributed to all producers. Producers are required to carefully read the label and follow the directions exactly when medicating their flocks. It is strongly recommended that a veterinary diagnosis be obtained before instituting treatment.

BROILER HATCHING EGGS

Fertility

Fertility of hatching eggs from Saskatchewan broiler breeder flocks was shown to be 88%. Even though this compares well with the national average, improvement is attainable. This relates to overall improvement and most importantly the decline that occurs in breeder flocks after 45 weeks of age. Poultry Extension addressed this topic by stressing the importance of good male management practices.

Male management has an important role in the fertility of breeder flocks. Body weight, carcass composition, and male:female ratio will all affect fertility. It is important to physically handle males during growing and the reproductive phase to determine body weight and body frame. Male:female ratio is important as it will affect male behaviour. A low ratio of males will increase the risk of low fertility due to a reduced frequency of mating. Too many males will increase competition and aggression among males, which stresses females and results in less females being successfully mated. Following the recommendations from the primary breeders and adapting them to particular situations can improve fertility in breeder flocks.

Floor eggs

Floor eggs were more likely to become contaminated and contribute to reduced egg hatchability and chick quality. Some producers have reported increased numbers of floor eggs. This caused substantial economic loss for producers and increased labour. Training hens to jump up and down during the growing period will lead to increased nest use. This can be accomplished by placing elevated slats along the walls in the pullet barns. Having an adequate number of non-shiny nests in the production barn will decrease the numbers of floor eggs.

Bio-security

Some broiler breeder producers are introducing roosters from other farms for "spiking" without consideration for possible disease transmission. Proper biosecurity procedures were strongly recommended.

Bio-security is an important part of the management in broiler breeder production. Controlling exposure to humans, other animals, and vehicles will minimise the risk of disease outbreak on the farm. Cleaning and disinfecting between flocks, proper sanitation in the egg handling area will improve returns to producers. In order to reduce the risk of disease outbreak, it is strongly suggested to raise extra males for spiking on the farm. The practice of spiking males to maintain fertility in breeder flocks with birds from other farms needs to be done with extreme caution. Farms which import males from other production sites, need to

ask the following questions before bringing "foreign" birds into their barns:

- Disease situation on farm of origin
- Vaccination program on farm of origin
- Body weight and carcass composition of "spikers"

BROILERS AND ROASTERS

First week chick loss

A survey of first week mortality began in the fall with the collaboration of Lilydale. Results from post mortems on dead and culled birds indicated that yolk sac infection (56%) and birds without access to feed, water or both (15%) are the main causes of early chick losses. Yolk sac infection is associated with hatching egg sanitation and hatch conditions. The lack of feed and/or water consumption may have been related to brooder management. It is important to provide adequate access to feed and water and a proper environment to young chicks. Any hindrance to optimal body weight by 7 days of age can result in reduced body weight at market age.

Cleaning and disinfection

Monitoring bursal size and blood sampling at processing indicated the presence of infectious bursal disease (IBD) virus on many chicken barns. IBD virus compromises the chickens immune system making them more vulnerable to other infections and negatively affect performance as well. Most Saskatchewan broiler producers practice all-in/all-out production with new litter for each flock. Proper cleaning and disinfection procedures will ensure that each new flock has minimal or no exposure to IBD virus at placement. Minimising viral number or eradicating IBD ensures that chickens remain immunocompetent as long as possible.

Cleaning and disinfecting are two important steps in the poultry industry. Barn clean out and control of rodents, flies and other insects are necessary to prevent the spread of diseases from flock to flock. We strongly encourage cleaning and disinfecting barns after each cycle.

Recycling of litter

Due to a shortage of straw in some areas of the province, some producers recycled litter for a few cycles. This technique is regularly used in the USA, but it has some disadvantages. In particular, the barn can not be cleaned and disinfected properly and ammonia production in the barn may be above acceptable levels. If producers decide to recycle their litter, we strongly encourage the use of litter treatment products. These products decrease litter pH and this reduces both the bacterial challenge and the ammonia in the barn. Treatment is usually done between flocks but can also be done with birds in the barn as well. A few litter treatment products were commercially available.

Feed ingredients

Producers manufacturing their own feed have looked at different ingredients in

the past year to decrease feed cost. A partial list of these ingredients is as follows:

Canola seeds. Green canola seeds caused by frost damage are unacceptable for human food but do not pose any concern to poultry. Whole canola seeds contain 40% oil, 60% meal and 21% crude protein with an AME of 4650 kcal/kg. Processing (preferably pelleting or extrusion) is required to release oil and make nutrients available. If hammer milling or using a roller mill, it is recommended that the canola seeds be mixed with wheat or corn before processing. The presence of the grain will absorb the oil released by the seeds. The maximum dietary incorporation is 5% during the starter phase and 10% for older birds. Seeds can be tested for oil and protein to establish nutrient content and improve the accuracy of diet formulation.

Wheat screenings. Wheat screenings can be used in broiler diets. Research done at the University of Saskatchewan indicates that the botanical and nutritional composition of wheat screenings varies between samples but that can replace a portion of the wheat in balanced broiler chicken diets. We recommend testing the samples for protein and botanical composition. The samples used during the experiment contained 15% crude protein and 3050 kcal/kg AME. Producers interested in wheat screenings may contact the Poultry Extension personnel for assistance on this matter.

Acidulated fat. Acidulated fatty acids are a by-product of the vegetable oil refining industry. This product is rich in energy, approximately 8800 kcal/kg, however, its digestibility is less than vegetable oil and is similar to canola oil. This product may be worth considering for economical reasons.

Flax products. There are a few products available for poultry producers which contain flax. Due to the mucilage on the endosperm of the seeds, maximum limit of incorporation is 8% of the diet.

Canola/pea product. Products containing a mix of canola and peas are rich in protein and energy. Extrapro is one such product available in Saskatchewan. This product contains 22% protein, 4200 kcal/kg for AME and 21% fat. A maximum level of incorporation of 5% and 10% of the diet is recommended during the starter and grower, respectively.

Corn. In the past year, the price of corn has allowed Saskatchewan producers to incorporate corn in the broiler diets. The presence of pigments in the corn can darken the skin of the chicken at processing. This can be a problem for western Canadian markets and therefore a maximum of 20% corn should be used in the finisher diet. The starter diet may contain 40% or more corn.

Heated soybean seeds. Heat-treated whole soybeans provide an excellent source of energy and protein. This product contains 33% protein and 3300 kcal/kg AME. Heat treatment is necessary to destroy anti-nutritional factors (trypsin inhibitors, lectins) and improve overall digestibility of the product.

Attention should be paid to the heating treatment. Over-cooked seeds will have a decrease in amino acid digestibility and under cooked seeds will cause a reduction in performance. A maximum of 15% of the diet is recommended for the starter phase and 20% for older birds.

Whole grains in broiler diets. Some producers are adding whole wheat to their chicken feed. Producers adding whole grains to their diets, most commonly wheat, should pay particular attention to the dilution of nutrients and medication caused by this practice. Adjustment of the minerals/vitamins and medication, according to the quantity of whole grain added into the diet, should be considered to avoid nutritional deficiencies and/or risk of disease. In cases of high dilutions, the level of anti-coccidial can be diluted to a point where protection against the disease is not attained and coccidiosis outbreaks can occur in the flock.

Nutrition workshop

The Poultry Extension Service organised a nutrition workshop in June 2002 for chicken producers. The following subjects were presented: feed ingredients for chicken diets, whole grains in broiler diets, feeding program for broilers, amino acids requirements in broilers and medications in broiler production.

TURKEYS

Carcass quality

Lilydale acquired the services of Telemetric to improve carcass quality in turkey production. The technology and expertise from this company should give an advantage to the processor and the producers. It is important, however, that observations and results on carcass quality are passed to the producers in order to maximise the benefits of using Telemetric technology. It is the interest of both producers and the processor to improve carcass quality in turkey flocks and to maintain quality during the 12 months of the year. The work of the poultry extension personnel can be improved and more efficient at helping producers if they are granted access to the Telemetric results.

Condemnation

Saskatchewan turkey production had a total condemnation of 0.575%, 0.535% and 0.452 for 2000, 2001 and until September of 2002, respectively. For comparison, for the same period, the Canadian turkey industry reported total condemnation of 1.474%, 1.466% and 1.199%. The main causes of condemnation in Saskatchewan were: cellulitis, air sacculitis, and cyanosis. Again, Saskatchewan values are below the national average for all causes of condemnation for the period studied. For detail on condemnation see the table below.

Turkey condemnations (%) for Canada and Saskatchewan 2000-2002 (values from CFIA)

| | <u>2000</u> | | <u>2001</u> | | <u>2002</u> | |
|-----------------|-------------|-------|-------------|-------|---------------------|-----------------|
| | Canada | SK | Canada | SK | Canada ¹ | SK ² |
| Abscess | 0.074 | 0.046 | 0.109 | 0.032 | 0.086 | 0.028 |
| Air sacculitis | 0.191 | 0.051 | 0.176 | 0.052 | 0.104 | 0.027 |
| Bruising | 0.056 | 0.013 | 0.058 | 0.016 | 0.056 | 0.009 |
| Cellulites | 0.313 | 0.163 | 0.301 | 0.185 | 0.302 | 0.108 |
| Contamination | 0.064 | 0.006 | 0.060 | 0.005 | 0.048 | 0.005 |
| Cyanosis | 0.186 | 0.113 | 0.196 | 0.088 | 0.166 | 0.124 |
| Emaciation | 0.112 | 0.051 | 0.121 | 0.041 | 0.088 | 0.046 |
| Total condemned | 1.474 | 0.575 | 1.466 | 0.535 | 1.1994 | 0.452 |
| DOA | n/a | 0.116 | n/a | 0.143 | n/a | 0.139 |

¹ until July 2002; ² until September 2002.

TABLE EGGS

Salmonella program

The Saskatchewan Egg Producers continue to test all flocks for Salmonella in general and more specifically *Salmonella enteritidis* (SE). No SE was found in Saskatchewan egg flocks. However, there was an increase in the number of flocks testing positive for Salmonella during the 2002 period when compared with the last three years, 16.0% vs. 13.6% and 14%, for 2002, 2001 and 2000, respectively.

Salmonella survey of Saskatchewan egg production flocks

| Year | # of flocks tested | Positive flocks ¹ | | # of <i>Salmonella</i> strains |
|------|--------------------|------------------------------|------|--------------------------------|
| | | # | % | |
| 1997 | 108 | 39 | 36.1 | 9 |
| 1998 | 108 | 36 | 33.3 | 11 |
| 1999 | 88 | 19 | 21.5 | 4 |
| 2000 | 83 | 12 | 14.0 | 6 |
| 2001 | 88 | 12 | 13.6 | 4 |
| 2002 | 81 | 13 | 16.0 | 10 |

¹ No flocks positive for *Salmonella enteritidis*.

In 2002, ten strains of salmonella were reported. *Salmonella mbandaka* continues to be the most common type of salmonella found in Saskatchewan. The other strains of Salmonella reported during 2002, were *Salmonella rissen*, *infantis*, *hadar*, *manhattan*, *branenderup*, *heidelberg*, *typhimurium* and *agona*.

Grading and shell quality

Concern was expressed by some producers in regard to the number of undergrade eggs being produced. Specific gravity tests and egg candling were used on one farm in order to determine the cause of down grades. To maintain shell quality, calcium requirement must be adequate in the diet. Adjustments in calcium levels need to be done according to age, daily production and feed intake of the flocks. Mechanical cracks can be responsible for a large proportion of down graded eggs and producers should ensure proper maintenance of egg collection equipment. Particular attention needs to be taken during loading, transportation, unloading and at the grading station to avoid mechanical cracks. Producers with concerns regarding egg grade out should communicate with their grading station and the Poultry Extension personnel.

Amino Acid requirements

A study financed by the Saskatchewan Egg Producers on amino acid

requirements in laying hens is taking place at the University of Saskatchewan Poultry Centre. This experiment is designed to determine lysine requirement in laying hens fed wheat diets and the efficacy of phase feeding protein (lysine) in laying hen operations.

Nutrition workshop

The Poultry Extension organised a nutrition workshop in June 2002 for chicken producers. The following subjects were presented: feed ingredients for layer diets, whole grains in layer diets, feeding programs for layers, and economics of laying hen nutrition.

BUDGET REPORT (2002)

| | |
|---------------------------------|---------------------|
| BALANCE, JANUARY 1, 2002 | \$ 39,939.00 |
|---------------------------------|---------------------|

| | |
|------------------------------------|----------------------|
| INCOME, SPONSORING AGENCIES | \$ 159,738.00 |
|------------------------------------|----------------------|

EXPENSES

| | | |
|--------------|----------------------|----------------------|
| Salaries | \$ 114,757.00 | |
| Travel | \$ 13,525.00 | |
| Telephones | \$ 747.00 | |
| Consumables | \$ 1,810.00 | |
| TOTAL | \$ 130,839.00 | \$ 130,839.00 |

| | |
|---------------------------------|---------------------|
| BALANCE, JANUARY 1, 2000 | \$ 68,838.00 |
|---------------------------------|---------------------|

BUDGET PREDICTIONS

| | 2003 | 2004 |
|--------------|----------------------|----------------------|
| Salaries | \$ 135,000.00 | \$ 139,043.45 |
| Travel | \$ 20,000.00 | \$ 20,000.00 |
| Telephone | \$ 1,000.00 | \$ 1,200.00 |
| Consumables | \$ 4,000.00 | \$ 4,000.00 |
| TOTAL | \$ 160,000.00 | \$ 164,243.45 |

Proposed BHE Budget for 2003

| | 2003 | 2002 |
|--------------------------------|---------|---------|
| Expenses | | |
| Professional Fees ¹ | 55,000 | 40,000 |
| Amortization | | |
| Extension Program | | |
| Office Supplies and Postage | | |
| Subscriptions | | |
| Telephone | 100 | 200 |
| | 4,500 | 7,200 |
| | 4,500 | 4,500 |
| | 4,000 | 6,000 |
| Administrative Support | 7,500 | |
| Secretary's wage | | 6,000 |
| Rent | 10,000 | |
| | 1,000 | 3,000 |
| | 1,200 | 1,200 |
| | 1,800 | 1,000 |
| | | |
| | | |
| Revenue | | |
| Levy Fees(173,000@\$0.60) | 103,800 | 103,800 |
| Annual License Fees | | |
| Interest and Misc. | | |
| Total Revenue | | |
| | | |
| | | |

¹ Professional fees include Legal, accounting and other professional fees

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