

GENERAL MANAGER'S REPORT

The year ending August 30th was highlighted by a series of unpredictable events.

Without question, the most noteworthy was the tragic events of September 11th which not only altered the course of history but made us realise how uncertain North American and international markets can be. The next morning saw our office in a series of emergency telephone conference calls with government, traders and our sister provinces (led by the Canadian Pork Council) concerning actions that were or might be required if we faced a long-term trade and border disruption.

Fortunately, we got by 9/11 with trade normalising between Canada and the U.S.—however—we did not escape the clutches of the protectionist thrust that followed with the introduction of the U.S. Farm Bill in May. Foreign policy south of the border has shifted (from expanding free trade and diplomatic pushing over Chinese human rights violations) to aiming at production and trade distorting subsidy programs that perversely threaten the Canadian agri-food industry. One consequence of the Farm Bill is the Country of Origin labelling provision and its implementation, that at time of writing, has baffled both the U.S.D.A. and Canada. The longer-term hurt that is still being studied is that the Bill is structured to give a feed cost advantage to the U.S. livestock industry. Our federal and provincial governments must react to protect our feeding industry against all trade hurts in this Bill. The challenge we face will be to get our governments to rise to our defence.

The second most noteworthy event, which took us through our year-end of August 30th, was close to home—the Alberta drought that has created a feed and fibre crisis. Also, a five-week period through August saw our hog price drop in half—the rate of which was a record decline, resulting in the lowest August hog price since 1971!

These events serve to remind us of the need for systems that are, or must be, designed to protect our growth and provide stability to our markets. We

need each other. We cannot face the world alone. We need the help of associations such as the Canadian Pork Council, Canada Pork International, Alberta Farm Animal Care, Canadian Quality Assurance and Alberta Quality Pork, and the numerous services and programs brought to us by the various levels of Canadian, provincial and municipal governments. The list is long. Yes, we need a strong producer organization — Alberta Pork.



Ed Schultz, General Manager

Canada Pork International

An important example of a needed association that helps us, and in which we actively participate, is Canada Pork International (CPI). You may not think it touches your everyday life, but it most certainly does.

With the help of CPI, Canada is now the world's largest pork exporter, selling more than fifty percent of our Canadian production in foreign markets. CPI is described by its Manager, Jacques Pomerleau of Ottawa, as the export market development agency of the Canadian pork industry. It's specific mission is to promote our industry internationally and seek better

access on world pork markets for Canadian pork products. CPI fulfills its mandate in a very effective manner and has won the respect of not only the Canadian industry, but of our chief world competitors, the Americans and the Danes.

Without CPI we would not have achieved the world status we enjoy and we would be more vulnerable and less secure. It's hard to believe that Canada was a net importer of pork in the mid-1970's. Because of the various systems we have organized with government and industry (CPI being one of them), the Canadian export achievement is a remarkable story.

However, we remain vulnerable to all sorts of external and internal events that we must be prepared for.

There are environmental concerns, animal care concerns, food safety concerns, foreign animal disease threats, plant diseases (such as Fusarium), trade access and economic concerns (such as property taxation). The list is long and it includes social sustainability concerns. Sometimes there are crisis concerns that the industry must react to. For example, what do we do in the event of an unforeseen stranding of 5 or 6 loads of slaughter hogs at the U.S. border on a given day? We have to have a plan to deal with this sort of thing, like it or not, and we must plan as a group for such. No individual can face this sort of event alone. We must deal with this as a group with as much advance planning as possible (and Alberta Pork is a part of this process through the Foreign Animal Disease Eradication Support Plan (FADES)).

Ambassador Program

At the end of last year, we talked to you about the Alberta Pork Directors and Delegates recognizing the need for a program of social sustainability and greater communication between producers and others that will build strong relationships between pork producers and communities, as well as respond to issues. That need will now start to be met with the July introduction of the Ambassador Program. You can learn more about it in this Annual Report.

Staff and New Offices

On September 1, 2001, Alberta Pork moved to a new office location on Edmonton's south side. This was particularly good news for our Board of Directors who have regained their boardroom. Almost three years ago, our Directors gave up their boardroom to Alberta Quality Pork and Canadian Quality Assurance for much needed office space. Again, I thank our Directors for their sacrifice. The Alberta Pork team appreciated it. Given that our new office had more space than we required, we have leased that extra space to the Alberta Turkey Producers. As a result of sharing our office space, we are also able to share some other services and costs to our mutual economic benefit. Our new boardroom is used extensively throughout the year by many industry groups.

Subsequent to August 31, 2001, Alberta Pork sold its old Edmonton office building, on Princess Elizabeth Avenue, to the Western Hog Exchange.

On February 1st, we welcomed Bill Mullen to our staff as Field Services Specialist. Coming from the Western Hog Exchange, Bill brings a wealth of industry experience that has strengthened the Alberta Pork team.



Bill Mullen

The Future

Alberta Pork has worked hard over the past turbulent year to ensure that our members are well-served. We will do the same in the coming year.

In the past year, one of our efforts secured stable and secure electrical costs (the IQ2 Power purchases) for those producers who wished to take part. We will continue to seek this sort of thing in the future. Watch for future opportunities in other service areas.



Ed Schultz,
General Manager