

# 2020-21 ANNUAL REPORT



The background of the page is a solid blue color. In the center, there is a faint, semi-transparent image of a cow's head and neck. The cow has a white tag hanging from its ear with the number '6880' printed on it. In the bottom right corner, there is a partial view of a glass filled with white milk.

# Mission

Collaborating to build a thriving industry that produces high-quality milk and dairy products within Canada's supply managed system.

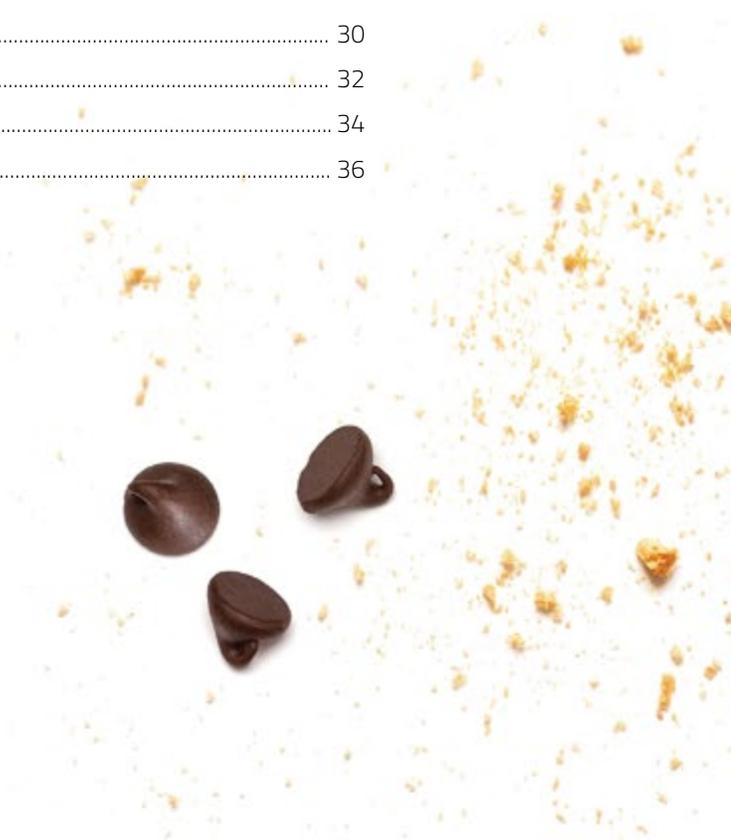
# Vision

Strategic partner in Canada's dairy industry.



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# THE WAY THE CO

**494**  
PRODUCERS



PRODUCED OVER  
**835 M**  
LITRES OF MILK



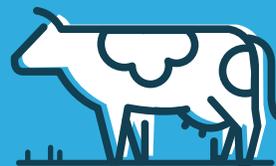
PRODUCED OVER  
**35,000,000 KG**  
OF BUTTERFAT

 **8.83%**  
OF CANADIAN  
MILK PRODUCTION



**CENTRAL MILK  
TESTING LAB**

began renovations to move into  
the Alberta Milk office



**72%**

of producers qualified for the  
monthly milk quality bonus

Milk trailers operated at



**93.1%**  
EFFICIENCY



LOWEST SOMATIC CELL  
AVERAGE SINCE

**1998**

# OKIE CRUMBLED



**Hanna Holstein**  
joined the  
Alberta Milk team

gained

**4,415**

followers

**17,800,000**

impressions between Twitter,  
Instagram and Facebook



Alberta Milk funded

**6 RESEARCH  
PROJECTS**

and co-funded

**3 ADDITIONAL  
PROJECTS**



over

**500k**

page views received on  
**albertamilk.com**

**MILKING TIMES  
WAS RETIRED AND**

**BI-WEEKLY E-BLAST UPDATES  
WERE INTRODUCED**

We reached over



people on Facebook

**10%**

increase in the  
number of  
followers on  
Facebook

**22%**

increase in the  
number of  
followers on  
Instagram



**WESTERN  
MILK POOL  
DEVELOPED A 3-YEAR  
STRATEGIC PLAN**



# Chair's Message

STUART BOEVE

This past year has taught me that you can't fix new problems with old solutions. The 2020-21 year will go down in the history books, but not simply for being a year of challenge, but for being a year of growth. Growth can be masked as frustration, uncertainty, or hopelessness, but growth also brings renewal, new perspectives, and new ideas. This past year has challenged the board to hyper-focus on robust leadership and turn challenge into opportunity.

As the pandemic continued, we have seen many opportunities and silver linings. One was the continued resiliency of our farmers. They continually illustrated their ability to adapt to the changing market, and this year has certainly brought that. From changes in production, to new on-farm COVID-19 precautions, to planning for the new proAction® module, they tackled it. On top of it all, our farms' continuing attention towards high milk quality resulted in the lowest somatic cell rate in nearly 25 years. I'm proud to be a

part of supporting the nearly 500 hardworking farms and families across the province; they are truly at the foundation of every decision the board makes.

Their work and the work of other partners in the dairy industry has helped support the struggling economy. Economically, we continued to sustain about 15,000 jobs and contributed \$1.5 billion towards Alberta's GDP. Our supply managed system is something our farms are pleased to continue to operate under due to its ability to mitigate risk and provide predictability. It's something we are proud to continue to protect with a national voice.

Driven by Dairy Farmers of Canada, our national strategies are vital to the sustainability of our industry. Trade, for example, was and continues to be an important issue. Our industry advocated for compensation for market loss and \$1.4 billion was announced to



***"I'm proud to be a part of supporting the nearly 500 hardworking farms and families across the province; they are truly at the foundation of every decision the board makes."***

farmers to mitigate previous trade agreements in December. Although dairy farmers' preference is always to get our return from the market, I appreciated the federal government for their mitigation of our loss of market. Our work continues here as the Canada-United States-Mexico Agreement (CUSMA) was ratified and our industry lost more market share. As national issues continue to take a forefront to provincial ones, our work as a group of Canadian dairy farmers is strengthening.

Another important achievement from this past year has been our deeper collaboration with others in the supply chain. As we continued to experience uncertain markets, each of us has turned to support and depend on each other. The Canadian dairy industry is changing and I'm proud to help Alberta continue to grow and change with it. Our relationship with processors is one that we continue to value as they too have been deeply impacted by the changing markets from COVID-19 restrictions. The Alberta Milk Board continues to make our work with the Western Canadian Dairy Council a priority to better understand mutual needs.

Our relationship with the Western Milk Pool (WMP) is also a very important one. Although it has existed since the late 1990s, our relationship with our western provinces has supported us through this past year and has also reinforced the board's dedication to working as one entity through harmonization. The WMP's vision is appropriately "best in dairy" as we work towards a prosperous Western Canadian dairy industry with a single voice. Representing about 25 per cent of Canada's production, the WMP represents an important partner in the national milk system.

Our work on Dairy Innovation West, a state-of-the-art milk concentration facility planned to be built in central Alberta, is an excellent example of our success of working together. I look forward to construction beginning on this WMP project in 2022.

I can promise that when we come out of this pandemic, things will not be like they were before. We will work closer and more strategically with our stakeholders, have better harmonization with the WMP, tackle issues as a group of Canadian dairy farmers, and be increasingly able to adapt to change and growth.

I would like to express my thanks to all my fellow board members for fearlessly tackling leadership this past year as we all get a little bit more comfortable conversing over Zoom calls. I also want to thank Freda Molenkamp-Oudman, our general manager, for leading staff through this time of change and adversity. I'm always reminded about the incredible people and organizations that help drive and grow this industry forward.

Sincerely,

*A. Boeve*



# General Manager's Report

FREDA MOLENKAMP-LOUDMAN

As I write my general manager's message, the leaves have turned a myriad of beautiful colors and harvest is in full swing. Autumn truly is the season that teaches us that change can be beautiful.

Reflecting on the past twelve months, our industry has continued to face many challenges – many of which were a continuation from the previous year (and years) and there were also new emerging situations that the industry had to tackle. Throughout it all, we had to change – change our mindset, our thinking, and our behaviours. We've had to stretch and try new things, we had to adjust our attitudes, challenge some of our long-standing assumptions, and become more intentional with our actions and decision-making.

Our partnership with the Western Milk Pool (WMP) is a relationship we have had the privilege to grow this past year. As a WMP, we are stronger in working with our partners in the supply chain,

in understanding how we can work better with the P5, and in serving our producers. We have identified and achieved several common goals, one being shifting our thinking from being a pool of provinces to becoming a pool of producers. There are greater efficiencies and effectiveness that can be gained by working collaboratively and seeking harmonization where it makes sense. I'd like to extend my appreciation to the three other general managers in the WMP for their great collaboration in working toward achieving a new vision for the future. We have also spent a significant amount of time this past year updating the Western Milk Pooling Agreement and ensuring that this Agreement is structured to support increased future collaboration and emerging governance structures.

Another important relationship we have focused on strengthening is our relationship with processors. We are working closely with processors on issues like milk quality and advocating for the Retailer



***“I hope that we will be able to embrace our new realities, learn from them, and maybe even see the beauty in it all.”***

Code of Conduct. This past year we met individually with several of the processors to better understand their challenges and their plans for the future. It is exciting to hear the optimism of our processors despite the many hurdles they are managing, including the on going impacts of COVID-19 and increased dairy product imports due to international trade agreements. Sometimes it is easy to focus on the differences between processors and producers but in reality, there are many areas of common ground. By focusing on our areas of similarity, we also start to shift positions of difference.

Dairy Farmers of Canada (DFC) continues to be another key stakeholder and partner. Operating under a national strategy is key for the sustainability of our industry. Gone are the days of provincial only thinking. It doesn't take long to identify reasons why taking a national approach will help us into the future. The Canada-United States-Mexico Agreement (CUSMA), for example, has moved us to a national pool for revenue sharing – recognizing the fact that trade agreements don't just affect some provinces – they affect our whole industry. This past year we have also continued to see the benefit of partnering with DFC for our marketing and promotions work. Consumer recognition for the Blue Cow logo continues to increase, making it easier for more and more Canadians to seek out high quality Canadian products.

This past year we have again seen how consumers' perceptions can shift – and can do so quickly. Our industry was faced with the palm fat supplement issue and we had to apply new thinking to understand our consumers' mindsets. The consumer is king – and we have to understand their motivations, values, and needs. While this may be uncomfortable, we must always remember that without our customers, we have no industry.

Alberta Milk was formed over 20 years ago as a marketing board under the *Marketing of Agricultural Products Act*. Alberta Milk is no longer the same organization today and that's a good thing. Change means that there has been growth, new learning, and things have moved forward. It is healthy to change and adapt to new ways of doing things. What will always remain constant is that Alberta Milk is a producer-led organization that is solely focused on moving the dairy industry forward.

I want to extend my sincere appreciation and thanks to the Alberta Milk staff for navigating through another year of change. Working at home and incorporating new technology to keep us connected has taken its toll on us all, but their resiliency and dedication to serving producers always remained top priority. I also wanted to acknowledge the board for their leadership through these changing times. Even though there have been many challenges, we have moved forward together as an industry.

As I look ahead to the next twelve months, change will be a constant. I hope that we will be able to embrace our new realities, learn from them, and maybe even see the beauty in it all.

Sincerely,





# Governance

Alberta Milk is governed by a board of directors (board) elected from a delegate body to represent the interests of all licensed dairy producers in Alberta. The province is divided into three regions: north, central and south. Each region is represented by an elected delegate body that forms the region's committee. The delegates support grassroots communication with producers and provide advice to the board on issues of importance to the industry. The board sets policy and outlines the strategic direction of the organization through the strategic plan. The board also works collaboratively with our regional and national partners to build a thriving dairy industry within Canada's supply managed system.

## DELEGATES

There are 30 delegates, ten within each region, that are elected to represent producers. We welcomed five new delegates this year: Alan Oudshoorn, Ben Kuipers, David Morey, Dustin Grisnich, and Martin Van Diemen Jr. We said goodbye and thank you to Jordan Schuurman and John van Driesten for their service as delegates.

## DIRECTORS

The board is comprised of 11 directors: six elected as region directors and five elected at large. This year, we welcomed three new members to the board in November 2020: Wim van de Brake as a director at large, JP Brouwer as a central region director, and Mike Vanden Dool as a south region director.

Alberta Milk would like to acknowledge and thank outgoing directors Tom Kootstra, Albert Kamps, and Martin Van Diemen Sr. for their dedication and service to the industry.

## GOVERNANCE CHANGES IN 2020-21

In fall 2020, the board undertook a comprehensive governance review, which resulted in a number of key changes to Alberta Milk's governance practices:

- An Interim Governance Committee was created to review and update the governance structure of Alberta Milk, including the mandate and structure of committees.
- The Corporate Affairs Committee was disbanded effective November 18, 2020, and it was decided that the membership of remaining committees would remain status quo for the year while the review was underway.
- A set of governing policies were created and adopted by the Board to enshrine current best practices and create additional clarity on protocol where necessary.
- An increased number of delegate workshops were held in January, March and May, with a focus on strategic issues like:
  - Building capacity in understanding the fundamentals of governance;
  - Learning more about the increasing impact of interprovincial and national strategy and decision-making on Alberta;
  - Considering alternative governance structures to support Alberta as a key player in the broader dairy industry; and
  - Enhancing engagement with the producer body at a grassroots level.
- Succession planning and training of delegates was accomplished through these delegate workshops, as well as orientation sessions offered to all new delegates.

# Board of Directors



Stuart Boeve  
*Chair*  
South Region



Gert Schrijver  
*Vice Chair*  
Director at Large



Greg Debbink  
*Second Vice Chair*  
North Region



JP Brouwer  
Central Region



Gerrit Haarman  
Director at Large



Heini Hehli  
Director at Large



Gezinus Martens  
North Region



Wim van de Brake  
Director at Large



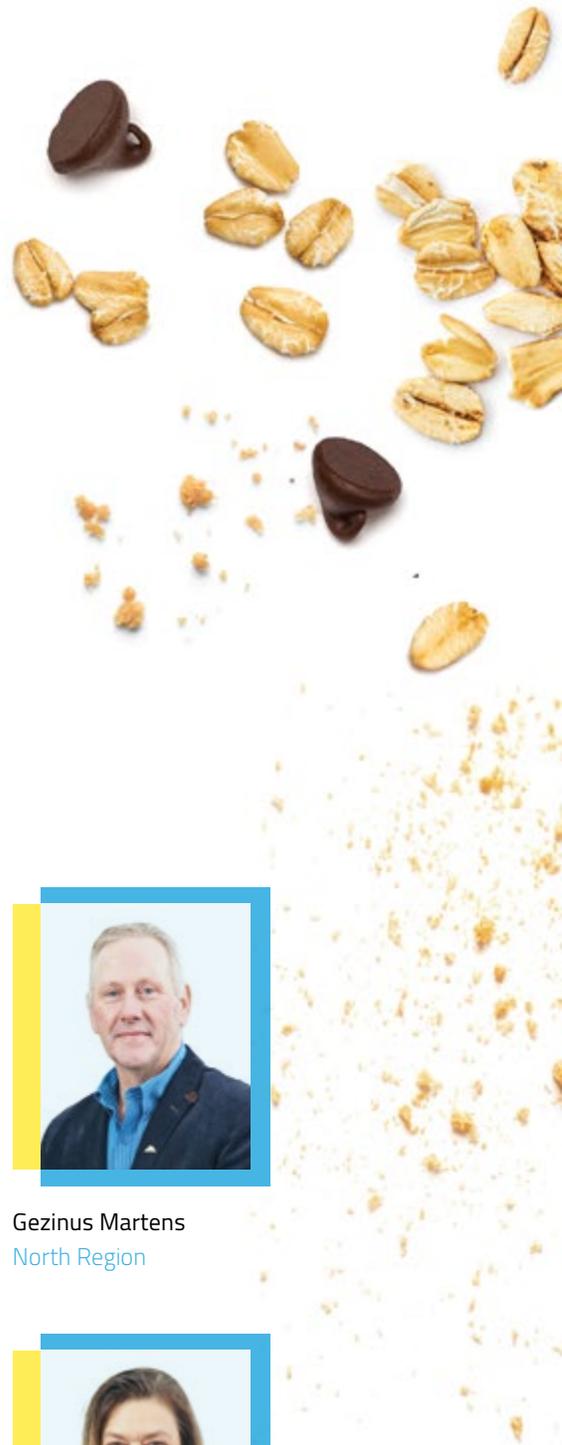
Mike Vanden Dool  
South Region



Conrad Van Hierden  
Director at Large



Miranda Verhoef  
Central Region



## 2020-21 DELEGATE LIST BY REGION



### Central

Ben Kuipers  
Cornel van't Klooster  
Devon Simmelink  
Gert Schrijver  
Heini Hehli  
JP Brouwer  
Miranda Verhoef  
Tietsia Huyzer  
Willem Vanderlinde  
Wim van de Brake



### North

Alain Lavoie  
David Morey  
Gezinus Martens  
Greg Debbink  
Jason Crozier  
Jason Rietveld  
Joel Prins  
Lorrie Jespersen  
Michael Roth



### South

Alan Oudshoorn  
Conrad Van Hierden  
Cregg Nicol  
Dustin Grisnich  
Eric Vanderveen  
Gerrit Haarman  
Martin Van Diemen Jr  
Michael Vanden Dool  
Stuart Boeve  
Tim Hummel

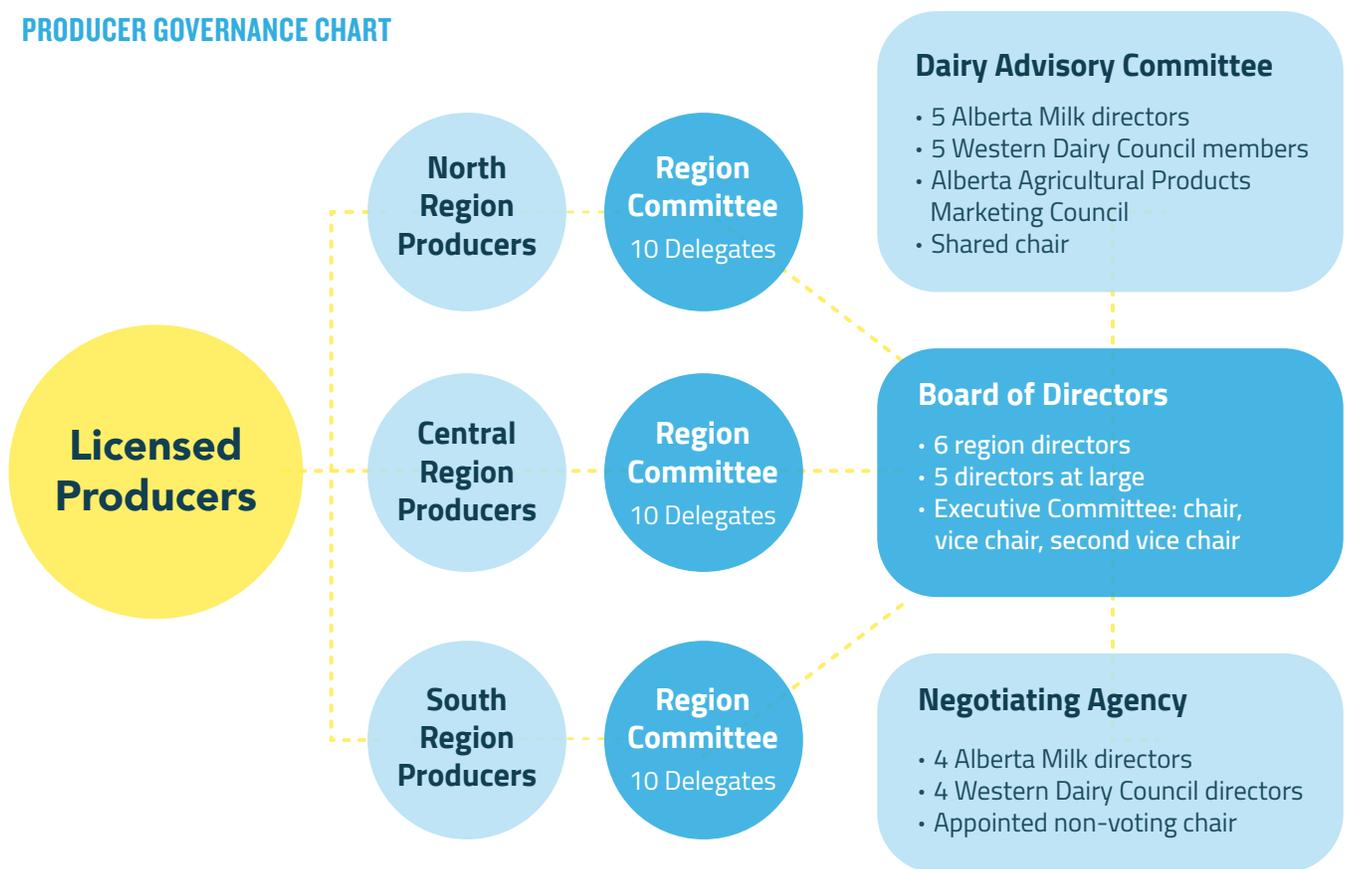
We welcomed five new delegates this year: Alan Oudshoorn, Ben Kuipers, David Morey, Dustin Grisnich and Martin Van Diemen Jr. We also said goodbye to Jordan Schuurman, John van Driesten, Martin Van Diemen Sr, Albert Kamps and Tom Kootstra. Thank you to everyone for their service as delegates.

## 2020-21 COMMITTEES

Committees	Members
Animal Health and Environment Committee	Heini Hehli, Jason Crozier, Jason Rietveld, Lorrie Jespersen, Mike Vanden Dool, Miranda Verhoef, Wim van de Brake
Finance Committee	Alain Lavoie, Conrad Van Hierden, Gezinus Martens, Joel Prins, Tietsia Huyzer
Dairy Advisory Committee	Gert Schrijver, Greg Debbink, Stuart Boeve
Interim Governance Committee	Conrad Van Hierden, Gerrit Haarman, Gert Schrijver, Gezinus Martens, Greg Debbink, Heini Hehli, JP Brouwer, Mike Vanden Dool, Miranda Verhoef, Stuart Boeve, Wim van de Brake
Market Development Advisory Committee	Conrad Van Hierden, Eric Vanderveen, Miranda Verhoef
Research and Extension Advisory Committee	Cregg Nicol, Devon Simmelink, Gezinus Martens, Greg Debbink, JP Brouwer, Mike Vanden Dool, Tietsia Huyzer
Transportation and Measurement Advisory Committee	Gerrit Haarman, Heini Hehli, Tim Hummel, Willem Vanderlinde, Wim van de Brake



## PRODUCER GOVERNANCE CHART



## REVIEWS AND APPEALS

A review hearing may be requested by a person affected by any decision of Alberta Milk. If the applicant is unsatisfied with the outcome of the review, they can appeal the review decision to the Appeal Tribunal, as defined in the *Marketing of Agricultural Products Act*. Alberta Milk held one review and one appeal in 2020-21. Both were requested by producers.



# Milk Production

The 2020-21 dairy year ended with 494 dairy producers in Alberta. A total of 838,823,437 litres of milk was shipped, representing 8.83 per cent of Canadian milk production. The average butterfat content in Alberta was 4.2061 kg/hl, second to the record-high of 4.2124 kg/hl in 2019-20. As a result of the high butterfat density and milk volume, Alberta produced a total of 35,283,040 kg of butterfat in 2020-21. The volume of milk and total kilograms of butterfat produced in the province in 2020-21 were, again, the highest in history, making it another banner year for dairy production in Alberta.

The Western Milk Pool (WMP) incurred a total of 767,038 kg of underproduction penalties in the dairy year. Alberta's share was 264,540 kg (1,685,941 kg for the P5). The WMP ended the dairy year with a cumulative quota position (CQP) of -0.41 per cent underproduction (-0.51 per cent for the P5) relative to each pool's allotted Canadian Dairy Commission (CDC) quota. That brought Canada to a CQP of -0.72 per cent underproduction at the end of the dairy year.

Alberta produced a solids-non-fat (SNF) to butterfat (BF) ratio of 2.17 in the dairy year, which was once again well below the provincial SNF/BF ratio limit of 2.42.

The year's ratio was a slight increase (+0.24 per cent) from the 2.16 ratio for last year. The WMP's collective SNF and BF production resulted in an SNF/BF ratio of 2.18, which was also well below the pool's limit of 2.40 and it represents a 0.49 per cent decrease from last year's ratio of 2.19.

## QUOTA AND UNDERPRODUCTION CREDITS

Alberta's provincial Total Production Quota in 2020-21 was 35,663,344 kg of butterfat, an increase of two per cent from the 2019-20 level of 34,963,489 kg. Alberta Milk issued a total increase of 5.8 per cent in producer quota in 2020-21. There were three quota issuance adjustments for producers: a one per cent increase effective September 1, 2020; a three per cent increase effective October 1, 2020; and a 1.8 per cent increase effective December 1, 2020. The one per cent quota increases in September 2020 and two per cent (out of the three per cent) in October 2020 were issued to reinstate the quota decrease from April 2020 due to COVID-19. The remaining one per cent in October 2020 and 1.8 per cent in December 2020 were issued to ensure Alberta Milk met future market requirements.



The total amount of continuous daily quota transferred via the quota exchange in 2020-21 was 932.68 kg. Private quota transfers also amounted to 389.25 kg resulting in 19.46 kg of the privately transferred quota being surrendered to Alberta Milk. Private quota transfers were discontinued effective January 1, 2021 as all quota transactions must be conducted through the monthly quota exchange. Private transfers of quota as part of an immediate family transfer or going concern transfer are permitted subject to approval by Alberta Milk. Alberta producers transferred a total of 1,013,899.74 kg of underproduction credits among themselves in the 2020-21 dairy year.

### INCENTIVE DAYS

A total of 11 fixed incentive days were issued. Three incentive days per month were issued for October, November, and December 2020 and one incentive day was issued for January 2021.

The board also issued 15 incentive days per month to organic milk producers from August to December 2020. An additional 18 incentive days per month were issued from January to July 2021 in accordance with organic milk demand and projected growth of the organic market.

Producer Payment		
Year	2019-20	2020-21
Provincial Butterfat (kg/hl)	4.2124	4.2061
Provincial Protein (kg/hl)	3.2193	3.2192
Provincial Other Solids (kg/hl)	5.89	5.90
Pool Deductions (\$/kg)	0.01	0.03
Producer Butterfat price (\$/kg)	16.82	16.64
Producer Protein price (\$/kg)	2.59	2.56
Producer Lactose Other Solids price (\$/kg)	0.71	0.70
Average Milk Price (\$/hl)	83.38	82.38
Total Producer Revenue (\$)	680,498,039	689,156,255





## NEW ENTRANT ASSISTANCE PROGRAM

Alberta Milk coordinates the New Entrant Assistance Program (NEAP) each year to assist in alleviating costs of entering the dairy industry. Per the requirements of the program, the NEAP selection committee base their decision on the financial need of the applicant, the applicant's knowledge of the industry, as well as their likelihood of being successful long-term participants in the industry.

There were no successful applicants to the NEAP in 2021. Therefore, the board approved a comprehensive review of the NEAP and Alberta Milk's work in supporting all new producers to the industry. Under the terms of the program, successful applicants receive loaned quota to assist them in becoming established in the industry. Beginning in their eleventh year of participation in the program, the loaned quota begins to be reduced. Reduction of this loaned quota has been paused to allow for the review of the program to be completed.

## QUOTA MANAGEMENT ISSUES TEAM

The Quota Management Issues Team (QMIT) received input from producers in reviewing quota management policies and identifying options for the board's consideration. The QMIT membership consisted of Alberta Milk staff and up to three board members appointed by the board.

In the summer of 2020, the QMIT conducted technical analysis and cross-jurisdictional scans of quota policies across Canada and within other supply managed commodities in Alberta. They also reviewed the Quota Governance and Management Principles developed in 2017 by the Alberta Agricultural Products Marketing Council and the supply managed marketing boards. These principles are as follows:

- The marketing board has the full legal responsibility and accountability for quota that is allocated to the province.

- Quota is a producer's responsibility, authorized by the marketing board, to fulfill the market demand obligations of the industry.
- Producers have the full responsibility to be actively engaged in producing the quota that they have been allocated by the marketing board.
- Marketing boards cannot assign monetary value to quota.
- The intention of quota is to ensure the market demands for the regulated product are met in a timely and orderly fashion.

Producer information sessions were held to discuss the work QMIT had conducted. Following these information sessions, a producer survey was conducted in August 2020 and the board made the following decisions based on the responses to the survey:

- Producers can sell up to 10 per cent of eligible annual quota credits in a 12-month rolling period, subject to board ability to implement policies (which can include incentive days and credit day restrictions) to either incent or reduce production. This was implemented effective August 1, 2021.
- All quota sales and purchases (except for whole farm transfers and family transfers) must be transferred via the Quota Exchange. This change was effective January 1, 2021. (December 15, 2020 Quota Exchange deadline).
- The maximum bid to buy quota on the Quota Exchange remains at 30 kgs.



## CANADIAN MILK SUPPLY MANAGEMENT COMMITTEE

The Canadian Milk Supply Management Committee (CMSMC) is a national advisory body to the Canadian Dairy Commission (CDC) consisting of 10 voting provinces that make decisions on industrial production, quota, pricing of milk and program enhancements. A technical secretariat made up of member organizations from across Canada supports the CMSMC and the CDC in policy development and economic analysis.

The CDC approved a refund of \$1,250,000 for the 2020-21 dairy year of which Alberta producers received \$104,306 as part of the September producer payment pool.

## NATIONAL COVID-19 RISK MITIGATION

The dairy industry continued to struggle with the impact of COVID-19 due to the fluctuating consumer demands for dairy products. Additional struggles arose with adapting to the impact of dairy product imports resulting from various international trade agreements. A key risk management tool for Alberta producers was the adoption of an all-milk revenue and cost sharing agreement by the Western Milk Pool and the P5 pool (Ontario, Quebec, Prince Edward Island, Nova Scotia and New Brunswick) in June 2020. The purpose of the agreement was to extend the pooling arrangements so that all milk revenue was pooled among the 10 provinces.

The industry undertook a complete review of all revenue sharing agreements and regulations with an eye to modernization, while ensuring compliance with pricing and end-use milk classification requirements of the Canada-United States-Mexico Agreement, also known as CUSMA. The work is ongoing.

The milk component administrative prices used by the CDC increased 2.02 per cent in February 2021, based on the results of the national milk pricing formula and industry consultations.

## WESTERN MILK POOL

The Western Milk Pool (WMP) undertook a variety of activities throughout the year. A significant outcome was the development of a three-year Western Milk Pool Strategic Plan.

Below are highlights from the strategy:

**VISION:** The best in dairy.

**MISSION:** Leading, collaborating, and innovating to build a prosperous western Canadian dairy industry.

**PURPOSE:** To serve the dairy industry by being a singular western voice.

**VALUES:**

**Collaboration:** We are leaders who find solutions together.

**Excellence:** We are focused on giving our very best.

**Innovation:** We strive to continuously improve and explore new options.

**Sustainability:** We are building a strong foundation for our industry's future.

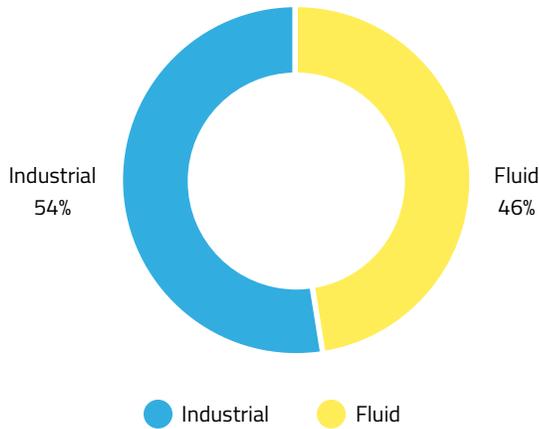
**GOALS:**

1. Drive sustainability for the dairy industry.
2. Provide the best quality milk for consumers.
3. Collaborate for efficiency and effectiveness.

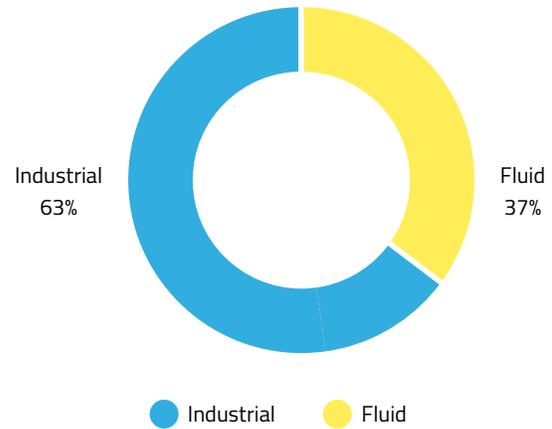
Significant progress was made in all areas of the strategic plan. Specifically, the WMP's key focus this year was the modernization of the Western Milk Pooling Agreement with a focus on governance and the development of centers of excellence. Centers of excellence are areas where harmonization in work within the pool exist across the western provinces. This work has already started within the Transportation Operations Group and the WMP Milk Quality committee.

Dairy Innovation West completed a design and engineering report and purchased land for the facility. The state-of-the-art facility will act as a transfer station where in-transit milk will be concentrated before being transported to its destination. The facility will be owned by the four WMP provinces and will be operated by a third-party contractor. The cost of the facility will be financed through transportation savings.

### WMP Fluid vs. Industrial Milk Revenue (L)



### WMP Fluid vs. Industrial Milk Volume (L)



### Western Milk Pool Sales for 2020-21 Dairy Year

Milk Sub Class	Volume (L)	Butter Fat (Kg)	Protein (Kg)	Other Solids (Kg)	Total Revenue (\$)
1A	754,510,656	15,765,504	24,827,140	45,609,892	\$710,044,739
1B	106,722,328	20,592,113	2,860,517	5,260,111	\$228,521,864
<b>Fluid milk</b>	<b>861,232,984</b>	<b>36,357,617</b>	<b>27,687,657</b>	<b>50,870,002</b>	<b>\$938,566,603</b>
2A	29,553,342	936,564	949,763	1,767,608	\$22,922,598
2B	36,423,066	6,517,641	990,021	1,825,107	\$76,413,124
3A	59,405,224	478,956	1,970,336	3,634,063	\$33,002,229
3B/C	736,438,403	27,731,993	23,827,572	43,703,432	\$602,989,849
3D	30,475,195	1,053,481	998,008	1,808,444	\$19,617,280
4A	538,000,140	23,326,878	17,187,478	31,485,381	\$327,689,704
4D	21,967,201	177,956	804,926	1,549,960	\$9,517,678
<b>Industrial milk</b>	<b>1,452,262,571</b>	<b>60,223,469</b>	<b>46,728,104</b>	<b>85,773,996</b>	<b>\$1,092,152,463</b>
5A	30,005,473	985,782	974,896	1,789,976	\$16,273,268
5B/C/D	18,686,306	2,903,765	521,368	966,271	\$17,746,598
<b>Class 5</b>	<b>48,691,779</b>	<b>3,889,547</b>	<b>1,496,264</b>	<b>2,756,248</b>	<b>\$34,019,866</b>
<b>WMP</b>	<b>2,362,187,334</b>	<b>100,470,633</b>	<b>75,912,025</b>	<b>139,400,246</b>	<b>\$2,064,738,931</b>

# Milk Quality



Alberta producers are committed to being a trusted source of quality milk. The provincial milk sample testing program reinforced producers' commitment by ensuring they have the data they need to manage their farms appropriately. Provincial compliance numbers demonstrated that producers were consistently achieving very high milk quality standards. These standards continue to assure Canadians that they are consuming quality milk.

## MILK SAMPLING

Milk sample test results are the building blocks of producer payment and milk quality bonus programs, as well as awards and penalties. Producers rely on several industry partners, including the milk transportation companies, dairy processors, couriers, and the Central Milk Testing lab, to collect and deliver samples for testing in a timely and controlled manner.

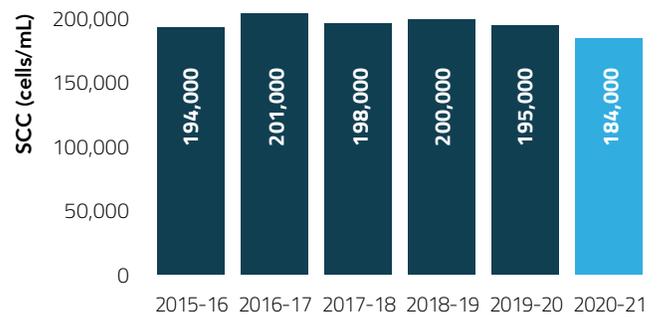
Sample Suitability and Testing	
Number of milk samples from shipments	100,050
Number of valid samples tested	97,640
Percentage of milk shipments tested	97.59

## MILK QUALITY INDICATORS

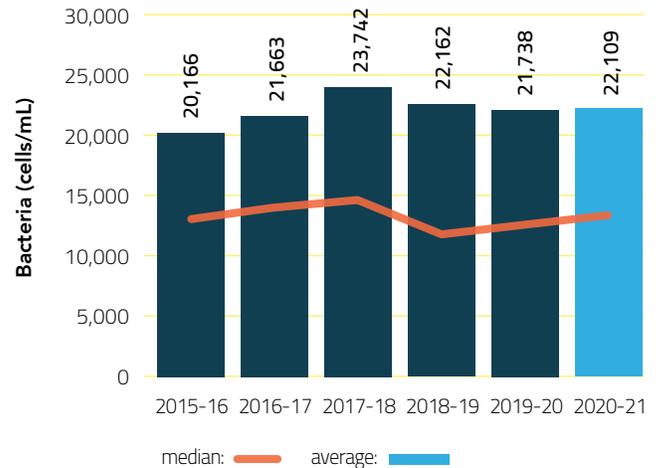
Raw milk quality is assessed by bacteria count, somatic cell count and freezing point. For another consecutive year, a very large proportion of producer samples were below the regulatory maximum limit, demonstrating high quality milk.

Somatic cell count (SCC) is used as an indicator of milk quality. Low SCC correlates to higher quality dairy products. The 2020-21 provincial average of 184,000 cells/mL was the lowest recorded average since records started in 1998. This low SCC indicated excellent quality milk was produced on Alberta dairy farms.

Alberta Provincial SCC Average by Dairy Year



Alberta Yearly Bacteria Averages



Bacteria counts in raw milk are also used as an indicator of raw milk quality. Producers had a marginal increase in bacteria averages compared to the previous year, but remained well below the regulatory limit.

### Raw Milk Penalty Program

	Bacteria	Somatic Cell Count	Freezing Point	Inhibitors	Total
Penalties Applied	72	45	8	15	140

The vast majority of milk tests completed show compliance to regulated milk quality standards.

### Raw Milk Quality Test Compliance

	Bacteria	Somatic Cell Count	Freezing Point
Number of samples	55,394	97,640	97,640
Number of samples below the regulatory limit	54,503	95,821	97,596
Percentage of samples below the regulatory limit	98.39	98.14	99.96

## CELEBRATING EXCELLENCE IN MILK QUALITY

There are two programs by which Alberta Milk rewards excellence in milk quality— the monthly milk quality bonus, and the milk quality award.

Milk Quality Parameter	Monthly Milk Quality Bonus	Milk Quality Award
<b>proAction®</b>	Registered and deemed compliant with proAction®	Registered and deemed compliant with proAction®
<b>Bacteria</b>	Average of 30,000 cells/mL or less	Average of 15,000 cells/mL or less
<b>Somatic Cell Count</b>	Average of 250,000 cells/mL or less	Average of 200,000 cells/mL or less
<b>Freezing Point</b>	At or under -0.525H	At or under -0.530H
<b>Inhibitors</b>	No positive inhibitors	No positive inhibitors
<b>Rejections</b>	No rejections on farm or at the processor	No rejections on farm or at the processor
<b>Results 2020-21</b>	An average of 72 per cent of producers qualified	Of the producers who shipped all 12 months, 132 producers (27 per cent) qualified

### Alberta's Top Ten Dairy Farms for Milk Quality

1	<b>NEUDORF HB</b>
2	GDL FARMS LTD.
3	MOO-LAIT FARMS LTD.
4	P & C DAIRY LTD.
5	SYLVANSIDE DAIRY LTD.
6	GREENWOOD HB
7	DANE'S PRIDE DAIRY LTD.
8	MILFORD HB
9	FREEDOM DAIRY LTD.
10	PUTMANS DAIRY LTD.

### PROVINCIAL MILK QUALITY WINNER

Congratulations to the Neudorf Hutterian Brethren for winning the provincial milk quality award for the second consecutive year!

Peter and Paul manage the dairy at Neudorf Hutterian Brethren. The dairy was started in 1991 with an 80 stall freestall barn and in 2012, there were 20 freestalls added to allow for more cows. The double six herringbone parlour they milk on is the original equipment installed in 1991. Peter attributes the success at their milk quality to the backwash system that their parlour has, as well the milking procedures that are in place on their farm. They utilize selective dry cow treatment and do not tolerate high somatic cell count (SCC); Peter would consider a high SCC to be 100,000 cells/mL.

Peter believes high quality milk is important because they don't want to sell something to consumers that they wouldn't want to consume themselves. They pride themselves on their high milk quality and make their cow health their highest priority, which translates into high quality milk.

In addition to the dairy, they also have beef, pigs, chicken, barley, wheat, canola, and peas.

## MILK MEASUREMENT

Providing producers and processors with accurate milk volume is a priority. Alberta Milk partners with International Dairy Calibrations Alberta Ltd to calibrate all new bulk milk tanks and re-calibrate existing tanks every five years. A total of 134 tank calibrations were performed in 2020-21.

Staff routinely monitored the two processing plants that are part of the Western Milk Pool Metering and Proportional Sampling program. Due to COVID-19 restrictions, it was not possible to check for accuracy by representatives of Weights and Measures Canada. However, Alberta Milk's monitoring showed that no significant meter drift occurred. Calibration checks are scheduled to resume the fall of 2021.

## LACTANET (CENTRAL MILK TESTING LAB RELOCATION)

Lab testing services are provided by Lactanet. Over the years, Alberta's producers have enjoyed a long and successful relationship with the Central Milk Testing lab. To further that partnership, Lactanet will be moving into the Alberta Milk office in September 2021. Both Alberta Milk and Lactanet believe that moving the milk testing lab will enhance collaboration and add greater value to the dairy industry through a mutual dedication to serving Alberta dairy producers. This new collaboration also creates the potential for increased flexibility of lab services for local dairy producers. The lab will continue to be a completely independent, fully certified facility.



## ENFORCEMENT AND PENALTIES

Occasionally, the quality of a producer's raw milk will drop below the provincial standards. When that happens, the producer incurs financial penalties. A total of 140 penalties were applied to 88 different producers during the 2020-21 dairy year. Inhibitor penalties accounted for 15 of the overall penalties which is a significant decrease from the five-year average of 29. This is an overall decrease in penalties for the fifth straight year, once again indicating a continuous trend of improved milk quality.





# Transportation

Alberta Milk staff continued to work with milk transportation companies, dairy processors, and Western Milk Pool (WMP) partners to ensure the most cost-effective transportation methods were utilized to transport milk within the provinces.

The volume of milk transported between provinces in the WMP increased by 59 per cent compared to 2019-20. This was largely due to an increase in processing capacity both in Saskatchewan and Manitoba. An additional factor was COVID-19, which caused lower processor demand, resulting in moving additional volumes to Saskatchewan and Manitoba for available skimming.

- The number of milk trucks on the road each day remained steady at 65.
- The number of routes for every-other-day pick-up was 173.
- The average volume per route was 26,524 litres (compared 25,627 litres last year). Based on a legal volume capacity of 28,500 litres, trailers operated at an average of 93.1 per cent efficiency (compared to 90.4 per cent last year).



# proAction®

Dairy Farmers of Canada and the provincial member associations, including Alberta Milk, are dedicated to delivering proAction® across the country. proAction is meant to be a dynamic program that reflects an ever-changing dairy industry. The feedback that producers shared with Alberta's provincial coordinator and/or producer representatives contributed to meaningful discussions with other producers at the national level and ensures that on-farm expectations remain practical and valuable to the proAction program.

## IMPACT OF COVID-19

On-farm proAction® activities continued throughout the pandemic as per the guidance of Alberta Health Services. Alberta Milk has maintained the additional biosecurity measures that were implemented in spring 2020, which were designed to protect validators, staff, and producers. The Alberta Milk proAction team would like to recognize the diligence and cooperative spirit of producers and validators during the ever-changing landscape of COVID-19.

Activities such as Alberta's validator consistency session, Dairy Farmers of Canada's national proAction Committee, and provincial coordinators meetings were all transitioned online and continued to be very productive in moving proAction forward.

The logo for proAction, featuring the word "pro" in a smaller, italicized font and "Action" in a larger, bold font, both in blue. A registered trademark symbol (®) is located to the right of the word "Action".

## NATIONAL COLLABORATION

The Alberta proAction® team continued to support the national proAction committee in discussions about continuous improvement including module requirement updates and/or changes. For example, over the past year Alberta Milk staff were engaged in proposing several revisions and additions.

These main updates included:

1. DairyTrace is the national dairy traceability database that is now available to dairy producers across Canada. While producers have had the opportunity to become familiar with DairyTrace since October 2020, effective September 2021 DairyTrace will be where all livestock traceability events will be reported and recorded.
2. The addition of the new "Dark Red" zone, which is included as part of the cattle assessment peer report. Effective March 2021, this zone was temporarily added to the peer report until March 2023. It indicates the animal-based measures that producers must address in a shortened timeframe.
3. The implementation of the Environment Module which is the sixth and final proAction module. Effective September 2021 this module will be included as part of the validation process.

## COMPLIANCE POLICY REVISED

Alberta Milk revised its proAction® compliance policy effective January 1, 2021. The new policy applies to self-declarations and full validations. It includes shorter timelines for submitting Corrective Action Requests, more precise timelines for completing specific proAction activities, and shorter timelines in which a producer must re-register on proAction should they be withdrawn.



# Animal Care

Alberta's dairy producers are committed to a high standard of dairy animal care that includes providing their animals with balanced rations and industry-leading practices for animal health, welfare, and veterinary care. The reference point and guidance document for dairy animal care in Canada is the National Code of Practice for the Care and Handling of Dairy Cattle (the Code). In early 2021, Alberta Milk began reviewing its Dairy Animal Care policy and consulted with industry stakeholders on key provisions and procedures that are outlined in the policy.

## COLLABORATION WITH INDUSTRY PARTNERS

Due to COVID-19, in-person events were limited and Alberta Milk staff shifted their focus towards partner engagement to build and maintain initiatives that support animal care and health. A primary focus was strengthening our relationship with Alberta dairy farm service providers through individual or virtual consultations. The result of this work broadened the delivery of animal health initiatives by engaging farm service providers in their planning and development. This helped to ensure our initiatives were better aligned with farm service provider services in an effort to provide greater value to our producers.

Alberta Farm Animal Care (AFAC), with the support of Alberta livestock and poultry groups, worked with the Canadian Food Inspection Agency to deliver a webinar series on the updated federal humane transport regulations. The changes to these regulations impacts dairy bull calves and cull cows. Embracing the virtual platform, AFAC delivered the Livestock Care Conference through a series of webinars on various animal care topics.

Through our participation in the Cattle Health Surveillance System project, which was led by the University of Calgary, Faculty of Veterinary Medicine, we were able to begin a relationship with the Western Canadian Animal Health Network (WeCAHN). WeCAHN is an animal surveillance and intelligence network, detecting and sharing animal disease trends and best practices with livestock producers, pet owners, and veterinarians, by improving animal health and welfare in western Canada. This relationship supports Alberta Milk by delivering additional animal health activities including the Animal Health Emergency Management project, farm service provider engagement, and training through animal health discussions with government and industry partners.





# Research and Extension



In 2021, the administration of provincial agriculture research funding was transitioned from Alberta Agriculture and Forestry to Results Driven Agriculture Research (RDAR). One of the first RDAR activities was working with the producer commodity groups, including Alberta Milk, to build an organization that would engage Alberta's crop and livestock producers to direct research funding priorities and programs. Alberta Milk has direct producer representation on the RDAR Board of Directors and we look forward to working with RDAR to support the success of Alberta's agriculture industry through innovation in agriculture research and extension.

Changes to the direction of provincial research funding also included the transition of the Lacombe Field Crop Development Centre (FCDC) from Alberta Agriculture and Forestry to Olds College. Alberta Milk was pleased to support a barley research project led by the FCDC.

The Agricultural Funding Consortium (AFC) continues to be the preferred forum for research funding for Alberta Milk. The AFC facilitates the submission, review and most importantly the collaborative discussion of projects by several co-founders and industry partners. This efficient and effective process benefits all involved, from researchers to producers, by creating scientifically sound projects in line with industry and public needs. There were several new members that joined the AFC and we are excited for the opportunities of further collaboration they bring. Alberta Milk was able to leverage producer funding for six research

projects that focused on disease surveillance and control, bovine viral diarrhoea virus weaning health, forage quality, nutritional efficiency, and alternative mastitis control.

Through the Western Dairy Research and Extension Council, the four western provincial dairy organizations have begun their collaborative review of research priorities, projects and extension. This year, Alberta Milk and SaskMilk were able to co-fund three projects.



Alberta Milk continues to deliver research results through the Dairy Research and Extension Consortium of Alberta (DRECA). The DRECA knowledge summaries and webinar events which had been originally designed for Alberta producers are now shared with the three other western producer dairy organizations as part of the commitment to WDREC and allowing for a more efficient use of resources.

On a national level, Dairy Farmers of Canada (DFC), initiated a review of national knowledge and technology transfer (KTT) approaches. We are excited for the outcomes of this review and the potential national KTT collaboration, which may include DFC, Lactanet, and each of the provincial producer organizations.



# Environment

Stewardship of the environment is important for the sustainability of the Canadian dairy industry and throughout 2020-21, Alberta Milk continued to engage with agencies, initiatives, and programs to support our commitment to environmental stewardship.

## PARTNERSHIP FOCUS

Alberta Milk continued our work with several environmental organizations.

The Intensive Livestock Working Group is an informal cluster of the provincial livestock and poultry commodity groups with its staff being dedicated to monitoring, researching, and providing leadership on current and emerging environmental issues and trends in livestock agriculture.

Through collaboration, Alberta Milk contributed to a variety of environmental-focused work which included ag plastics, monitoring phosphorus in local bodies of water, the consequences of changes in climate on agriculture, regional planning, as well as a project to determine the critical issues impacting the public trust of confined feeding operations.

The National Resources Conservation Board (NRCB) implements the *Agricultural Operations Practices Act* (AOPA) across the province and all the provincial livestock groups have opportunity to regularly review NRCB services. During the past year, Alberta Milk participated in joint sessions to discuss specific AOPA concerns raised by producers, including compliance matters and other emerging issues. Our involvement with the NRCB helps to ensure dairy producers can continue to operate in an environmentally sustainable way.

# Farm Safety

The AgSafe Alberta Society (ASAS) is an industry-led farm safety agency delivering resources, workshops, webinars and on-farm advice to Alberta producers to assist them in creating safe and healthy work sites for their families and staff. ASAS also offers support for producers by answering safety-related questions and assists them in understanding legislative requirements.



Dairy producers across the province have access to valuable farm safety resources on a continuous basis.

Alberta Milk supported ASAS by sharing monthly farm safety communication with producers, providing financial support and ensuring producer representation in ASAS' work.

# Producer Engagement



## RETIRING MILKINGTIMES

July was the last edition of *Milking Times*, our printed publication. As determined from a communications audit and producer survey, the publication was not as beneficial to our audience, as they had shifted to wanting more information online and in a timelier manner. Our bi-weekly E-Blasts officially replaced the newsletter and are able to provide much more current information in a user friendly and more time-efficient format.

## PRODUCER PORTAL

The Alberta Milk team continued to make improvements to the Producer Portal to provide our users with the best possible experience. We completed focus groups with producers to best identify the areas where improvements needed to be made and how to best plan for the future.

Following the focus groups, changes included adding contact information for ease of access, and changes to available quota management tools. The portal continues to be an important and convenient way for our producers and industry partners to get the information they need.

## PRODUCER MEETINGS

As with many activities, our producer meetings were affected by COVID-19. In the fall of 2020, our Fall Producer Meetings were held in-person, but closed to our producers only. The board addressed important topics like Dairy Innovation West, quota policies, Western Milk Pool harmonization, as well as the Canada-United-States-Mexico Agreement impacts. During the spring of 2021, we faced additional Alberta Health Services restrictions, so we shifted our spring producer meetings to an online format. We were able to administer breakout sessions to hear from producers in a more intimate environment about key issues relating to the industry. There were also presentations about our animal care policy, bylaws, and the palm supplements issue.

## ANNUAL GENERAL MEETING

The 2020 Alberta Milk Annual General Meeting was hosted through a virtual/in-person hybrid model on November 18, 2020. Board members attended the meeting in-person while all delegates, producers and industry were invited to join virtually. This structure change was due to the public health restrictions implemented by Alberta Health Services as a result of COVID-19.

The half day event included presentations on financial reporting, operational plan and budget, and a Western Milk Pool update. The Honourable Devin Dreeshen, Minister of Agriculture and Forestry, provided greetings from the provincial government via video. Pierre Lampron, Dairy Farmers of Canada President, joined Gert Schrijver, the Alberta Milk delegate to the DFC board, to provide an update on the status of our national programs and activities. A closed session for producers only to discuss resolutions and policies concluded the meeting.

Wim van de Brake was elected as a director at large. Outgoing directors Tom Kootstra, Albert Kamps and Martin Van Diemen Sr were recognized and thanked for their contributions to the industry.





## MODERNIZED GOVERNANCE CONSULTATION

Starting in July 2021, the Alberta Milk Board of Directors sought producer feedback about modernizing the governance structure of the organization and implementing bylaws under the Government of Alberta's Red Tape Reduction initiative. This proposal was developed to move Alberta Milk forward in the changing Canadian dairy industry.

There were five components to the proposal:

- Retire the delegate structure;
- Transition to a 12-member Advisory Council;
- Create more opportunities for meaningful grassroots engagement among all producers;
- Transition from an 11-member board to a 9-member board; and
- Elect all board members at large, thereby discontinuing the use of regions in Alberta.

The meetings continued into the 2021-22 dairy year and the board will work with delegates on understanding producer feedback and determining the next steps.

## ALBERTA MILK SCHOLARSHIP

The Alberta Milk Scholarship was created to help sustain the dairy industry by providing a scholarship to students who study dairy or a related agriculture discipline that furthers the dairy industry.

Alberta Milk offers at least one \$1,000 scholarship to a student in any year of study at an officially recognized post-secondary institution.

The applicants are evaluated based on an essay about how they plan to benefit the future of Alberta's dairy industry, as well as scholastic achievement, leadership skills, community involvement, 4-H, and work experience.

Alberta Milk is pleased to have offered two \$1,000 Alberta Milk Scholarships in 2020-21.

### Alice Hehli (Mosnang Holsteins, Sylvan Lake)

Alice is a second-year student at Olds College, in the Agricultural Management program majoring in Agricommerce. Her dream is to work for an agricultural financial institution such as Farm Credit Canada and support producers with their financial needs.

### Emma Van Steekelenburg (Quintus Dairy Ltd., Millicent)

Emma is a fourth year student at the University of Saskatchewan working towards her Bachelor of Science in Animal Science. After university she plans on returning to her family's dairy farm full time where she can use her knowledge and experience to improve the herd and quality of milk. She hopes to contribute to the industry by sitting on dairy-related boards.



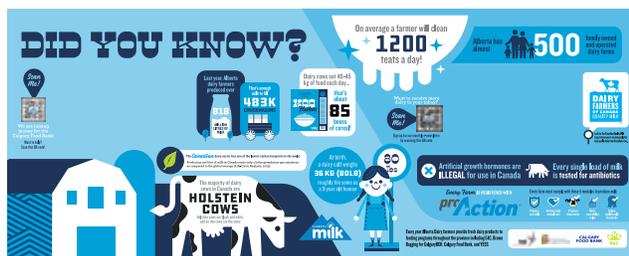
# Provincial Marketing

Alberta Milk works in a national marketing system with Dairy Farmers of Canada to ensure we have aligned messaging, complimentary campaigns, and find the most effective approaches to connecting with consumers. There are three pillars to our marketing work: local, national, and nutrition. Through each of these pillars, we are best able to reach Albertans in the most strategic way.

## AGRICULTURE LITERACY

The 2020-21 year was another considerable year for connecting with students, teachers, and consumers. While COVID-19 placed significant restraints on in-person engagement, we continued to adapt our programs to fit the changing environments whenever possible.

The goal of attending agriculture events and participating in programs such as the Classroom Agriculture Program (CAP) is to create conversations with consumers and students around their questions, concerns, or misconceptions about the dairy industry. The CAP board continued to work together and with partners to assess and address the impacts of COVID-19 and what changes are required in order to continue for future years.



Public health restrictions were lifted just in time for Calgary Stampede. While the event looked significantly different from previous years, so did the involvement of Alberta Milk. A large infographic wall, complete with TVs for highlighting different videos, was set up in the Nutrien Western Events building. Stampede guests were able to interact with us online by virtually supporting the Milk and Cookie Shack and submitting questions to our Ask a Dairy Farmer website. The virtual Milk and Cookie Shack was another success this year, with Dare Foods donating 12,500 Wagon Wheels and \$15,000 being donating to the Calgary Food Bank as a result of this initiative.



## PROJECT AGRICULTURE

project AGRICULTURE is a unique resource developed for teachers, as it represents a collaborative effort between the five supply managed industries in Alberta. The resource shares a wide range of evidence-based information, examples, and perspectives that increases trust, awareness, and understanding of agriculture and farming among teachers and students. We continue to receive positive feedback about the program.

The website projectagriculture.ca saw just under 10,000 page views this year, which is almost triple the number from the previous year. Resource downloads also doubled since last year, increasing the number to 121.

project AGRICULTURE plans to continue to grow and expand, with additional working groups developing more resources to be available on the website in the coming years.

## THE BLUE COW LOGO: A SYMBOL OF QUALITY



As one of the most influential logos in Canada, Dairy Farmers of Canada's Blue Cow logo is a powerful symbol of excellence in production. It plays an important role in the dairy industry's efforts to connect with today's consumer. Today, the Blue Cow is one of the top three most influential and trusted food logos in Canada. It is recognized by nine out of 10 Canadians, with exceptional brand equity. More than 8,700 products now feature the Blue Cow logo. In 2020-21, 38 new licensees adopted the logo on more than 1,000 new products.



## SOCIAL MEDIA

Social media is now, more than ever, ingrained into people's lives. It is therefore a priority for Alberta Milk to participate where Albertans are located, and create conversations related to dairy farming to ensure consumers understand the benefits of dairy in their diet and to improve the reputation of dairy producers. We launched a variety of campaigns on Facebook including giveaways and contests to raise awareness amongst our target audiences. Facebook continued to be our most influential social media tool. Instagram allowed us to reach millennials in a fresh new way using photos, hashtags and campaigns. Twitter remained our political arm in rallying support for supply management and clarifying misinformation. All three social media platforms were very successful this year due to the creative and consistent sharing of information between networks.

We also continued to refine our website and update our *Ask a Dairy Farmer* feature. We also finished launching our meet our famers series of videos that highlight some of our Alberta farmers, addressing topics that mean the most to our target audiences. We highlighted Graham Jespersen and the technology he uses on his farm as well as Jordan Schuurman and why the environment is such a passion of his.

## HANNA HOLSTEIN

Alberta Milk focused on improving how we engage with Gen Z and young Millennials online to increase awareness of Alberta Milk and dairy in a unique and fun way. Hanna Holstein, an online influencer who is a cow, helped us interact with this audience in a subtle and fun way in a digital space where they're already spending time. Hanna's content is a mix of educational and inspirational. Since launching Hanna in December of 2020, she has had a major impact on Twitter, Instagram and Facebook with over 17.8 million impressions across all platforms and gaining 4,415 followers total.



## DAIRY NEWS

Alberta Milk sends out a monthly electronic newsletter to consumers called Dairy News. Dairy News contains information such as upcoming events we are involved with, things happening in the community, or highlighting any Dairy Farmers of Canada or Alberta Milk marketing activities. This year, we saw immense growth in the number of subscribers for Dairy News. We finished the year with 1,246 subscribers, which was a 93 per cent increase over the previous year.

## WEBSITE NUMBERS

- **463,381 unique visitors to albertamilk.com**
- **531,610 page views**

## SOCIAL MEDIA BY THE NUMBERS

- **Reached 2.6 million people on Facebook**
- **10 per cent increase in the number of followers on our Facebook page compared to 2020**
- **Over 274,000 impressions on Twitter**
- **21.91 per cent increase in the number of Instagram followers compared to 2020**
- **1,211,364 impressions on Instagram**



## ALBERTA MILK AND ALBERTA SCHOOLS' ATHLETIC ASSOCIATION SCHOLARSHIP

Alberta Milk and the Alberta Schools' Athletic Association (ASAA) have been partnered together for over 20 years to offer one male and one female athlete each a scholarship. Each year, student athletes who milk every moment and achieve a balance in school, home, and community life, are invited to apply for the scholarship. This year our female recipient was Adrianna Domingo from Our Lady of the Snows Catholic Academy in Canmore. Our male recipient was William Baird of Eagle Butte High School in Medicine Hat. Congratulations to both recipients.

## TASTE ALBERTA

Taste Alberta provides a leadership role in sharing information, building awareness of the agriculture industry, and engaging with our audiences. They developed and shared seven videos about food and farming in Alberta, created nine Alberta food and farming stories, and co-organized and sponsored Feast in the Field with Chef Steve Brochu and MilkCrate. The Taste Alberta website received over 1,500 visitors each month, and had over 6.7K followers on social media.

## WORLD JUNIOR HOCKEY CHAMPIONSHIP

In partnership with the 2020 World Junior Hockey Championship, Dairy Farmers of Canada and Alberta Milk encouraged Alberta hockey fans to cheer on Team Canada from the comfort of their homes. The contest ran in two phases from December 2 to December 28 and was viewed over 2.5 million times. The campaign resonated well with Albertans, by offering things like personalized autographs from Team Canada players to 'Ultimate Home Viewing Experiences.'

## PASS OFF CHALLENGE

Alberta Milk continued to be the main sponsor of Alberta Schools' Athletic Association (ASAA) as the official beverage of provincial high school athletics. Due to COVID-19, provincial championships were not able to be held, so Alberta Milk collaborated with ASAA to host

a competition for high school athletes that didn't have the opportunity to participate in their sports. We asked the students to post a video of them showing off a skill from their chosen sport and passing it off to the next person. The contest was hosted on Tik Tok and Instagram and we had 236 campaign mentions, 121 challenge entries, 2.2 million impressions, and 26.5 thousand engagements. The prize for winning the challenge was \$5,000 for the school's athletics program which was won by Jasper Place High School in Edmonton, Cochrane High School, Kitscoty High School, and Glendon School.



## AMBASSADOR PROGRAM

The Alberta Milk Ambassador Program was designed to help interested producers become better advocates for the dairy industry. The producers who are part of the program enjoyed the benefits of webinars about how to advocate at a government level, and effective communication. There were also several opportunities for ambassadors to participate in Alberta Milk's marketing efforts with CTV news and national marketing campaigns.

## SPONSORSHIPS

Due to the lack of in person events this year due to COVID-19, Alberta Milk sponsored online cooking classes by Cook with Meg to reach over 500 youth and talk about cooking with dairy and dairy positive messaging. Alberta Milk was also the presenting sponsor of Expedition Dinosaur with the Edmonton Telus World of Science to reach parents with children in the home. We partnered up with Culinaire in April to find the best butter chicken in Calgary as a way to engage with Calgarians and support local businesses during this tough time.

## MOOVE MACHINE

During the summer of 2021 Alberta Milk launched a new summer event to help Albertans get mooving by pushing a cow on a sled down a 20 foot track to earn milk samples. We stopped at popular parks in Edmonton and Calgary on 15 different days over three weeks to meet Albertans in locations they were already comfortable attending. We had positive interactions with 2,647 Albertans. There was also opportunity for consumers who interacted with the moove machine to enter a contest to win a prize package.

## PROCESSOR RELATIONS

This past year, Alberta Milk focused on supporting our processors in two different ways. This was the inaugural year for our processor marketing program. The program offers assistance for our processors' marketing strategies by supporting campaigns that align with Alberta Milk's marketing objectives. The second was our partnerships with processors in a retail setting. For example, we worked to bring more attention to A2 milk by partnering with Agrifoods on a retail campaign in Calgary CO-OP stores and Save On Foods which included a digital promotion, blades, and a giveaway. The campaign featured the Blue Cow logo and sought to inform consumers about the benefits of this unique and local product. We were pleased to see successes on all fronts and look forward to expanding these programs in 2021-22.



# National Marketing

Over the course of the past year, Dairy Farmers of Canada (DFC) executed a wide range of communications and marketing strategies to help emphasize the forward-thinking values and practices of our farmers in producing high-quality Canadian milk.

In light of the COVID-19 pandemic, we adapted our marketing plans while remaining responsive to ever-changing market dynamics. By leveraging DFC's national core Blue Cow campaign messaging and activities, we utilized a range of tactics at the local level in Alberta to effectively reach and nurture our target consumer.

Building on our research on the consumer mindset, our campaigns focused on the key pillars of environment, standards and animal care to counter negative opinions and affirm trust. We appealed to the trust consumers have in Canadian farmers and reaffirmed what's behind our iconic Blue Cow logo – high Canadian standards and the proAction® program.

## HEY DAIRY FARMER – STANDARDS

The Hey Dairy Farmer – Parents' Virtual Tour tapped into three growing trends: the 'Buy Canadian' movement, growing Canadian pride, and the reputation of Canadian dairy farmers. It featured Brittany Dersken, a dairy farmer from Alberta. Key messages focused on high Canadian standards in the dairy industry and our Blue Cow logo. Overall, campaign ads were viewed more than 12.1 million times in Alberta alone, by 2-in-5 Albertans. The campaign had a positive impact on attitudes and behaviours, as it drove a 65 per cent improvement in attitudes towards dairy farmers and 58 per cent improvement on purchase consideration for dairy.

## HEY DAIRY FARMER – CLASSROOM

In Alberta, the Hey Dairy Farmer – Classroom campaign continued to debunk key myths and misconceptions related to the dairy industry at a local level. This campaign leveraged real farms in an evidence-based approach to tell our sector's story and clarify misconceptions on the environment. Our 'online classroom' shows schoolchildren asking about how farmers are caring for the environment. The campaign was viewed or served more than 38.9 million times, achieving one of the highest breakthroughs overall among the core target audience. The campaign had positive results on attitudes and behaviours, as it drove a 64 per cent improvement in attitudes towards dairy farmers and 54 per cent on purchase consideration for dairy.

## FOOD BANKS CANADA PARTNERSHIP

In partnership with Food Banks Canada, this campaign helped show how dairy farmers give back to the communities that support us. The social media campaign included stories and video ads on Facebook and Instagram and was amplified in Alberta.

## THE BLUE COW MILK BAR

The Blue Cow Milk Bar served up milkshakes featuring local Alberta ingredients in various locations in the province. Consumers had the chance to learn about local dairy best practices, sample tasty shakes, and walk away with a coupon for any dairy product with the Blue Cow logo. Close to 6,000 sample-size milkshakes were distributed during this activation, and our overall media impressions (approximately 200,000) surpassed the target. Consumer sentiment towards Canadian milk was very positive.



### BEHIND THE LOGO

Dairy Farmers of Canada's Behind the Blue Cow logo campaign spoke to the value of Canadian dairy by reinforcing the high standards and practices symbolized by the iconic logo. The campaign appealed to young Millennials and Gen Zs by featuring real Canadian dairy farmers confronting myths about milk and milk production head-on. This helped consumers see how our forward-thinking dairy industry leads on important issues like the environment and animal care, standards, and innovation. The campaign effectively reached half of all Millennial Albertans (31 per cent of all Albertans) and was effective at driving positive changes in attitudes, with a 56 per cent improvement in attitudes towards dairy farmers and 58 per cent improvement on purchase consideration for dairy.

### DAIRY FARMING FORWARD - HIGH STANDARDS

This was a dynamic marketing campaign that focused on the rigorous standards behind our nation's high-quality milk. The campaign's creative platform highlighted the progressive practices that Canadian farmers use to maintain proper animal care, milk safety and environmental protection standards, which are some of the most stringent in the world. Half of all Albertans viewed the campaign, which helped improve trust in the dairy industry. The campaign drove a 67 per cent improvement in attitudes towards dairy farmers and a 64 per cent improvement in purchase consideration among Albertans.



# Nutrition Initiatives



Over the past year, the Alberta nutrition team has adapted to new realities by successfully rebuilding their resource offerings for early childhood educator (ECE) and school communities.

All programs and resources developed by the team look to normalize milk and dairy products in the context of age-appropriate lesson plans and resources. Through their resources and programs, they aim to improve educators' and teachers' dairy-supportive skills (language, settings and role modeling) and improve the image and attitudes towards dairy products and dairy farming.

Their surveys showed that on average, 77 per cent of participants had a more positive perception of dairy products and dairy farming after participating in their workshops or using their programs in their classrooms.

## PROGRAMS AND RESOURCES DEVELOPED AND LAUNCHED DURING THE PAST FISCAL YEAR INCLUDE:

### NOURISHING BEGINNINGS: SUPPORT YOUNG EATERS (ECE)

*Nourishing Beginnings* is a full redevelopment of Ontario's well-established Good Beginnings program. To date, it has reached over 800 registrants and the online modules have been completed over 500 times. Responses received from educators show positive attitudes towards Dairy Farmers of Canada, dairy products and dairy farming after completing an Alberta nutrition workshop or program.

This program is supported by leaders in early childhood and nutrition from Alberta Health Services, the University of Alberta, MacEwan University, Mount Royal University, Calgary Family Dayhomes, Trellis (formerly the Boys and Girls Club of Calgary), and the Ellyn Satter Institute.



## FOOD EXPLORERS (K-1)

Adapted from a prominent BC Dairy Association program for an Alberta audience, Food Explorers supports teachers in facilitating developmentally age-appropriate food and nutrition-related activities and improving food literacy among students, while including milk products as an important category of foods in this journey.

Two-thirds of educators expressed more positive attitude towards dairy farming and Dairy Farmers of Canada following the workshop.

## LUNCH BOX GUIDE

These free printable resources help students at all grades plan simple and tasty lunches while learning about Canada's Food Guide. Throughout the resource, dairy is positioned as an important food choice in a balanced lunch.

## FOOD PICTURE CARDS AND LESSON PLANS (K-3 AND 4-6)

This free resource kit helps teachers improve food literacy among students, by telling the story of milk production and dairy products in a highly visual way. The lesson plans were downloaded more than 1,100 times and 1,700 kits were distributed to every elementary school in Alberta.

## CANADA'S FOOD GUIDE: A GUIDED DISCOVERY (4-6 & 7-9 LESSON PLANS)

These resources support teachers in facilitating developmentally appropriate food and nutrition-related activities and improving food literacy among students. Digital student workbooks and accompanying teacher guides provide teachers and students with reflection questions, class discussion, answer keys, and background knowledge so they can feel confident teaching Canada's Food Guide (CFG) and identifying CFG recommendations including milk and dairy products as an important category of foods.

## COMMUNITY PRESENCE:

In addition to their resource offerings, they have been proactive in engaging the community, stakeholders, and partners by attending virtual teachers' conventions, developing partnerships and growing their digital presence.

Ongoing partnerships in 2020/2021 include:

- Agriculture in the Classroom
- Ag for Life
- Ever Active Schools
- ATCO Blue Flame Kitchen

Through these efforts, they are well-poised for continued growth and momentum for the 2021-22 year.



### Canada's Food Guide: A GUIDED DISCOVERY





# Government Relations and Public Affairs

## FEDERAL

The past year has been particularly active in terms of government relations activities led by Dairy Farmers of Canada (DFC). Last November, following an intensive advocacy and awareness campaign with government and elected officials from all parties, DFC succeeded in obtaining the outstanding details for the rest of the compensation packages for the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and Comprehensive Economic and Trade Agreement with the help of provincial associations and grassroots members. As a result of these efforts, the remaining compensation payments totaling \$1.405 billion will be distributed over a shortened three-year period instead of seven, as had been previously announced.

DFC also succeeded in ensuring that no domestic dairy market concessions were granted in the transitional free trade agreement with the UK and actively advocated for the majority of tariff rate quotas granted in the various recent trade agreements to be allocated to Canadian processors.

While our focus was on international trade, DFC also campaigned for several private members bills aiming to improve the quality of life of Canadian dairy farmers in recent months, including a bill to remedy issues with the taxation of intergenerational farm transfers, and a law prohibiting the Canadian government from granting new access to our Canadian domestic market in future trade agreements.

Finally, DFC implemented its electoral strategy by ensuring our demands for the dairy sector were heard loud and clear by all parties – and securing commitments on our issues from each party with a seat in the House of Commons whether in their party platforms, or through their answers to DFC’s party questionnaires. The strategy also included a series of educational emails sent to candidates across the country, briefing meetings with each party’s policy teams, as well as providing a kit for grassroots farmers to support them in their meetings with candidates.

## PROVINCIAL/SM5

Alberta Milk continued to work collaboratively with its supply-managed partner organizations to respond to the Government of Alberta’s invitation to reduce regulatory red tape. The Red Tape Reduction Strategy enabled Alberta Milk to build consistency in our approach to implementing bylaws and investigating other common-sense regulatory changes to reduce regulatory burdens and streamline processes for producers and stakeholders.

We continue to work closely with the provincial government on many files. We were pleased to be able to sponsor Agriculture and Forestry Minister Devin Dreesen’s Stampede reception and we also had several MLAs visit Alberta dairy farms.



## RED TAPE REDUCTION

The Government of Alberta invited Alberta Milk to reduce regulatory red tape by transferring some of the governance provisions from the Alberta Milk Plan Regulation into new bylaws that Alberta Milk would administer and manage directly. Bylaws offer Alberta Milk greater flexibility and allows the organization to be nimbler in response to an increasingly connected and harmonized industry at the interprovincial and national level. Creating bylaws has been a goal of Alberta Milk since 2011, and it was exciting to be given this opportunity once again. The end of the 2020-21 dairy year was spent consulting with producers on what these bylaws could look like, and what changes may be necessary to position Alberta Milk for continued success in the future. Producers shared their opinions on a variety of topics, including our current delegate structure, board composition, and producer engagement mechanisms. This input is invaluable as we continue to work with Marketing Council and our government partners to finalize and implement the bylaws.

## STAKEHOLDER ENGAGEMENT

It is important to understand who Alberta Milk's industry stakeholders are so that we can ensure we are engaging with them appropriately. The Alberta Milk staff and senior leadership team have developed a stakeholder relations strategy which focuses on the stakeholders with whom staff engage. It assists the boards work to ensure we connect with the right individuals with the right messaging.

The board will be developing their stakeholder relations strategy which will focus on the stakeholders with whom the board needs to develop key relationships. Focusing on our stakeholders is key to ensuring we achieve the outcomes of

the Alberta Milk Strategic Plan by connecting with the most appropriate industry partners to achieve our goals.

Alberta Milk staff and the board will continue to refine this work and value the relationships we share with stakeholders.

## ISSUES RESPONSE

### COVID-19

As the pandemic lagged on, Alberta Milk continued to work closely with industry and producers to respond to COVID-19. At both a provincial and national level, Alberta Milk developed various communication tools, communicated with government, and updated messaging. Specifically, we focused on ensuring our producers and industry had the most up-to-date information and reassuring Albertans about on-farm protocols and milk quality standards.

### PALM FAT SUPPLEMENTS

The industry rallied together to respond to the consumer questions regarding the use of palm fat supplements in dairy rations. A national working group was formed to take an in-depth look at the issue. We anticipate hearing the outcome of the working group's analysis in the fall of 2021.

### ANIMAL RIGHTS ACTIVISTS

Animal activists were still active despite restrictions due to COVID-19. Alberta Milk hosted a producer webinar with a security expert to support our farms in protecting themselves both in-person and online. This issue is supported nationally with all provinces and Dairy Farmers of Canada working together to protect the industry.



# Management Discussion and Analysis



## STRATEGIC PRIORITIES

In spring 2020, the Alberta Milk board participated in a strategic planning session to consider the risks and opportunities facing the organization and chart a clear path forward for the next three years. They considered alignment with the Western Milk Pool and Dairy Farmers of Canada's strategic plans and, through this work, seven strategic goals were identified:

1. Ensure high-quality milk is consistently produced to meet processor and consumer demands for dairy products.
2. Advocate for supply management.
3. Work together across the value chain for the industry's success.
4. Lead and influence alongside provincial, regional, and national organizations.
5. Alberta's marketing and promotion work is conducted within a national framework.
6. Develop innovative solutions to increase efficiencies and effectiveness in the industry.
7. Model good governance and efficient resource management.

The General Manager Freda Molenkamp-Oudman, through the work of Alberta Milk staff, is responsible for operationalizing and delivering on each of the goals. The board is kept apprised of this progress through regular updates and in 2020-21 key performance indicators were introduced to further measure and report on performance at a strategic level. The key performance indicators are informed by performance measures that are reported to the board in accordance with the board-approved reporting schedule. The key performance indicators for 2020-21 include:

- Sustainable Growth Metrics
- Herd Health and Management
- Consumer Confidence
- Stakeholder Satisfaction
- Regulatory Metrics
- Strategic Alignment
- Board Effectiveness
- Financial Metrics



## LOOKING FORWARD

Alberta Milk continues to work collaboratively with our Western Milk Pool partners to find efficiencies and increase value for our producers, including harmonizing policies, sharing resources, and working together on key files. Collaboration at the interprovincial and national level is crucial as industry issues increasingly impact all dairy producers, regardless of where they farm. Alberta Milk will also continue to build strong relationships with the dairy processing industry and work together on issues and opportunities of shared interest.

Alberta Milk's management team is responsible for the financial statements and all information in this annual report. These statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. These statements have been audited using generally accepted auditing standards. Schedules I and II, which provide reporting of the statement of operations in accordance with our strategic plan and budget, are considered unaudited as our financial statement auditors were not engaged to conduct an audit of the budget figures, or the expenses classified by Alberta Milk's strategic plan's goals and key result areas. Financial information presented elsewhere in this report is consistent with the statements provided.

In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records are maintained. These controls and practices ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information, and the adherence to board policies and statutory requirements.

Accountability systems are adopted and approved as a key component of Alberta Milk's strategic plan and governing policies. The board receives regular reporting on progress made toward the organization's goals as outlined in the Strategic Plan, including a key performance indicator dashboard provided at each board meeting. The dashboard provides quantitative and qualitative reporting that describes how operational work is delivering strategic outcomes. The Audit and Risk Committee oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting.

In support of this responsibility, the committee reviews quarterly financial statements, and is responsible for overseeing the annual financial statement audit and the development of the budget, prior to the presentation of these items to the board. Alberta Milk's financial statement auditors have free access to the Audit and Risk Committee to discuss the results of their work and to express their concerns and opinions.

## FINANCIAL REPORTING

The following discussion and analysis of the operating results and financial position of Alberta Milk, for the year ending July 31, 2021, should be read in conjunction with the financial statements.

Actual revenues, excluding quota exchange revenues, exceeded budgeted revenues by \$79,720,909. The operation of various producer payment pools accounted for \$85,331,606 of this variance. Restricted equalization revenues and expenses offset one another in the statement of operations, and these items reflect the disbursement of funds that are held in trust on behalf of producers. Annual milk volumes were higher-than-budgeted, and a higher-than-budgeted average actual price led to the increase in restricted equalization revenues and expenses. The higher annual milk volumes resulted in assessment revenues of \$776,575 above budget. Hauling fee revenues and expenses were both \$6,498,895 below budget, primarily resulting from lower interprovincial transportation costs.

Actual expenses, excluding quota exchange expenses, exceeded budgeted expenses by \$78,182,072. As referred to in the discussion of revenues, restricted equalization expenses were \$85,331,606 higher than budgeted, and transportation costs were \$6,498,895 lower than budgeted. As a result of the COVID-19 pandemic, many meetings and events were either postponed, cancelled, or provided in an alternative format, which resulted in reduced expenditures in many areas.



## Independent Auditor's Report

To the Members of Alberta Milk

### Opinion

We have audited the financial statements of Alberta Milk ("the Board"), which comprise the statement of financial position as at July 31, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Alberta Milk as at July 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises:

- The Information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal

control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Edmonton, Canada  
October 13, 2021

  
Chartered Professional Accountants

**ALBERTA MILK**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED JULY 31, 2021**

	Quota Exchange	MNE	Scholarship	Research	Other	2021 Total	2020 Total
<b>REVENUES:</b>							
Assessments (Note 7):							
Administrative	\$ -	\$ -	\$ -	\$ -	\$ 4,194,132	\$ 4,194,132	\$ 3,764,356
Class 1 Market Recovery	-	-	-	-	1,553,963	1,553,963	1,472,896
Marketing, Nutrition, Education (MNE)	-	12,582,366	-	-	-	12,582,366	12,274,576
Research	-	-	-	419,413	-	419,413	409,154
Restricted Revenue - Equalization (Note 5)	-	-	-	-	724,977,183	724,977,183	696,403,888
Hauling Fees (Note 9)	-	-	-	-	39,869,718	39,869,718	34,963,053
Investment Income (Note 3)	-	-	8,706	-	240,442	249,148	190,988
Grant Revenue (Note 6)	-	4,000	-	162,915	34,238	201,153	703,532
Processor Audit Recovery	-	-	-	-	145,000	145,000	127,021
Quota Lease	-	-	-	588,729	-	588,729	526,368
Quota Exchange Sales (Note 11)	43,021,659	-	-	-	-	43,021,659	20,362,306
Other Income	-	24,190	-	-	400,810	425,000	437,742
<b>Total Revenues</b>	<b>43,021,659</b>	<b>12,610,556</b>	<b>8,706</b>	<b>1,171,057</b>	<b>771,415,486</b>	<b>828,227,464</b>	<b>771,635,850</b>
<b>EXPENSES:</b>							
Salaries and Contract Services	-	590,981	-	28,580	2,826,623	3,446,184	3,694,588
Director and Delegate Per Diems	-	1,673	-	23,094	328,357	353,124	345,949
Travel	-	2,185	-	2,388	72,309	76,882	401,150
Office	-	200,743	-	191	830,080	1,031,014	1,116,488
Data Processing	-	193	-	-	838,164	838,357	1,043,896
Meeting Costs	-	253	-	1,404	55,052	56,709	246,280
Professional Fees	-	824	-	-	675,021	675,845	330,683
Communications	-	221	-	-	-	221	3,201
Advertising	-	9,779,682	-	-	8,205	9,787,887	8,900,821
Project Costs	-	-	-	-	7,962	7,962	1,000
Hauling Fees (Note 9)	-	-	-	-	39,869,718	39,869,718	34,963,053
Research	-	52,380	-	354,165	-	406,545	1,089,211
Sponsorships	-	296,247	2,000	-	13,532	311,779	536,413
Grants	-	-	-	619,857	54,300	674,157	931,866
Quota Exchange Purchases (Note 11)	43,021,659	-	-	-	-	43,021,659	20,295,943
Restricted Expenses - Equalization (Note 5)	-	-	-	-	724,977,183	724,977,183	696,403,888
Amortization/Write-Offs	-	29,399	-	-	589,336	618,735	621,722
<b>Total Expenses</b>	<b>43,021,659</b>	<b>10,954,781</b>	<b>2,000</b>	<b>1,029,679</b>	<b>771,145,842</b>	<b>826,153,961</b>	<b>770,926,122</b>
<b>EXCESS OF REVENUES OVER</b>							
<b>EXPENSES FOR THE YEAR</b>	<b>\$ -</b>	<b>\$ 1,655,775</b>	<b>\$ 6,706</b>	<b>\$ 141,378</b>	<b>\$ 269,644</b>	<b>\$ 2,073,503</b>	<b>\$ 709,728</b>

See accompanying notes and schedules to the financial statements.

**ALBERTA MILK**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JULY 31, 2021**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and investments (Note 3)	\$ 23,094,047	\$ 12,703,794
Due from processors, producers and others	31,927,316	30,039,993
Accounts receivable	1,950,000	1,443,661
Grants receivable (Note 6)	82,222	-
Inventories	41,476	91,710
Prepaid expenses and deposits	61,184	167,938
<b>Total current assets</b>	<b>57,156,245</b>	<b>44,447,096</b>
<b>CAPITAL ASSETS</b> (Note 4)	<b>3,854,704</b>	<b>2,599,361</b>
<b>TOTAL</b>	<b>\$ 61,010,949</b>	<b>\$ 47,046,457</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$ 5,998,757	\$ 1,302,127
Deferred contributions (Note 5)	36,939,060	30,565,587
Deferred grants (Note 6)	-	90,114
<b>Total current liabilities</b>	<b>42,937,817</b>	<b>31,957,828</b>
<b>NET ASSETS:</b>		
Invested in capital assets	3,854,704	2,599,361
Internally restricted:		
<i>Marketing, nutrition, education</i>	9,351,345	7,695,570
<i>Research</i>	624,918	427,883
<i>Scholarship</i>	142,502	135,796
<i>Quota exchange</i> (Note 11)	1,064,084	1,064,084
Unrestricted	3,035,579	3,165,935
<b>Total net assets</b>	<b>18,073,132</b>	<b>15,088,629</b>
<b>TOTAL</b>	<b>\$ 61,010,949</b>	<b>\$ 47,046,457</b>

Commitments (Note 8)

Contingent Loss (Note 13)

APPROVED ON BEHALF OF THE BOARD:



Stuart Boeve



Gezinus Martens

See accompanying notes and schedules to the financial statements.

**ALBERTA MILK**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JULY 31, 2021**

	<i>Internally Restricted</i>				Unrestricted	Invested in Capital Assets	<b>2021</b> Total	2020 Total
	Quota Exchange	MNE	Scholarship	Research				
BALANCE AT BEGINNING OF THE YEAR	\$ 1,064,084	\$ 7,695,570	\$ 135,796	\$ 427,883	\$ 3,165,935	\$ 2,599,361	<b>\$ 15,088,629</b>	\$ 14,649,901
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	-	1,655,775	6,706	141,378	269,644	-	<b>2,073,503</b>	709,726
ADMINISTRATION COSTS TRANSFERRED (Note 13)	-	-	-	55,657	(55,657)	-	-	-
PURCHASE OF CAPITAL ASSETS	-	-	-	-	(1,894,563)	1,894,563	-	-
DISPOSAL OF CAPITAL ASSETS	-	-	-	-	32,340	(32,340)	-	-
AMORTIZATION OF CAPITAL ASSETS	-	-	-	-	606,880	(606,880)	-	-
PENSION REMEASUREMENTS AND OTHER ITEMS (Note 10)	-	-	-	-	911,000	-	<b>911,000</b>	(271,000)
<b>BALANCE AT END OF THE YEAR</b>	<b>\$ 1,064,084</b>	<b>\$ 9,351,345</b>	<b>\$ 142,502</b>	<b>\$ 624,918</b>	<b>\$ 3,035,579</b>	<b>\$ 3,854,704</b>	<b>\$ 18,073,132</b>	<b>\$ 15,088,629</b>

See accompanying notes and schedules to the financial statements.

## ALBERTA MILK

### STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JULY 31, 2021

	2021	2020
<b>CASH PROVIDED BY (USED FOR):</b>		
<b>OPERATING ACTIVITIES:</b>		
Excess of revenues over expenses for the year	\$ 2,073,503	\$ 709,728
Items not affecting cash flow:		
Amortization and losses on capital asset disposals	614,720	551,655
Pension remeasurements and other items (Note 10)	911,000	(271,000)
Net (increase) decrease in fair value of investments	(177,557)	6,198
Investment income and receivables reinvested directly	(7,635)	(10,096)
	<b>3,414,031</b>	<b>986,485</b>
Changes in non-cash working capital items:		
Due from processors, producers and others	(1,887,323)	858,763
Accounts receivable	(506,339)	(331,283)
Grants receivable	(82,222)	-
Prepaid expenses and deposits	106,754	52,603
Inventories	50,234	34,875
Accounts payable and accrued liabilities	4,696,630	(717,915)
Deferred contributions (Note 5)	6,373,473	(2,797,798)
Deferred grants (Note 6)	(90,114)	(474,632)
Net cash from (to) operating activities	<b>12,075,124</b>	<b>(2,388,902)</b>
<b>INVESTING ACTIVITIES:</b>		
Purchases of capital assets	(1,894,563)	(139,821)
Proceeds on sale of capital assets	24,500	-
Purchases of investments	(637,136)	(231,639)
Proceeds from sales and redemptions of investments	601,010	184,000
Net cash to investing activities	<b>(1,906,189)</b>	<b>(187,460)</b>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE YEAR	<b>10,168,935</b>	<b>(2,576,362)</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<b>10,191,466</b>	<b>12,767,828</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>\$ 20,360,401</b>	<b>\$ 10,191,466</b>

See accompanying notes and schedules to the financial statements.

# ALBERTA MILK

## NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2021

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### 1. AUTHORITY AND PURPOSE OF THE BOARD:

Alberta Milk ("the Board") is a non-profit organization established on August 1, 2002 through the approval of the Alberta Milk Plan Regulation under the authority of the Marketing of Agricultural Products Act of Alberta. Alberta Milk is subject to supervision by the Alberta Agricultural Marketing Council, which is appointed by the Government of Alberta, for supervisory and enforcement purposes in respect of Alberta producer boards and marketing commissions. Pursuant to Section 149(1)(e) of the Income Tax Act Alberta Milk is exempt from income tax.

The Board's purpose is to promote the viability and sustainability of the Alberta Dairy Industry through programs, policies and services.

The spread of COVID-19 continues to severely impact many local economies around the globe. In many countries, including Canada, organizations are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to operations worldwide, resulting in an economic slowdown. Global investment markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, continue to remain unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of Alberta Milk for future periods.

As a result of the COVID-19 pandemic, certain planned activities were cancelled, postponed, or conducted in alternative formats. These activities included out-of-province travel, spring producer meetings, and various marketing events. The Board's employees have transitioned to working primarily remotely throughout the pandemic. All in-person activities have been conducted in accordance with recommendations and orders from Alberta's Chief Medical Officer of Health.

### 2. SIGNIFICANT ACCOUNTING POLICIES:

#### Basis of presentation

The Board has prepared these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

#### Revenue Recognition

Alberta Milk follows the deferral method of accounting for contributions.

Funds collected in the operation of price equalization pools or under various agreements are restricted contributions subject to externally imposed stipulations that specify the purpose for which the funds are to be used. Restricted contributions are recognized as revenue in the period in which the related expenses are incurred. These revenue sources include restricted revenue - equalization, hauling fees and quota exchange sales. Grant revenue which includes restricted contributions received for future expenses is deferred until the expenses are incurred. Assessment revenue, processor audit recovery and other income are recognized as revenue when performance is achieved, consideration is measurable, and ultimate collection is reasonably assured. Investment income is recognized as revenue is earned.

# ALBERTA MILK

## NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*:

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash balances with banks and other institutions.

#### Inventories

Inventories are measured at the lower of cost and net realizable value, or at the lower of cost and current replacement cost when they are held for distribution at no charge or for a nominal charge. Inventory costs are determined using the first-in, first-out method.

#### Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided using the declining balance method over the estimated useful life of the assets at the following annual rates:

Building	5%
Computer hardware	30%
Computer software	30%
Consumer displays	30%
Display booth and tent	20%
Office furniture and equipment	20%
Vehicles	30%

When a capital asset no longer has any long-term service potential to the Board, the excess of its carrying amount over any residual value is recognized as an expense in the statement of operations.

#### Employee Future Benefits

For the Board's defined benefit pension plan, the defined benefit obligation is determined using the most recent actuarial valuation report prepared for funding purposes, and plan assets are measured at fair value.

The Board recognizes the plan's defined benefit asset on the statement of financial position. The defined benefit asset consists of the funded surplus, which is the net amount of the defined benefit obligation and the fair value of plan assets, adjusted as required for any portion of the funded surplus that is not expected to be recoverable.

The defined benefit cost is recognized in the statement of operations. Remeasurements and other items are recognized directly in the statement of changes in net assets.

#### Due from Processors, Producers and Others

Section 29(6) of the Alberta Milk Marketing Regulation allows the Board to "set out all amounts payable among processors, producers and Alberta Milk ... and pay the net amounts." As a result, amounts due from processors, producers and others were netted against amounts owing to processors, producers and others.

# ALBERTA MILK

## NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*:

#### Financial Instruments

##### *Initial measurement*

The Board's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

##### *Subsequent measurement*

At each reporting date, the Board measures its financial assets and liabilities at amortized cost, except for equities quoted in an active market, which must be measured at fair value. The Board has also irrevocably elected to measure its investments in bonds at fair value. All changes in fair value of the Board's investments in equities quoted in an active market and in bonds are recorded in the statement of operations. The financial instruments measured at amortized cost are cash, guaranteed investment certificates, due from processors, producers and others, accounts receivable, accounts payable and accrued liabilities, and deferred contributions.

For financial assets measured at amortized cost, the Board regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Board determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in the statement of operations in the year the reversal occurs.

#### Use of Estimates

Management reviews the carrying amount of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

The estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Items subject to significant management estimates include allowance for uncollectible accounts receivable, amortization of capital assets, valuation of employee future benefits, and valuation of contingencies.

# ALBERTA MILK

## NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2021

### 3. CASH AND INVESTMENTS:

	2021	2020
Cash and cash equivalents	\$ 20,360,401	\$ 10,191,466
Fixed income	1,286,441	877,898
Equities quoted in an active market	1,304,707	1,113,635
Mutual funds quoted in an active market	142,498	520,795
	<b>\$ 23,094,047</b>	<b>\$ 12,703,794</b>

Investment income includes the following:

	2021	2020
Net increase (decrease) in fair value of investments	\$ 177,557	\$ (6,198)
Interest and dividends earned on corporate funds	79,657	203,912
Interest and dividends earned on scholarship investments	4,848	5,002
Investment management fees	(12,914)	(11,728)
Interest earned on pooling funds	28,383	200,585
Interest rebated to producers	(28,383)	(200,585)
	<b>\$ 249,148</b>	<b>\$ 190,988</b>

### 4. CAPITAL ASSETS:

	2021		2020	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Building	\$ 3,557,081	\$ 1,261,915	\$ 2,295,166	\$ 1,055,105
Computer hardware	1,142,052	987,247	154,805	174,692
Computer software	2,773,047	1,895,115	877,932	842,634
Consumer displays	293,961	248,730	45,231	64,616
Display booth and tent	91,404	85,608	5,796	7,244
Land	385,175	-	385,175	385,175
Office furniture and equipment	448,201	357,602	90,599	40,387
Vehicles	-	-	-	29,508
Total	<b>\$ 8,690,921</b>	<b>\$ 4,836,217</b>	<b>\$ 3,854,704</b>	<b>\$ 2,599,361</b>

## ALBERTA MILK

### NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2021

#### 5. DEFERRED CONTRIBUTIONS:

Deferred contributions represent unspent resources externally restricted for price equalization.

	2021	2020
Contributions received	\$ 731,350,656	\$ 693,606,090
Transferred to revenue	(724,977,183)	(696,403,888)
Increase (decrease) during the year	6,373,473	(2,797,798)
Deferred contributions at beginning of year	30,565,587	33,363,385
Deferred contributions at end of year	\$ 36,939,060	\$ 30,565,587

Under Section 29 of the Alberta Milk Marketing Regulation, the Board operates a price equalization pool whereby all revenues generated from the processing and sale of milk within Alberta are shared by all Alberta producers in accordance with their quota holdings. The Board, acting as agents to processors, performs the administrative responsibility for payment to Alberta dairy producers. This payment represents each producer's share of the pool less associated marketing expenses.

Effective March 1, 1997, four provinces (Alberta, British Columbia, Saskatchewan, and Manitoba) and the Canadian Dairy Commission (CDC) entered into the Western Milk Pooling Agreement. The purpose of the agreement was to extend the pooling arrangements within each of the provinces so that all milk revenue is pooled among producers in all four provinces, as if the western provinces constituted a single market. Based on each province's monthly sales, the CDC either distributed funds from or required a contribution to the Western Milk Pool.

Effective June 1, 2020, the Western Milk Pool entered into a P10 revenue sharing agreement with Newfoundland and Labrador and the P5 pool (consisting of the provinces of New Brunswick, Nova Scotia, Prince Edward Island, Quebec and Ontario). The purpose of this agreement was to extend the pooling arrangements within each pool so that all milk revenue is pooled among the ten provinces, as if the ten provinces constituted a single market. Based on each pool's monthly sales, the CDC either distributed funds to or required a contribution from the Western Milk Pool.

# ALBERTA MILK

## NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2021

### 6. GRANTS RECEIVABLE / DEFERRED GRANTS:

Grants receivable represent grant funding that has been earned according to grant agreements but has not yet been received. Deferred grants represent grant funding that has not yet been earned according to grant agreements but has already been received. Grants receivable and deferred grants have changed as follows:

	2021	2020
Grant funds received	\$ 28,817	\$ 778,900
Recognized as revenue	(201,153)	(703,532)
Recognized as a reduction to expenses	-	(550,000)
Grant funds recognized above grant funds received	(172,336)	(474,632)
Deferred grants at beginning of year	90,114	564,746
(Grants receivable) Deferred grants at end of year	\$ (82,222)	\$ 90,114

### 7. ASSESSMENT REVENUE:

The Board collected the following producer assessments during the year:

	2021	2020
Administrative	\$0.50/hl	\$0.50/hl
Marketing, Nutrition, Education	\$1.50/hl	\$1.50/hl
Research	\$0.05/hl	\$0.05/hl
Hauling	\$3.15/hl	\$3.15/hl
Hauling yard charge per pickup	\$22.25	\$22.25

### 8. COMMITMENTS:

The Board rents office equipment under long-term operating leases. Future minimum annual lease payments are as follows:

2021-22	\$ 17,824
2022-23	17,824
2023-24	17,824
2024-25	13,588
2025-26	2,132

The Board has a budgeted commitment of \$9,723,387 to the Dairy Farmers of Canada for the upcoming year. This amount includes Alberta Milk's membership fee, funding for strategic industry objectives, and funding for service agreements.

The Board has a funding commitment to several universities for academic advisor positions in the amount of \$563,333 to be disbursed over the course of the next three years.

## ALBERTA MILK

### NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2021

#### 9. HAULING FEES :

	2021	2020
Paid by producers	\$ 32,041,016	\$ 30,155,993
Recovered from processors	203,772	409,646
Recovered from the Western Milk Pool	7,624,930	4,397,414
Total hauling expenses for the year	\$ 39,869,718	\$ 34,963,053
Producer cost per hectolitre	\$ 3.82	\$ 3.69

Hauling fees paid by producers include volume fees of \$26,353,345 (2020 - \$25,708,645), yard stop fees of \$2,236,722 (2020 - \$2,271,686), and interprovincial hauling fees of \$3,331,351 (2020 - \$2,490,376), resulting in a decrease to the transportation surplus of \$119,598 (2020 - increase of \$314,714). The remaining surplus of \$456,441 (2020 - \$576,039) will be used to offset next year's hauling expenses.

#### 10. PENSIONS:

Effective January 1, 2007 the Alberta Milk Employees' Pension Plan ("the Plan") was established on behalf of employees of Alberta Milk. Prior to January 1, 2007 certain members had accumulated retirement benefits under the Western Canadian Dairy Herd Improvement Services Association Employees Pension Plan ("the Predecessor Plan"). As of January 1, 2007 the Predecessor Plan benefits for such members, and the liability thereof, have been transferred to the Plan and shall be paid in accordance with the terms of the Plan. The Plan is a defined benefit plan and specifies the amount of the retirement benefit to be received based on the length of service and final average earnings. The most recent funding recommendation for the Plan was completed as at December 31, 2018 and has been updated for current assumptions in the actuarial report dated September 2, 2021.

## ALBERTA MILK

### NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2021

#### 10. PENSIONS *(continued)*:

	2021	2020
<b>Defined benefit obligation</b>		
Defined benefit obligation - opening	\$ 4,832,000	\$ 4,489,000
Current service cost - employer	124,000	116,000
Employee contributions	109,000	109,000
Benefits paid	(595,000)	(126,000)
Interest on defined benefit obligation	251,000	244,000
<b>Defined benefit obligation - closing</b>	<b>\$ 4,721,000</b>	<b>\$ 4,832,000</b>
<b>Fair value of plan assets</b>		
Fair value of plan assets - opening	\$ 5,525,000	\$ 5,409,000
Employer contributions	117,000	117,000
Employee contributions	109,000	109,000
Benefits paid	(595,000)	(126,000)
Return on plan assets	1,191,000	16,000
<b>Fair value of plan assets - closing</b>	<b>\$ 6,347,000</b>	<b>\$ 5,525,000</b>
<b>Defined benefit asset</b>		
Defined benefit obligation	\$ (4,721,000)	\$ (4,832,000)
Fair value of plan assets	6,347,000	5,525,000
<b>Funded surplus</b>	<b>\$ 1,626,000</b>	<b>\$ 693,000</b>
Valuation allowance	-	-
<b>Defined benefit asset</b>	<b>\$ 1,626,000</b>	<b>\$ 693,000</b>
<b>Defined benefit cost</b>		
Employer current service cost	\$ 124,000	\$ 116,000
Interest cost on defined benefit obligation	251,000	244,000
Expected interest on plan assets	(280,000)	(287,000)
<b>Defined benefit cost</b>	<b>\$ 95,000</b>	<b>\$ 73,000</b>
<b>Remeasurements and other items</b>		
Interest less net return on plan assets	\$ (911,000)	\$ 271,000
<b>Total remeasurements and other items</b>	<b>\$ (911,000)</b>	<b>\$ 271,000</b>

# ALBERTA MILK

## NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2021

### 10. PENSIONS (continued):

	2021	2020
<b>Actuarial assumptions</b>		
Annual discount rate	5.25%	5.25%
Annual rate of return on assets	5.25%	5.25%
Annual rate of salary increase	3.75%	3.75%
Annual inflation rate	2.25%	2.25%
Termination table	Nil	Nil
<p>The mortality table used was CPM2014Priv with projection scale MI-2017 as at July 31, 2021 (2020 - CPM2014Priv with projection scale MI-2017 as at July 31, 2020).</p> <p>The retirement rate used was 100% at age 62 (2020 - 100% at age 62).</p>		
<b>Distribution of the total market value of the plan assets by major asset category</b>		
Canadian equities	29.9%	30.1%
International equities	10.9%	13.2%
U.S. equities	15.3%	15.1%
Debt securities	32.5%	28.2%
Cash and other	11.4%	13.4%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

### 11. QUOTA EXCHANGE:

The Board operates a quota exchange each month. Producers submit bids to purchase quota or offers to sell quota. The exchange is cleared each month at the market clearing price, which is the average between the last successful buyer's price and the last successful seller's price.

### 12. INTERFUND TRANSFERS:

The research and marketing, nutrition, education (MNE) producer assessments rates per hectolitre are authorized by the *Alberta Milk Marketing Regulation* and as such, any associated net assets have been set aside by the Board as internally restricted net assets to be used to fund future research and marketing, nutrition, education (MNE) activities. The Board has also set aside internally restricted net assets for the operation of the quota exchange. These net assets result from cash surpluses generated from the operation of the quota exchange and are to be used to manage any potential risk associated with a producer non payment for quota purchases. The Scholarship internally restricted net assets are to be used to provide future scholarships to post secondary students in support of the dairy industry.

In 2021, the Board transferred \$55,657 (2020 - \$100,839) from the Unrestricted net assets into the Research net assets to cover administration costs.

# ALBERTA MILK

## NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2021

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### 13. CONTINGENT LOSS:

During the prior year, the Board was served with a statement of claim from a producer regarding the Board's April 7, 2020 decision to impose production controls. The Board is defending itself against this claim, and as the final outcome of these matters is not determinable at this time, no amount has been accrued in the financial statements. An estimate of the amount of the contingent loss cannot be made at this time.

### 14. SIGNIFICANTLY INFLUENCED NOT-FOR-PROFIT ORGANIZATION:

The Board exercises significant influence over Dairy Innovation West Inc. (DIW). As a member of DIW, the Board is entitled to name a nominee for appointment to DIW's Board of Directors, and the Board's support is required in the process of electing the Chair of DIW's Board of Directors. DIW's purpose is to promote and facilitate the efficient transportation of milk and milk components by producers to the processors in western Canada. The Board holds economic interest in DIW to the extent that resources are transferred to DIW by means of member assessment fees, which are collected by DIW to achieve its stated purpose. The Alberta Agricultural Products Marketing Council has provided their support for the DIW project concept. DIW is incorporated under the Canada Not-for-profit Corporations Act and is exempt from income tax. The Board's recorded transactions with DIW during the year consist of \$1,224,704 of member assessment fees, which are included in hauling fees expense on the Statement of Operations. A Board staff member serves as Treasurer for DIW and the Board performs bookkeeping and administrative functions on behalf of DIW.

### 15. FINANCIAL INSTRUMENT RISKS:

The Board's main financial instrument risk exposure is detailed as follows:

#### *Credit risk*

The Board has determined that the financial assets with credit risk exposure are accounts receivable and due from processors, producers and others since failure of any of these parties to fulfil their obligations could result in significant financial loss for the Board. There was no significant change in exposure from the prior year.

#### *Interest rate risk*

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Board is exposed to interest rate risk primarily with respect to fixed income investments. There was no significant change in exposure from the prior year.

#### *Other price risk*

The Board is exposed to other price risk on its investments in equities quoted in an active market since changes in market prices could result in changes in the fair value of these investments. There was no significant change in exposure from the prior year.

#### *Liquidity risk*

The Board's liquidity risk represents the risk that the Board could encounter difficulty in meeting obligations associated with its financial liabilities. The Board, therefore, is exposed to liquidity risk with respect to its accounts payable and accrued liabilities, and deferred contributions. There was no significant change in exposure from the prior year.

### 16. COMPARATIVE FIGURES:

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the fiscal 2021 financial statements.

**ALBERTA MILK**  
**SCHEDULE OF REVENUE AND EXPENSES BY GOAL**  
**FOR THE YEAR ENDED JULY 31, 2021**

	2021 (unaudited)	Budget (unaudited)	2020 (unaudited)
<b>REVENUES:</b>			
Assessments (Note 7):			
Administrative	\$ 4,194,132	\$ 3,997,785	\$ 3,764,356
Class 1 Market Recovery	1,553,963	1,582,382	1,472,866
Marketing, Nutrition, Education (MNE)	12,582,366	11,993,355	12,274,576
Research	419,413	399,778	409,154
Restricted Revenue - Equalization (Note 5)	724,977,183	639,645,576	696,403,888
Hauling Fees (Notes 7 and 9)	39,869,718	46,368,613	34,963,053
Investment Income (Note 3)	249,148	203,135	190,988
Grant Revenue (Note 6)	201,153	270,182	703,532
Processor Audit Recovery	145,000	145,000	127,021
Quota Lease	588,729	492,750	526,368
Other Income	425,000	386,340	437,742
<b>TOTAL REVENUES</b>	<b>785,205,805</b>	<b>705,484,896</b>	<b>751,273,544</b>
<b>EXPENSES BY GOAL &amp; STRATEGY (Schedule II)</b>	<b>783,132,302</b>	<b>704,950,230</b>	<b>750,630,179</b>
<b>EXCESS OF REVENUES OVER EXPENSES BEFORE QUOTA EXCHANGE</b>	<b>2,073,503</b>	<b>534,666</b>	<b>643,365</b>
<b>QUOTA EXCHANGE:</b>			
Sales of Quota (Note 11)	43,021,659	21,500,000	20,362,306
Purchases of Quota (Note 11)	43,021,659	21,500,000	20,295,943
Net Quota Exchange	-	-	66,363
<b>EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR</b>	<b>\$ 2,073,503</b>	<b>\$ 534,666</b>	<b>\$ 709,728</b>

**ALBERTA MILK**  
**SCHEDULE OF EXPENSES BY GOAL**  
**FOR THE YEAR ENDED JULY 31, 2021**

	2021 (unaudited)	Budget (unaudited)	2020 (unaudited)
<b>EXPENSES BY GOAL &amp; STRATEGY:</b>			
<i>High-quality milk is consistently produced to meet demand:</i>			
Quota, processor allocation, and transportation systems	\$ 121,022	\$ 104,000	\$ 140,155
Efficient transportation of raw milk	40,181,787	46,585,878	35,310,900
Provide the best quality milk for consumers	773,724	955,732	1,096,828
<i>Advocate for supply management:</i>			
Advocate the value of dairy and supply management	19,718	33,150	48,689
<i>Work together across the value-chain for the industry's success:</i>			
Facilitate processor investment in Western Canada	20,769	145,000	74,389
Develop a retailer code of conduct	-	13,595	1,110
Engage the processing sector in policy development	434	20,385	13,355
<i>Lead and influence alongside partners:</i>			
Strengthen relationships with industry partners	296,175	366,865	358,259
Be a strategic partner in the Western Milk Pool	88,774	114,805	140,921
Represent Alberta in national policy development	33,454	88,830	85,894
<i>Marketing and promotion work:</i>			
Align with national marketing initiatives and messaging	9,295,920	9,562,182	8,741,027
Connect with Gen Zs and Millennials	960,854	621,132	903,054
Target school-aged children and their families	388,867	599,275	510,992
Elevate local dairy products and Alberta dairy farmers	309,140	285,750	35,448
<i>Increase efficiencies and effectiveness in the industry:</i>			
Support dairy production research	1,029,679	1,165,039	1,803,513
<i>Model good governance and efficient resource management:</i>			
Administer and enforce regulations, directives, and policies	226,706	62,500	154,273
Communication with farmers, stakeholders, and the public	246,230	226,325	449,464
Optimal, effective, and efficient resource management	729,139,049	643,999,787	700,681,897
<b>Total Expenses</b>	<b>\$ 783,132,302</b>	<b>\$ 704,950,230</b>	<b>\$ 750,630,179</b>







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