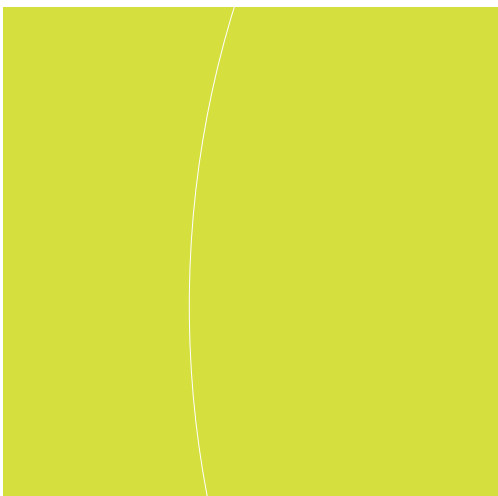


Manitoba Pork Council
2007 Annual Report



our mission

To foster the sustainability and prosperity of the pork industry for the good of all hog farmers and all Manitobans.

our vision

To become a centre of excellence for pork production in Canada.

Manitoba Pork Council

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Looking ahead, the short-term forecast may be dismal, but there is hope on the horizon. Because of the large sow liquidation taking place, supply will come down and prices will rise.

TO SAY THAT 2007 WAS A CHALLENGE IS NOTHING SHORT OF AN UNDERSTATEMENT. A NUMBER OF INFLUENCING FACTORS CAME TOGETHER TO CREATE WHAT MANY PEOPLE HAVE CALLED "THE PERFECT STORM." NOT ONLY DID HOG PRICES DROP DRAMATICALLY, A GROWING DEMAND FOR FEED GRAINS FROM THE ETHANOL MARKET INCREASED INPUT COSTS SIGNIFICANTLY. AT THE SAME TIME, THE CANADIAN DOLLAR ESCALATED AT A RAPID RATE, SETTING A 40-YEAR RECORD WHEN IT SURPASSED THE U.S. DOLLAR.

These factors combined to create a financial crisis that has hit the hog industry hard. Losses per pig have exceeded \$50 a head and hog producers continue to face some of the lowest prices in over a decade. Many are in dire straits and some have been forced to close their barn doors after generations of farming.

In response to this crisis, Manitoba Pork Council was part of a delegation that hit Parliament Hill in November to lobby the government for immediate support. The Canadian Pork Council (CPC) and provincial pork associations met with federal Agriculture Minister Gerry Ritz, senior officials from Agriculture and Agri-Food Canada and federal Members of Parliament to discuss the industry's survival.

The hog industry crisis was not the only issue on the agenda in 2007. COOL – or Country of Origin Labeling – could significantly affect the way we do business. Manitoba ships about four million weanlings a year down south and another one million finished hogs on top of that. If U.S. processors close

their doors to our product, we could have a backlog of hogs with nowhere to go. Manitoba Pork Council spent much of 2007 working with our counterparts across the country to monitor the situation and lobby our government to represent Canadian producers' interests in this challenge. We worked very closely with our American affiliates to have the COOL legislation amended, which would benefit hog producers on both sides of the border.

We kicked off the year in January participating in the South Dakota, Minnesota and Iowa Pork Congresses, some of the largest pork industry events in North America. We met with U.S. producers, government officials, industry representatives and the media to share our concerns about key issues facing the industry and build on the North American trading partnership we have developed. Those efforts continued at the World Pork Expo in Iowa in June. We also visited with two major U.S. processors in Minnesota and South Dakota in October.

The threat of COOL wouldn't be such an issue if we had sufficient processing capacity in Manitoba. Hytek's plans to build a much-needed facility in Winnipeg were dashed in the spring, when the OlyWest plant became a victim of provincial politics. Any hope of building a new hog processing plant near the city was lost during the spring election campaign as all three political leaders spoke out against the plant. Council had worked with the partners in this project for over two years.

On a positive note, Hytek expanded its business in Manitoba by purchasing

Springhill Farms near Neepawa. Over the next two years, the company plans to modernize the plant and increase processing capacity. While it is disappointing that our hopes for a \$200 million processing plant in Winnipeg were lost, Hytek continues to invest in Manitoba. Maple Leaf in Brandon also continues its expansion efforts, increasing its capacity by almost 50 per cent with a full double shift to be in place by 2009.

Looking ahead, the short-term forecast may be dismal, but there is hope on the horizon. Because of the large sow liquidation taking place, supply will come down and prices will rise. Annual worldwide demand for pork is also increasing at a rate equivalent to Canada's total production. With an expansion at Maple Leaf's Brandon plant and upgrades to Hytek's facility in Neepawa, Manitoba hog producers will be well positioned to supply the market.

In closing, I'd like to thank my fellow board members and the staff at Manitoba Pork Council for their continuing support and commitment. Despite the challenges, we have a very strong team working to further our industry for the sake of all producers. I am confident that we will get through the challenges ahead and continue to build a prosperous industry in Manitoba.

Karl Kynoch

Chairman, Manitoba Pork Council



Despite the challenges before us, I am confident that we will get through these difficult times and have a sustainable industry that benefits all Manitobans.

THESE DAYS JUST ABOUT EVERYTHING IS "GOING GREEN." THE ENVIRONMENT IS AT THE TOP OF THE WORLD AGENDA WHEN IT COMES TO ISSUES. THE HOG INDUSTRY IS NO EXCEPTION. THE ENVIRONMENT WAS ONE OF THE KEY ISSUES FACING OUR INDUSTRY IN 2007.

At the end of 2006, the Manitoba government imposed a "pause" on any new development or expansion in the hog industry. That pause continued throughout 2007 as the Clean Environment Commission (CEC) conducted its review of the environmental impact of the hog industry in Manitoba.

A series of 17 public hearings took place across the province in March and April. Manitoba Pork Council made the opening and closing presentations, urging the CEC to be very cautious in its recommendations on the environmental sustainability of the hog industry in Manitoba. Manitoba hog farmers already follow some of the strictest environmental rules and regulations in the world and the provincial government also has a comprehensive safety net in place to protect the environment.

Based on the low turnout at the CEC public hearings, the environmental sustainability of the hog industry does not appear to be a major issue for most Manitobans. The vast majority of the people participating in the CEC process supported the hog industry. While Manitoba Pork Council asked the CEC to complete its report as quickly as possible so the hog industry could move forward, the report was not publicized in

December 2007 as promised. The pause on the industry remained in effect at the end of the year.

Because environmental concerns and the impact of the hog industry were at the top of the agenda in 2007, Manitoba Pork Council launched a full-scale public relations campaign to educate the public at large about hog farming in the province. This included a series of three, 15-second television commercials, four 15-second radio spots and an eight-week print ad campaign that ran in both the Winnipeg Free Press and the Winnipeg Sun. Key messages included the fact that the hog industry contributes close to \$1 billion to the provincial economy each year, that hog farmers follow some of the strictest environmental laws in existence and that the hog industry employs over 15,000 people in Manitoba. Polling conducted in 2007 showed that we are starting to change attitudes, but it will be a long-term effort.

We produced a "Green Book" on the Manitoba hog industry's commitment to the environment. This report on the hog industry in Manitoba explored not only the industry's economic impact, but also discussed the environmental efforts that hog farmers undertake to protect precious resources. The Green Book was launched at Manitoba Pork Council's first-ever Taste of Elegance, an event where we showcased the pork industry and its contributions to the province to over 100 community leaders. The Green Book was sent to almost 1,000 decision makers in the media, government and industry.

There were also some staffing changes in 2007. Peter Mah, our Director of Sustainable Development, retired in June. Peter was replaced by Mike Teillet, who joined Manitoba Pork Council after 30 years working with Manitoba Intergovernmental Affairs. In his new role as Manager, Sustainable Development Programs, Mike will focus on environmental issues, research and municipal planning issues. We also hired Ron Marchenski on contract to set up the Manitoba Pork Credit Corporation and administer the federal Advance Payments Program, which will become operational in 2008. We were able to negotiate a \$60 million loan at a very attractive interest rate. This new program was part of our efforts to help producers deal with the economic crisis in the industry.

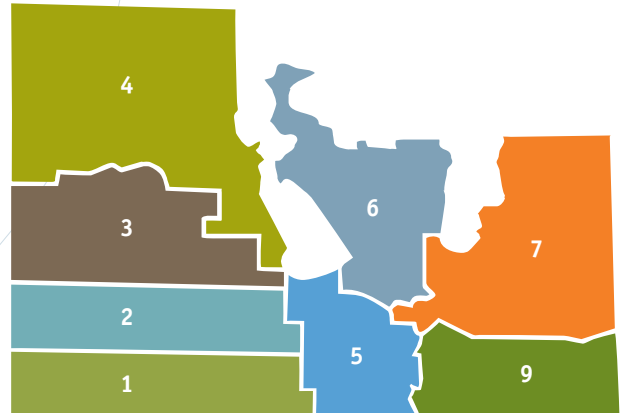
Manitoba Pork Council would not achieve what it does without the commitment and support of its 14-member board of directors. Our board members work tirelessly in their efforts to build a solid future for the province's hog farmers. Despite the challenges before us, I am confident that we will get through these difficult times and have a sustainable industry that benefits all Manitobans.

Andrew Dickson

General Manager, Manitoba Pork Council

Manitoba Pork Council Districts

- DISTRICTS 1-7 & 9 - *Geographic Districts*
- DISTRICT 8 & 10 - *Hutterite Brethren Colonies*
- DISTRICT 11 - *Maple Leaf Agri-Farms*
- DISTRICT 12 - *The Puratone Corporation*
- DISTRICT 13 - *Hytek Ltd.*
- DISTRICT 14 - *N/A*
- DISTRICT 15 - *Weanling Exporters*



Delegates 2007

DISTRICT 1
Karl Kynoch
Baldur - Director

Donald Graham
Altamont

Edward Grenier
St. Leon

Claude Poiron
Somerset

Odiel Sanders
Altamont

Steven Wallcraft
La Riviere

DISTRICT 2
Ray Timmerman
Treherne - Director

Wilfred Baer
Sidney

Don Neufeld
Kola

Tom Keller
Carberry

Rick Prejet
Notre Dame de Lourdes

Sean Tolton
Kenton

DISTRICT 3
Garry Tolton
Newdale - Director

Andy Cardy
Minnedosa

Brad Rodgers
MacGregor

Martin Sharpe
Minnedosa

Brian Shaw
Solsgirth

Wim Verbruggen
Rivers

DISTRICT 4
Bryan Ferriss
Bowsman - Director

David Eggie
Swan River

Michael Slepicka
Minitonas

Brian Lesiuk
Gilbert Plains

Harold Proppe
Swan River

Henrik Thomsen
Roblin

DISTRICT 5
Wendy Friesen
Lowe Farm - Director

Matt Adema
St. Eustache

Ernie Siemens
Morris

Jeroen Van Boekel
Stephenfield

Leonard Wiebe
Carman

DISTRICT 6
George Matheson
Stonewall - Director

Paul Berry
Fisher Branch

Darvin Firman
Arborg

Danny Kleinsasser
Stony Mountain

Basil Lewin
Argyle

Calvin Penner
Argyle

DISTRICT 7
Bill Vaags
Dugald - Director

Delegates 2007 – continued

Dan Van Schepdael
East Selkirk

Hubert Preun
St. Andrews

Craig Riese
Lockport

Volker Wyrich
Oakbank

John Van Aert
East Selkirk

DISTRICT 8
Ben Hofer
Rock Lake Colony - Director

Edwin Hofer
Miami Colony

Philip Hofer
James Valley Colony

Arnie Waldner
Milltown Colony

David Waldner
Norquay Colony

Mike Waldner
Cool Spring Colony

DISTRICT 9
Rick Bergmann
Steinbach - Director

Herb Lepp
Steinbach

Tom Leppelmann
Steinbach

Paul Loeppky
Niverville

Allen Reimer
Steinbach
Del Reimer
Steinbach

DISTRICT 10
James Hofer
Starlite Colony - Director

Peter Hofer
Skyview Colony

Joe Waldner
Sunnyside Colony

Levi Waldner
Trileaf Colony

Dave Wollman
Newhaven Colony

Martin Wollman
Springhill Colony

DISTRICT 11
Gary Stott
Maple Leaf Agri-Farms - Director

Glen Gratton
Richard E. Bergmann
Dan Kraft

DISTRICT 12
Darcy Pauls
The Puratone Corporation - Director

Wally Driedger
Ab Freig
Paul Howarth
Lyle Loewen
John Wieler

DISTRICT 13
Claude Vielfaure
HYTEK Ltd. - Director

Denis Vielfaure
Guy Baudry
Carol Martens
Sheldon Stott
Dave Penner

DISTRICT 15
Larry Friesen
Rivers - Director

Tim Hofer
Willow Creek Colony

Lorne Tannas
Hamiota

Dan Klippenstein
Niverville

Ken Rempel
Niverville

Lauren Wiebe
Grunthal

Delegates Serving on Committees

Rick Prejet
DISTRICT 2
Quality Assurance and Food
Safety Committee

Sheldon Stott
DISTRICT 13
Research and Environment
Committee

Carol Martens
DISTRICT 13
Public Affairs Committee

Lorne Tannas
DISTRICT 15
Research and Environment
Committee

Board of Directors

from left to right

Karl Kynoch

Chairman

DIRECTOR – DISTRICT 1

Director, Canadian Pork Council
 Member, CPC Animal Care Working Group
 Member, CPC Trade Advocacy Working Group
 Member, Canada Pork International National Cereals Value Chain Roundtable
 Member, Provincial Safety Nets Advisory Committee
 Ex-Officio Member, Research and Environment Committee
 Ex-Officio Member, Public Affairs Committee
 Ex-Officio Member, Quality Assurance and Food Safety Committee
 Ex-Officio Member, Traceability Committee

Bryan Ferriss

Vice-Chairman

DIRECTOR – DISTRICT 4

Chair, Research and Environment Committee
 Executive Member, Canadian

Pork Council (CPC)
 Chair, CPC Identification and Traceability System Working Committee
 Member, CPC Safety Nets Committee
 Member, CPC Audit Committee
 Member, CPC Modernized Meat Inspection Working Group
 Director, Manitoba Livestock Manure Management Initiative
 Member, Swan Lake Watershed Conservation District

Ray Timmerman

Executive Member

DIRECTOR – DISTRICT 2

Chair, Quality Assurance and Food Safety Committee
 Chair, Traceability Committee
 Chair, Manitoba Pig Welfare Group
 Member, Canadian Quality Assurance® Advisory Committee
 Member, Canadian Quality Assurance® Technical Working Group
 Member, Canadian Integrated Program for Antimicrobial Resistance Surveillance (CIPARS)

Working Group
 Member, Carberry Aquifer Roundtable
 Member, Manitoba Farm Animal Council
 Member, Stephenfield Lake Watershed Management Plan Committee

Wendy Friesen

Executive Member

DIRECTOR – DISTRICT 5

Chair, Public Affairs Committee
 Chair, Manitoba Farm Animal Council
 Member, Manitoba Pig Welfare Group
 Member, Winkler Aquifer Roundtable
 Member, LaSalle River Watershed Planning Advisory Team
 Missing from photo

Members of the Board

Garry Tolton

DIRECTOR – DISTRICT 3

Member, Research and Environment Committee
 Director, Farm Stewardship

Association of Manitoba
 Member, Upper Assiniboine Watershed Planning Advisory Team

George Matheson

DIRECTOR – DISTRICT 6

Member, Public Affairs Committee
 Member, Provincial Agricultural Safety and Health Committee Council Representative,
 Keystone Agricultural Producers

Bill Vaags

DIRECTOR – DISTRICT 7

Member, Public Affairs Committee
 Director, Canada Pork International
 Missing from photo

Ben Hofer

DIRECTOR – DISTRICT 8

Member, Quality Assurance and Food Safety Committee

Rick Bergmann

DIRECTOR – DISTRICT 9

Member, Public Affairs Committee
 Missing from photo



Board of Directors - Continued

James Hofer

DIRECTOR – DISTRICT 10

Member, Research and Environment Committee
Director, Manitoba Livestock Manure Management Initiative
Director, Manitoba Hog Grading Inc.
Member, Provincial Trade Advisory Committee (Pork Production Technician)

Gary Stott

DIRECTOR – DISTRICT 11

(Maple Leaf Agri-Farms)
Director, Canadian Pork Council
Member, Canadian Pork Council PCVAD Program Group
Member, Traceability Committee

Darcy Pauls

DIRECTOR – DISTRICT 12

(The Puratone Corporation)
Member, Quality Assurance and Food Safety Committee
Member, Traceability Committee
Member, National Pork Value Chain Roundtable

Claude Vielfaure

DIRECTOR – DISTRICT 13

(Hytek Ltd.)
Missing from photo

Larry Friesen

DIRECTOR – DISTRICT 15

Member, Traceability Committee

Manitoba Pork Council Staff

Andrew Dickson

General Manager

Julie Baird

Executive Assistant

Miles Beaudin

Swine Program Specialist & CQA® Coordinator

Tracey Bryksa

Manager, Public Affairs & Marketing

Jeff Clark

Producer Services

Cyndy Goos

Accountant

Tarrah Jakubowski

BBQ Program Coordinator
Missing from photo

Karen Leclerc

Front Desk Coordinator

Miriam Manswell

Administrative Services

Ron Marchenski

Advance Payments Program Manager

Dwayne Marling

Communications Specialist & Technology Transfer
Missing from photo

Marlene McDonald

Pork Promotions & Consumer Education
Missing from photo

Susan Riese

Special Programs Coordinator

Mike Teillet

Manager, Sustainable Development Programs

Jason Care

Auditor, Manitoba Hog Grading Inc.



Manitoba Initiatives

PUBLIC AWARENESS

With the hog industry under public scrutiny for most of 2007, Council focused its advertising efforts on educating the public about hog farming and the contributions the industry makes to the province. According to market research conducted by Council early in 2007, the public at large knows very little about the hog industry in Manitoba.

A multimedia advertising campaign was launched in March 2007 to educate the public about the benefits of the hog industry, including job creation, economic impact and environmental efforts. A four-page insert in the Winnipeg Free Press entitled "Straight Talk on Pork" kicked off the campaign in early March. The insert ran in the Steinbach Carillon, Portage la Prairie Daily Graphic and The Brandon Sun in April. Print ads ran in both the Winnipeg Free Press and Winnipeg Sun through May.



Council also produced television commercials and radio spots highlighting key messages about the Manitoba hog industry. These commercials ran on a wide variety of stations from March through May to coincide with the Clean Environment Commission's public hearings on the environmental impact of the hog industry in Manitoba. A second series of television commercials was broadcast in the fall. According to polling conducted before and after Council's campaign, public opinion of the hog industry improved slightly, but it is a long-term effort.

Consumers were encouraged to "pick pork" when they tuned in to CTV's popular "Great Tastes of Manitoba" television series. Two new pork shows aired in 2007 and positioned Manitoba pork as a wholesome, healthy, versatile and delicious meat. This effort was complemented by the production and distribution of new recipe brochures. Radio listeners listened to Council's daily radio program – Farmscape – which is heard on CKLQ in Brandon, in Saskatchewan (in partnership with Sask Pork) and worldwide at www.farmscape.ca.

As a core sponsor, Council continues to be very active in Agriculture in the Classroom- Manitoba (AITC-M), which provides opportunities to educate children about agriculture. Council also educates thousands of people about hog production at "Thru the Farm Gate" at Brandon's Royal Manitoba Winter Fair, the Red River Exhibition's "Touch the Farm" and "Amazing Agriculture Adventure."

PROMOTIONS

Manitoba Pork Council launched its Pork Sports program in 2007. The goal of the program is to reach a wide consumer audience through the sponsorship of targeted sporting events. Council sponsored two Winnipeg Goldeyes games and the New Year's Eve game of the Manitoba Moose. Both sponsorships included excellent promotion, including logo placement, commercial spots and a stress pig toss. Council also did a Pork on a Bun barbecue prior to both



Goldeyes games, raising money for the Field of Dreams Foundation. Council got more involved with curling in Manitoba by sponsoring the Manitoba Curling Association's (MCA) Men's Bonspiel. The "Hurry Hog" curling program was a success in 2007 with participation of 62 curling clubs.

Manitoba Pork Council's BBQ Cart program served up over 25,606 Pork on a Buns at 186 events. This included 42 sponsored events, including 11 COOL Jazz golf tournaments in support of various

local and provincial charities. The BBQ Cart program continues to be an excellent public relations tool, building public awareness and promoting pork at the same time.

In October 2007, Manitoba Pork Council held its first annual Taste of Elegance event at the Delta Hotel. Over 100 community leaders, including elected officials, government staff, industry representatives and media, attended the event sampling delicious pork appetizers and learning more about the hog industry in Manitoba. This event also served as the launch for Council's Green Book, a report on Manitoba's hog industry. The book, which included information on the hog sector's economic and environmental contributions, was mailed to about 1,000 decision makers.

PRODUCER & INDUSTRY RELATIONS

The Swine Stewardship Awards were presented at Council's annual meeting in April 2007. The following awards were presented to producers, community groups and industry partners whose outstanding efforts contributed to the sustainable growth and prosperity of Manitoba's pork industry:

- The Friend of the Industry Award was presented to Meyers Norris Penny LLP, recognizing the firm's many years of visionary leadership, integrity, respect and innovation in assisting Manitoba's hog industry grow, succeed and prosper.

- The Swine Steward Award was presented to Edwin Kleinsasser for his commitment to innovation and promotion of high-health standards for hog production in Manitoba.
- The Education Award was presented to Assiniboine Community College and its Swine Education Team for their visionary delivery of focused agricultural education and contributions to Manitoba's hog industry.
- The Industry Service Award was presented to Manitoba Pork Marketing Co-op Inc. for continuous innovation and dedicated service to Manitoba hog producers.
- The Environment Award was presented to Dr. Katherine E. Buckley of Agriculture and Agri-Food Canada's Brandon Research Centre for leadership in environmental research and sustainability.

U.S. TRADE ADVOCACY

In 2006, Council implemented a trade advocacy program focused on enhancing trade relations with the hog industry in the U.S. The program was established with a goal to reduce the risks of future trade actions against Canadian live swine exports to the U.S. or exports of Canadian pork and pork products.

In January 2007, a delegation of staff and directors from Manitoba Pork Council attended Pork Congresses in Minnesota, Iowa and South Dakota. In addition to speaking with thousands of U.S. producers and industry representatives at Council's large trade show booth, the



A multimedia advertising campaign was launched in March 2007 to educate the public about the benefits of the hog industry, including job creation, economic impact and environmental efforts.

Trade advocacy is an ongoing effort. In June, Council attended the World Pork Expo in Des Moines, Iowa to talk with producers and industry officials about the possible impacts of COOL – Country of Origin Labeling.



Manitoba delegation met one-on-one with the Iowa and Minnesota Farm Bureaus, Minnesota’s Commissioner of Agriculture, Iowa’s Secretary of Agriculture and the boards of the Iowa and Minnesota Pork Producers Associations. Council did a number of interviews with key media in the U.S.

Council’s trade advocacy efforts were very well received. In April, representatives from the Iowa and Minnesota Pork Producers Associations drove up to Manitoba to attend Council’s annual general meeting. Following the meeting, they took part in a one-day tour of the hog industry in southeastern Manitoba, driving through “hog alley”, touring barns at Starlite Colony and visiting Puratone’s offices.

Trade advocacy is an ongoing effort. In June, Council attended the World Pork Expo in Des Moines, Iowa to talk with producers and industry officials about the possible impacts of COOL – Country of Origin Labeling. In 2008, Council plans to participate in both of the Pork Congresses in Iowa and Minnesota once again.

HUMAN RESOURCES & TRAINING

In 2007, Manitoba Pork Council worked extensively to develop employment standards recommendations for the hog industry. Council also worked closely with Human Resources and Skills Development Canada (HRDC) to reduce immigration process times. HRDC and Labour and Immigration were also briefed on current industry status and are cognizant of industry needs.

Council also attended Winnipeg, Brandon and Beausejour career fairs to encourage people to think about a career in the hog industry. Assiniboine Community College's programs were a success in 2007. Sixty people attended Pork Production Manager Certificate Program courses in Brandon and the Steinbach region. Eleven students entered the Pork Production Technician Apprenticeship Program.

COMMUNITY RELATIONS & SUSTAINABLE DEVELOPMENT

In 2007, the industry suffered through the 'pause' on new hog barns. Council focused its efforts on preparing and making presentations and attending all of the CEC's public hearings.

Although the government stated the CEC's report would be issued by December 2007, the report was not finished by year-end and the pause on new hog barns continued. The report is expected by the end of February 2008. Council continued to press the government to end the ban and emphasized producers cannot sustain new rules and regulations that add to the costs of production.

Despite the fact that all municipalities were to have livestock operations policies in their development plans (under the 2006 Planning Act) by the end of 2007, most did not. It is believed that most municipalities are waiting for the CEC report and government's reaction before

they undertake their livestock operations policies. Council continues to monitor development plans and zoning changes and provide local input where necessary.

In September, the Province amended The Planning Act by changing the definition of what constitutes a single livestock operation. Any barns located within 800 metres of each other will be considered a single operation. Council sent a written submission to the government emphasizing the change was unnecessary and that any new regulations could only cause further harm to an already fragile farm group. Council continued to maintain a presence at community and municipal events, such as the Association of Manitoba Municipalities (AMM) meetings and the Manitoba Conservation Districts Association (MCDA) annual meeting.



ANIMAL CARE

In July 2007, a delegation from Manitoba Pork Council met with those responsible for the animal transport review initiated by the Canadian Food Inspection Agency. The purpose of the visit to Ottawa was to reinforce the industry's reliance on attaining markets throughout North America. Council also continued to improve cross border delays of animals entering the U.S. The Trucker Quality Assurance (TQA) program was delivered to seven locations in Manitoba with 165 people attending.

QUALITY ASSURANCE

All CQA veterinarians attended an update session in Winnipeg in July 2007. National CQA coordinator Dawn Lawrence presented new updates and reviewed the program to ensure consistent validation processes. To ensure accountability, Manitoba Pork Council conducted 10 farm audits to verify CQA compliance. The audits revealed high levels of CQA compliance, which verified farm managers and their staff, along with CQA validators, are following the program.

TRACEABILITY AND EMERGENCY PREPAREDNESS

Through the Canadian Pork Council's Animal Identification and Traceability Committee, Manitoba Pork Council continues to be a key participant in designing Canada's national Swine Traceability System. This industry-led effort has achieved key milestones towards the full implementation of swine traceability.

Farm (premises) registration and the slaughter tattoo registration program continue to play a fundamental role in identifying animal movements, while the western Canadian swine slaughter reporting system is now collecting information from abattoirs in the West. These three elements provided a centralized, quick reference for tracing animals from packinghouse back to finisher barn by their tattoo number on a daily basis.

Farm-to-farm movement reporting will one day be a reality. In 2007, Council completed two pilot projects that evaluated different reporting tools for capturing animal movement information from the field. One of the projects used mobile phones for reporting shipping and receiving information to a central data warehouse. The results demonstrated that traceability information can be reported in a simple, quick and a practical manner. However, much work remains to be done.

Council actively participates in preparing the province's livestock sector for animal health emergencies through Manitoba's Avian Influenza Operations Committee. Composed of 12 federal and provincial government departments and four provincial commodity groups, the committee holds a wealth of expertise, and will soon be working to prepare response plans for swine-related health crises.

MANITOBA HOG GRADING INC.

Manitoba Hog Grading Inc. continues to provide hog carcass grading services for producers in federally-inspected processing plants in Manitoba. Hog grading displays and promotional materials are used at trade and industry shows to improve awareness of the service and provide more information to producers.





New and innovative developments in food safety, animal care and production research are critical to the long-term success of Manitoba's livestock sector.

RESEARCH & ENVIRONMENT

Research is one of Manitoba Pork Council's key areas of focus. New and innovative developments in food safety, animal care and production research are critical to the long-term success of Manitoba's livestock sector. In addition to funding research, Manitoba Pork Council sponsors and promotes a wide range of practical seminars, conferences, workshops and speakers to deliver practical information and tools directly to producers.

Manitoba Pork Council provides ongoing funding to research in these areas through the University of Manitoba and its National Centre for Livestock and the Environment (NCLE), Prairie Swine Centre Inc. (PSC), the Manitoba Livestock Manure Management Initiative (MLMMI), Lake Winnipeg Research Consortium (LWRC) and the Vaccine and Infectious Disease Organization (VIDO).

In 2007, Manitoba Pork Council contributed \$195,000 to MLMMI to support research, development and demonstration projects, bringing its 10-year total to just under \$2 million. As a member of the Lake Winnipeg Research Consortium (LWRC) since its establishment in August 1998, Council continues to financially support research on the future of Manitoba's largest freshwater lake. Council's continuing dedication to Manitoba-based environmental research and education was illustrated by the fulfilment of a multi-year \$500,000 funding commitment to NCLE and a further \$250,000 to NCLE's new Glenlea Farm Education Centre. In 2007, an additional \$200,000 was the first year payment of a commitment to a further \$600,000 over three years (2007-2009) to the Glenlea Farm Education Centre, which will be an interactive showcase for modern agriculture.



National Initiatives

CANADIAN PORK COUNCIL

The Canadian Pork Council (CPC), the national federation of provincial hog producer associations, focuses its work on issues and opportunities for the advancement of the Canadian hog industry.

Since early 2007, the industry has faced a 'perfect storm' caused by a high Canadian dollar, drastically increased feed costs and low market prices. This has resulted in severe liquidity issues for producers. CPC developed a proposal to address these short and medium-term issues and bridge the gap for producers to help them survive the crisis. The proposal included a short-term loan program and changes to the current Canadian Agricultural Income Stabilization (CAIS) program.

Presentations were made to both the House of Commons and Senate Standing Committees on Agriculture. CPC met with

representatives from the Bank of Canada and the Farm Credit Corporation to sensitize these groups about the industry crisis. Meetings were held with many Members of Parliament, Agriculture and Agri-Food Minister Gerry Ritz and many senior bureaucrats and officials. A wide variety of tools, such as media releases, letters to the editor and editorials, received national attention. A press conference was held at the National Press Gallery in December.

In 2007, a strategic review process began to discuss governance and CPC's mandate. A steering committee was formed to examine these issues and make recommendations. Phase 1 of the review involved meetings with the steering committee and CPC's provincial members, regional workshops and the development of a situation document. Phase 2 will include a comparison of relevant governance models, a planning session and a strategic plan for CPC.

CPC continues its work on many other important industry issues, including:

- Monitoring developments with Country of Origin Labeling, trade negotiations and trade advocacy
- Developing a national hog identification and traceability movement reporting system and swine movement database for Western Canada
- Food safety issues addressed through the national CQA® program and the availability of animal health products
- Promoting pork in a healthy

diet, including activities aimed at government officials, health professionals and media

CANADA PORK INTERNATIONAL

Canada Pork International is the export promotion agency of the Canadian pork industry. Based on Statistics Canada data, total Canadian pork exports in 2007 amounted to 996,985 tonnes, a four per cent decrease from 2006 (1,037,967 tonnes) and were valued at \$2.391 billion, a decrease of five per cent from the \$2.536 billion registered in 2006. Canadian pork was sold to 92 different countries in 2007.

Aggressively pursuing new markets and maintaining access to existing markets has played, and will continue to play, a key role in Canada's ability to remain a leading pork exporter. While a number of issues were resolved over the last year, new ones continue to appear. Promotion in Japan is now more focused on supermarkets and restaurant chains selling Canadian pork. More than 1,500 in-store demos were conducted in Japan in 2007. Generic promotion activities were also undertaken in both Korea and Singapore.

Technical seminars and trade shows are CPI's preferred means to promote Canadian pork and the Canadian pork industry's ability to supply high quality products to a new market. In 2007, CPI organized seminars in China and Vietnam. CPI also had a booth at major





Aggressively pursuing new markets and working hard at maintaining access to existing markets has played, and will continue to play, a key role in Canada's ability to remain a leading pork exporter.

international trade shows to allow members to develop relationships with buyers. These included FOODEX (Japan), Food Expo (Puerto Rico), World Food Moscow (Russia), ANUGA (Germany) and Havana Fair (Cuba).

PORK MARKETING CANADA

In 2007, Manitoba Pork Council joined forces with Ontario Pork and Alberta Pork to create a consumer marketing alliance called Pork Marketing Canada. The strategic partnership was designed to maximize resources and promote pork on a national level.

Pork Marketing Canada will partner with the retail and foodservice industries, along with packers and processors,

to promote pork to consumers across the country. The alliance will also partner with health professionals and organizations to reinforce pork as a healthy food choice. A national website was launched at www.putporkonyourfork.com, offering information about handling, nutrition, pork cuts and recipes, as well as information for processors, foodservice operators and retailers. Key initiatives for 2008 include a national marbling program and creating a "Buy Canadian" label program to encourage consumers to support Canadian pork producers.



Manitoba Pork Council
2007 Financial Statements

Auditors' Report

To the Members of Manitoba Pork Council,

We have audited the balance sheet of Manitoba Pork Council as at December 31, 2007 and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Canada
March 7, 2008.

Ernst & Young LLP
Chartered Accountants

Balance Sheet

	2007 \$	2006 \$
ASSETS		
Current		
Cash	225,546	999,850
Short-term investments [notes 2 and 3]	2,827,731	2,563,970
Accounts receivable [notes 5, 8 and 9]	650,487	454,003
Prepaid expenses	27,394	11,568
Total current assets	3,731,158	4,029,391
Capital assets, net [note 4]	292,108	304,656
Investment [note 5]	30,626	35,105
	4,053,892	4,369,152
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities [note 6]	341,926	414,851
Commitments [note 13]		
Net assets		
Invested in capital assets	292,108	304,656
Crisis Management Fund	150,000	300,000
Closure Fund	550,000	550,000
Unrestricted	2,719,858	2,799,645
Total net assets	3,711,966	3,954,301
	4,053,892	4,369,152

See accompanying notes

On behalf of the Board:

Karl Kynoch
Director

Bryan Ferris
Director

Statement of Changes in Net Assets

	Invested in capital assets \$	Crisis Management Fund \$	Closure Fund \$	Unrestricted \$	Total \$
Balance, December 31, 2005	372,511	[note 1[b][ii]] 300,000	550,000	2,684,746	3,907,257
Excess (shortfall) of revenue over expenses for the year	(100,798)	—	—	147,842	47,044
Transfer for capital purchases	32,943	—	—	(32,943)	—
Balance, December 31, 2006	304,656	300,000	550,000	2,799,645	3,954,301
Change in accounting policy [note 2]	—	—	—	127,287	127,287
Balance, January 1, 2007	304,656	300,000	550,000	2,926,932	4,081,588
Shortfall of revenue over expenses for the year	(140,941)	(150,000)	—	(78,681)	(369,622)
Transfer for capital purchases	128,393	—	—	(128,393)	—
Balance, December 31, 2007	292,108	150,000	550,000	2,719,858	3,711,966

See accompanying notes

Statement of Revenue and Expenses

	2007 \$	2006 \$
REVENUE		
Market hog levy	3,739,051	3,714,674
Weanling levy	593,277	522,064
Breeding stock levy	8,794	13,949
Program revenue	16,903	29,830
Investment and other [notes 2 and 5]	8,016	122,998
	4,366,041	4,403,515
EXPENSES		
Animal care	114,921	50,392
Community relations and sustainable development	46,374	75,898
Environmental stewardship	228,669	199,374
Food safety	59,201	71,387
Foreign animal disease readiness	30,342	10,897
Human resources and training	9,445	19,729
Industry association	585,950	568,833
Public affairs and producer relations	809,935	609,914
Quality assurance	72,424	75,773
Swine production research [note 11]	280,000	280,000
Swine Research and Development Corporation [note 8]	17,600	75,000
Trade advocacy	112,267	78,909
Workplace safety and health	30,998	24,033
	2,398,126	2,140,139
Administration expenses [schedule]	1,851,380	1,918,440
	4,249,506	4,058,579
Excess of revenue over expenses before the following	116,535	344,936
Trade challenge levy	9,263	32,812
	125,798	377,748
Share of shortfall of revenue over expenses of Manitoba Hog Grading Inc. [note 5]	(4,479)	(4,906)
	121,319	372,842
NCLE Capital Funding [note 10]	—	(150,000)
Glenlea Farm Education Centre Funding [note 10]	(200,000)	(75,000)
	(78,681)	147,842
Amortization expenses	(140,941)	(100,798)
Country of Origin Labeling campaign costs [note 1[b][ii]]	(150,000)	—
Excess (shortfall) of revenue over expenses for the year	(369,622)	47,044

See accompanying notes

Statement of Cash Flows

	2007 \$	2006 \$
OPERATING ACTIVITIES		
Excess (shortfall) of revenue over expenses for the year	(369,622)	47,044
Add items not involving cash		
Amortization	140,941	100,798
Share of shortfall of revenue over expenses of Manitoba Hog Grading Inc.	4,479	4,906
Unrealized change in fair value of short-term investments	131,009	—
	(93,193)	152,748
Net change in non-cash working capital balances related to operations	(285,235)	481,168
Cash provided by (used in) operating activities	(378,428)	633,916
INVESTING ACTIVITIES		
Purchase of short-term investments	(267,483)	(102,340)
Capital asset additions	(128,393)	(32,943)
Cash used in investing activities	(395,876)	(135,283)
Net increase (decrease) in cash during the year	(774,304)	498,633
Cash, beginning of year	999,850	501,217
Cash, end of year	225,546	999,850

See accompanying notes

Schedule of Administration Expenses

	2007 \$	2006 \$
Bad debt expense	28,000	69,000
Board [note 7]	265,714	246,698
Business tax	2,976	3,744
Computer support	36,872	35,648
Conferences	4,097	4,247
Employee benefits [note 12]	117,539	103,925
Employee training	8,283	14,693
Insurance	7,715	7,118
Maintenance	27,146	24,023
Meetings	185,726	222,188
Memberships and subscriptions	10,622	10,699
Miscellaneous	25,156	16,769
Office supplies	32,286	38,440
Postage	20,482	52,560
Professional fees	64,375	108,041
Rent/lease [note 5]	59,219	59,825
Salaries	825,820	787,247
Telephone	37,444	28,152
Travel	77,376	70,875
Utilities	14,532	14,548
	1,851,380	1,918,440

See accompanying notes

Notes to Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

[a] Operations of Manitoba Pork Council (the "Council")

Manitoba Pork Council is the membership association of the Province's hog producers. The mission of the Council is to foster the sustainability and prosperity of the pork industry for the good of all hog farmers and all Manitobans.

The Council collects an \$0.80 [2006 - \$0.80] levy on market hogs produced and processed in Manitoba, including sows and boars. As well, a levy is collected on pigs involved in inter-provincial and export trade at \$0.80 [2006 - \$0.80] on market hogs, sows and boars and \$0.19 [2006 - \$0.19] on weanlings [hogs under 30 kgs]. The levy is subject to periodic review and approval by the Manitoba Farm Products Marketing Council. The levy is the major revenue source for the Council's operation.

A special trade challenge levy was imposed effective July 2004 through December 2005 which called for an additional \$0.50 levy per hog.

The Council is a not-for-profit organization and is not subject to tax under the provisions of the Income Tax Act (Canada).

[b] Revenue recognition

The Council follows the deferral method of accounting for revenue and its net assets. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Levy revenue is recognized in the year that hogs are processed or exported, provided collection of the levies is probable.

Interest revenue is recognized as earned.

Net assets are accounted for in the categories described below to recognize various restrictions imposed on the use of the Council's funds:

[i] Invested in capital assets

These net assets consist of the Council's investment in its capital assets.

[ii] Crisis Management Fund

The Crisis Management Fund was established to offset the unforeseen irregularity of levy revenue and address unforeseen emergencies. In 2007, the Council determined that \$150,000 of the Crisis Management Fund would be utilized with respect to the Country of Origin Labeling campaign costs.

[iii] Closure Fund

The Closure Fund was established to allow the Council to meet all outstanding obligations in the event of a wind-up of operations.

[iv] Unrestricted

Unrestricted net assets are comprised of the net accumulated revenue and expenses of the general operations of the Council, less amounts transferred to the Crisis Management Fund and the Closure Fund and amounts transferred for capital purchases.

[c] Short-term investments and investment income

Publicly-traded securities [Canadian equities] are valued based on the latest bid prices and money market funds are valued based on reported unit values. Corporate and government fixed income bonds are valued based on reported unit values plus accrued income, which approximates fair value. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Investment income, which consists of interest, dividends and realized and unrealized gains and losses, is included in investment and other revenue in the statement of revenue and expenses.

[d] Capital assets

Capital assets are stated at cost less accumulated amortization. Normal maintenance and repairs are expensed as incurred. Amortization is provided over the estimated useful lives of the assets as follows:

Leasehold improvements	10% straight-line
Furniture and equipment	20%-30% declining balance
Computer equipment	30% declining balance
Computer software and website development	25% straight-line

[e] Investments

Joint venture

The investment in Manitoba Hog Grading Inc. is a non-share joint venture interest. The investment is accounted for by the equity method. Under this method, the Council included in income its share of the shortfall of revenue over expenses of the company.

Controlled organizations

The results of the controlled organizations are not consolidated and are disclosed in the notes to the financial statements. Contributions made by the Council to these organizations are expensed as incurred.

[f] Program expenses

Program expenses are reported on a total expense basis. Some programs have related income from grants or industry contributions, which are recorded as revenue.

[g] Retirement allowances

Retirement allowances are provided to certain qualifying employees and are based on Manitoba Government Employees' Union guidelines. The costs

of benefits earned by employees are charged to expenses as services are rendered. The cost reflects management's best estimates of the length of service, salary increases and ages at which employees will retire.

[h] Financial instruments

Financial instruments include cash, short-term investments, accounts

receivable, and accounts payable and accrued liabilities. The Council is subject to market price risk and interest rate price risk with respect to its short-term investment portfolio. To manage these risks, the Council has estimated a target mix of investment types designed to achieve the optimal return within reasonable risk tolerances. Unless otherwise stated, it is management's opinion that the Council is not exposed to significant currency or credit risk arising from its financial instruments.

2. CHANGE IN ACCOUNTING POLICIES

Effective January 1, 2007, the Council adopted the recommendations of CICA 3855: Financial Instruments – Recognition and Measurement and CICA 3861: Financial Instruments – Disclosure and Presentation. CICA 3855 establishes standards for recognizing and measuring financial instruments, including the accounting treatment for changes in fair value. As required by CICA 3855, all short-term investments are now presented at fair value. In prior years, short-term investments were recorded at cost, net of a write-down if market was less than cost on a portfolio basis. As permitted by CICA 3855, the Council's other financial

assets and liabilities continue to be presented at amortized cost which approximates fair value.

As required by the transitional provisions of CICA 3855, the accounting policy change from cost to fair value was adopted retroactively, without restatement of the prior year's financial statements. As a result of the change, as at January 1, 2007, short-term investments were increased by \$127,287 and unrestricted net assets were increased by \$127,287.

3. SHORT-TERM INVESTMENTS

Short-term investments consist of the following:

	2007 Market \$	Cost \$	2006 Market \$	Cost \$
Money market funds	276,690	276,690	80,314	80,314
Government fixed income bonds 4% to 5.7% maturing May 6, 2008 to June 18, 2029	988,533	995,577	1,093,201	1,081,531
Corporate fixed income bonds 3.7% to 6.0% maturing September 25, 2008 to June 30, 2015	1,175,127	1,201,223	1,162,065	1,071,680
Equities, Canadian	387,381	357,963	355,677	330,445
	2,827,731	2,831,453	2,691,257	2,563,970

4. CAPITAL ASSETS

Capital assets consist of the following:

	2007			2006		
	Cost \$	Accumulated amortization \$	Net book value \$	Cost \$	Accumulated amortization \$	Net book value \$
Leasehold improvements	405,943	312,913	93,030	362,004	274,516	87,488
Furniture and equipment	277,846	201,008	76,838	265,892	182,631	83,261
Computer equipment	249,852	181,109	68,743	213,935	159,344	54,591
Computer software	255,994	219,531	36,463	238,878	159,562	79,316
Website development	19,467	2,433	17,034	-	-	-
	1,209,102	916,994	292,108	1,080,709	776,053	304,656

5. INVESTMENT IN JOINT VENTURE

The Council has entered into a joint venture agreement with two Manitoba pork processors, which established Manitoba Hog Grading Inc. The company is a not-for-profit entity which was established to

perform audits on carcass grading proficiency of federally inspected pork processing plants.

A financial summary of the Council's 50% interest in this entity as at December 31 and for the years then ended is as follows:

	2007 \$	2006 \$
Financial position		
Assets	38,545	41,241
Liabilities	7,919	6,136
Net assets	30,626	35,105
Results of operations		
Revenue	43,901	42,205
Expenses	48,380	47,111
Shortfall of revenue over expenses	(4,479)	(4,906)
Cash flows		
Cash flow used in operations	(4,873)	(1,360)

At December 31, 2007, there was a balance of \$9,005 [2006 - \$6,907] owing from Manitoba Hog Grading Inc. to the Council. This amount is included in the Council's accounts receivable.

The Council charged Manitoba Hog Grading Inc. \$1,800 [2006 - \$1,800] for rent and \$4,800 [2006 - \$4,800] for administration at the exchange amount. The rental income is netted against rent/lease expense and the administrative income is included in interest and other revenue.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	2007 \$	2006 \$
Accounts payable	147,017	180,560
Accrued professional fees	66,160	55,018
Accrued vacation pay	78,530	78,311
Accrued retirement benefits	29,678	61,220
GST payable	20,541	39,742
	341,926	414,851

7. BOARD MEMBERS' REMUNERATION AND DISBURSEMENTS

Board members' remuneration and disbursements consist of the following:

	2007				2006
	Days	Annual stipend and per diem	Expenses	Total	Total
					\$
District 1 [chairman]	114.5	38,390	23,920	62,310	69,480
District 2 [executive]	48.5	14,100	7,250	21,350	27,869
District 3 [executive] [a]	62.0	13,754	18,795	32,549	41,237
District 4 [vice-chairman]	100.0	26,600	17,323	43,923	35,118
District 5 [executive] [b]	71.5	17,515	8,395	25,910	21,197
District 6	29.5	5,900	6,957	12,857	6,988
District 7	28.5	5,700	3,803	9,503	5,606
District 8	7.5	1,500	3,764	5,264	4,515
District 9	10.5	2,100	1,372	3,472	6,929
District 10	31.5	6,300	3,959	10,259	10,775
District 11	34.5	6,900	5,907	12,807	7,278
District 12	9.0	1,800	1,486	3,286	945
District 13	15.5	3,100	1,446	4,546	1,351
District 15	36.0	7,200	10,478	17,678	7,410
	599.0	150,859	114,855	265,714	246,698

[a] Executive from January 1 to April 4
 [b] Executive from April 5 to December 31

The Board consists of thirteen directors and a chairman. The chairman's remuneration is a combination of a \$13,200 annual stipend, plus a per diem. The per diem rate is \$220. Director per diem rate is \$200.

The vice-chairman receives an annual stipend of \$6,600 and executive members receive an annual stipend of \$4,400 in addition to per diems.

The executive committee is comprised of the chairman, vice-chairman and two executive members.

8. SWINE RESEARCH AND DEVELOPMENT CORPORATION

The Swine Research and Development Corporation ["SRDC"] was incorporated in 2006 and the Council is the sole shareholder. The SRDC is a not-for-profit, non-taxable organization and its undertakings are limited to providing or facilitating research or development initiatives of benefit to the breeding, raising or marketing of hogs, and to researching, investigating, gathering and distributing educational information on matters of interest to hog producers. In the event that the SRDC should at any time be wound up or dissolved, the remaining property and/or assets of the SRDC, after payment of all debts and liabilities, shall be distributed to the University of Manitoba, Faculty of Agricultural and Food Sciences for use in research relating to hogs by the Department of Animal Science. In 2005 and prior years, this entity was a consortium which had been established by the Council, the Government of Manitoba,

and the University of Manitoba, Faculty of Agricultural and Food Sciences. The operations were wound up on March 31, 2007 and the SRDC is in the process of settling its net assets.

In the current year, the Council contributed \$17,600 [2006 - \$75,000] to the SRDC. At December 31, 2007, there was a balance of \$49,996 owing from SRDC to the Council. This amount is included in the Council's accounts receivable.

The SRDC has not been consolidated in the Council's financial statements. Financial summaries of this unconsolidated entity as at December 31 and for the years then ended are as follows:

	2007	2006
	\$	\$
Financial position		
Total assets	63,484	18,670
Total liabilities	65,396	16,662
Net assets	(1,912)	2,008
Results of operations		
Total revenue	99,649	232,325
Total expenses	103,570	224,503
Excess of revenue over expenses	(3,921)	7,822

9. MANITOBA PORK CREDIT CORPORATION

Manitoba Pork Credit Corporation ["MPCC"] was incorporated on July 24, 2007 and has no authorized share capital.

MPCC's Board of Directors is the same as that of the Council. MPCC's undertakings are limited to conducting programs to assist hog producers in the production of hogs in Manitoba, the marketing of such hogs, and in stimulating, increasing and improving the economic well being of the hog industry in Manitoba. In the event of the dissolution or wind-up of MPCC, the remaining property of MPCC, after payment of all debts and liabilities, shall be distributed to the Council or a similar not for profit organization in Manitoba.

At December 31, 2007, there was a balance of \$27,381 owing from MPCC to the Council. This amount is included in the Council's accounts receivable.

MPCC has not been consolidated in the Council's financial statements. MPCC is not yet in operation and its financial statements at December 31, 2007 and for the year then ended consist of a liability to the Council of \$27,381 and start-up expenses of \$27,381.

Subsequent to year end, on January 31, 2008, MPCC opened a line of credit for \$60,000,000 with the Steinbach Credit Union in order to deliver the Advance Payments Program under the Agricultural Marketing Program Act of Canada to swine producers in Manitoba, Saskatchewan, Alberta and British Columbia. These advance payments are guaranteed in their entirety by the federal government of Canada.

10. NATIONAL CENTRE FOR LIVESTOCK AND THE ENVIRONMENT ["NCLE"]

In 2003, the Council agreed to provide \$750,000 over three years to NCLE and the related interpretive centre, Glenlea Farm Education Centre and contributed \$300,000. Due to the U.S. trade challenge initiated by the U.S. pork industry in 2004, the Council suspended contribution of its \$225,000 pledge for the 2004 year. In 2005, the Council was able to fulfill the 2004

contribution of \$225,000. The remaining \$225,000 balance of the total commitment was fulfilled in 2006.

In 2006, the Council agreed to provide a further \$600,000, in the amount of \$200,000 per year commencing in 2007, to fund the Glenlea Farm Education Centre.

11. UNIVERSITY OF MANITOBA ANIMAL SCIENCE DEPARTMENT

In 2005, the Council agreed to provide a minimum of \$100,000 each year for three years to the University of Manitoba Animal Science Department. The agreement states that, in the event the Council does not possess the necessary funds to meet the obligation, the

contribution may be deferred to a later year. In the current year, the Council contributed \$150,000 [2006 - \$150,000] which is included in swine production research expenses.

12. PENSION COSTS AND OBLIGATIONS

Employees of the Council are provided pension benefits by the Civil Service Superannuation Fund [the "Fund"]. Under paragraph 6 of the Civil Service Superannuation Act, the Council is described as a

"matching employer" and its contribution toward the pension benefits is limited to matching the employees' contributions to the Fund. The cost for the year was \$48,333 [2006 - \$40,794].

13. COMMITMENTS

The Council is committed, under operating leases, to future aggregate lease payments estimated to be as follows:

	\$
2008	73,000
2009	22,000
	<u>95,000</u>

The Council is currently negotiating a renewal of its premises lease for an additional five years to 2014. Current premises lease commitments

which are included above are \$62,000 per year to March 2009.

14. FUTURE ACCOUNTING POLICY CHANGES

The CICA has issued two new standards, CICA Handbook Section 3862: Financial Instruments – Disclosure and CICA Handbook Section 3863: Financial Instruments – Presentation, which enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks.

statements to evaluate the entity's objectives, policies and processes for managing capital.

The CICA has also issued a new accounting standard, CICA Handbook Section 1535: Capital Disclosures, which request the disclosure of qualitative and quantitative information that enables users of financial

These changes in accounting policies, which will be adopted effective January 1, 2008, will only require additional disclosures in the financial statements.

the end



Manitoba Pork Council 2007 Annual Report

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