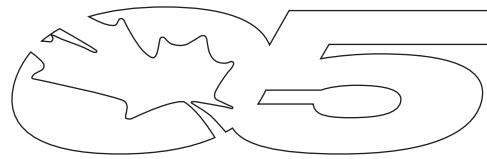


# ANNUAL REPORT



Manitoba Pork Council - 2005 Annual Report and Financial Statements





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## Chairman's Letter

As I look back over the past twelve months, it is clear that seldom has a year been as exciting and successful as 2005 was for Manitoba Pork Council (Pork Council). If one issue can define the nature of an entire year, then this year it was without a doubt the successful conclusion of the trade challenge on Canadian exports of live pigs to the United States. This challenge, advanced by some elements of the American hog industry, caused us all worry, concern, and ultimately excitement and relief.

The background to the trade challenge story is well known by all. As 2005 dawned, we were still threatened with a potentially devastating U.S. trade duty hanging over our heads. Had we lost the challenge, it would have cost Manitoba pig exporters alone in excess of \$50 million a year in anti-dumping duty charges. The impact on the provincial economy would have been even greater. Not only would all Manitoba hog farmers have seen reductions in the market price of their animals, the effect would also have been felt by many of the 15,000-plus Manitobans who rely either directly or indirectly on pork production for their livelihood – everyone from crop farmers to employees of feed companies, to veterinarians, to trucking companies, to our local cooperatives and coffee shops.

When I was able to announce our victory in the 13-month long trade case on the second day of our 2005 annual meeting, I was truly on the top of the world – and from the enthusiastic reaction of those of you who were in attendance that day I would say you felt the same way. As rewarding as the 5-0 ruling in our favour by the U.S. International Trade Commission was, we still have a lot of bridge building ahead. If we are really committed to ensuring a continued



open U.S.-Canada border for pigs, then we need to commit to a long-term strategy of relationship building with our neighbours to the south and focus on being true “Partners in North American Pork Production.”

Pork Council has dedicated itself to this task, and one of the first actions we undertook following our 2005 annual meeting was to travel to Iowa, Nebraska, North Dakota and Minnesota to meet with representatives of the state producer associations and open a new dialogue with them. We were warmly welcomed in all four states. The goodwill generated during these visits resulted in invitations to attend their annual meetings in 2006. In addition, a delegation from the Iowa Pork Producers Association, led by their incoming President, attended our November semi-annual meeting in Portage la Prairie. The Iowa delegation found that meeting directly with Manitoba producers both at the semi-annual meeting and during a tour of southeastern Manitoba, was a very rewarding and enlightening experience. They left Manitoba with an appreciation of the realities of Canadian hog production. Pork Council’s commitment to this program of trade advocacy will continue throughout the coming years.

Our victory in the live swine trade challenge and the subsequent trade advocacy initiatives consumed significant time and resources at both the Board and staff level. However, Pork Council’s other programs and activities continued to move forward to ensure the interests of Manitoba’s hog farmers were advanced.

Pork Council directors and staff tackled a number of new challenges in 2005 that couldn’t entirely have been predicted when the year began. Two issues deserve particular mention – the OlyWest packer project and the imposition of preliminary tariffs on U.S. grain corn imports.

At our 2003 annual meeting, Pork Council was directed to do what it could to attract additional packing capacity to Manitoba. After more than two years of hard work exploring options, meeting with potential processors and working with governments, we were successful in helping to attract OlyWest to Winnipeg. A partnership between Quebec-based Olymel,

Hytek Ltd. of La Broquerie and Saskatchewan’s Big Sky Farms, the new \$200 million OlyWest facility has been designed to process 2.25 million hogs per year (45,000 hogs per week) at capacity. The plant still needs to complete the provincial environmental review process and be issued an environment license, but we expect that in the next year or so Manitoba will have a second major packer bidding on hogs.

As much as the OlyWest announcement was a positive day for hog farmers, the December announcement by the Canadian Border Services Agency of a preliminary \$1.65 USD (\$1.90 CDN) per bushel tariff on U.S. grain corn was like a lump of coal in a Christmas stocking. The preliminary duties were imposed in response to a complaint filed by corn growers in Ontario, Quebec and Manitoba. The Canadian Pork Council is working hard on behalf of all hog farmers, in conjunction with the Canadian Cattlemen’s Association and the Animal Nutrition Association of Canada, to overturn the duty decision. Manitoba Pork Council is doing everything it can to assist.

All of this work couldn’t be undertaken without Pork Council’s dedicated and professional staff. This past year saw some significant changes in staff – particularly the hiring of Andrew Dickson as our new general manager. Changes also included the addition of Jeff Clark as our new emergency preparedness and technical affairs specialist, Miles Beaudin as our new swine program specialist and Canadian Quality Assurance® (CQA®) coordinator, and Jason Care as the new auditor for Manitoba Hog Grading Inc.

Our strong presence and leadership role in national organizations and activities should be a point of pride for all Manitoba pork producers. And as shown by both the U.S. trade challenge and the Canadian corn duty case our industry is often impacted by events, actions and decisions beyond our borders and outside of our control. We benefit tremendously from directors and staff who bring with them knowledge and understanding of these affairs. We are well served by our involvement in the Canadian Pork Council, Canada Pork International, the Canadian Animal Health Coalition,



the National Pork Roundtable, national marketing issues and communications meetings, and producer and staff representation on more than three dozen outside committees.

On a provincial scale, Pork Council built on earlier initiatives in liaising with groups sharing similar interests, such as Keystone Agricultural Producers, the Association of Manitoba Municipalities, the Manitoba Chambers of Commerce and other commodity groups. We also carried the working relationship further with pork producer organizations from Alberta, Saskatchewan and Ontario. This cooperation continues to lead to increased sharing of ideas and materials and cooperation in the development of new initiatives. As always, we continued to work as closely as possible with municipal, provincial and federal governments. At times we have no option but to agree to disagree on certain specific matters, but overall we work together in a spirit of cooperation and goodwill for the benefit of agriculture and Manitoba communities. We continue to enjoy the same positive relationship with the research community and educational institutions.

In concluding this letter to you, the pork producers of Manitoba, I would like to publicly thank my fellow directors for their support and commitment to working together for the betterment of Manitoba's pork industry. I appreciate being able to draw on the diverse background, knowledge and experience around our boardroom table. I look forward to your guidance and support as our industry continues to mature.

My appreciation for Pork Council's dedicated and skilled staff cannot be expressed often enough. Their wise counsel and unflinching dedication to

tackling even the most challenging of tasks with excellence and flair allowed me the freedom to take on the many large issues we faced this year with confidence.

Last year I told you that without a doubt we would continue to face challenges, changes and opportunities. Everything I have seen and experienced this past year just serves to confirm this belief in my mind. I remain confident that the organization we have built together will only be strengthened by the challenges we will experience in the coming years and that a more mature, responsive and competitive industry will be the result.

Karl Kynoch  
January 2006

## General Manager's Letter

The last ten months as general manager of Manitoba Pork Council (Pork Council) have been some of the most interesting of my career. After 30 years in government agriculture extension, I am enjoying being able to focus on the interests of one particular industry. The hog sector is a dynamic, growing part of the Manitoba economy that is full of challenges and opportunities for everyone.

In my first weeks on the job, I attended the annual district meetings and met many producers and others involved in the industry. I view this as one of the most important parts of my job and plan to ensure that we reach out to producers and delegates over the next year to encourage more involvement in the affairs of Pork Council.

Trade issues were a highlight of this past year. Immediately after the 2005 annual meeting, Chairman Karl Kynoch and I traveled down to the United States (U.S.) to visit with officials and farmers from the Iowa, Minnesota and Nebraska pork producer associations. Building on these relationships is critical to the success of Manitoba's hog industry. Iowa is the number one hog producing state in the U.S. and Minnesota is third. Canada as a whole produces about 33 million pigs per year, while Iowa produces more than 25 million pigs and Minnesota produces approximately 12 million. These two states imported more than 3 million of the 3.6 million weanling pigs Manitoba exported in 2005. We also met with the North Dakota Pork Producers and have made initial contacts with the South Dakota Pork Producers.





Trade advocacy doesn't happen overnight. It takes a lot of planning and preparation to make sure that we meet with the right people and provide information they want and need. Over the last year, our actions have meant that we were able to meet with state and national pork producer associations, state and federal elected officials, key agricultural and general media people and, most importantly, grassroots U.S. producers. The importance of doing this work on an ongoing basis was made clear in the presentation of former U.S. Agriculture Secretary John Block in his speech at Pork Council's last annual meeting.

Hand in hand with trade advocacy is planning for future trade actions. We need to make sure that we are ready if another trade challenge happens despite our advocacy work. Dan Porter, our Washington, DC trade lawyer, led a workshop designed to help Manitoba farmers "dump proof" their operations. By ensuring that those producers most likely to be targeted by any future U.S. investigation will be zero-rated, we are protecting the entire industry.

On the home front, the provincial government introduced new proposals to move to phosphorous-based manure regulations. They also want to impose highly restrictive nutrient management regulations under the Water Protection Act. In response, we created a producer committee to guide Pork Council on the impacts these changes could have on existing operations. We developed position papers to advance farmers' interests and

suggest alternatives to the government. We spent a great deal of time lobbying government, working with other commodity groups and individual farmers.

Government's changes to the Planning Act are important because they impact directly on how municipalities deal with both new and existing livestock operations. Pork Council spent days at the provincial legislature consulting with officials and in committee meetings to encourage the government to make changes that would treat farmers fairly.

**Pork production is the single largest agricultural commodity in Manitoba, generating 27.5% of total farm cash receipts in 2005. The industry employs more than 15,000 people – more than Boeing, Bristol, Standard Aero, Motor Coach Industries and New Flyer combined. And with combined 2005 exports of more than \$885 million, hog farming generates more than 1.5 times the export revenue of Manitoba Hydro.**

Having an effective national strategy is critical to manage a foreign animal disease outbreak. Any outbreak of a reportable disease will shut down our entire industry for months and maybe years. In order to be able to re-enter the international marketplace quickly we must have a comprehensive

strategy in place. In the last year, we have made major progress in this area in conjunction with the Canadian Pork Council. Over the next two years, farmers will see a national premises identification system, a new national tattoo system, a national animal identification and traceability system and a national zoning strategy. Here in Manitoba, we have created a foreign animal disease management committee that is developing procedure manuals and doing "what if" planning.

Through Manitoba Hog Grading Inc., Pork Council continues to ensure fairness and accuracy in the hog grading process in the federally regulated

pork processing plants. We were the first province to develop a grading manual to help guide the actions of plant graders and the company auditor, and in 2005 a second updated edition of the manual was published and distributed. The auditor regularly meets with producers individually and in groups to advise them of various grading services and opportunities to enhance their returns through the different grids.

Along the same line, services offered by the newly refinanced swine research and development centre in Brandon directly benefits swine breeders in the province. The resulting genetic line improvements affect over half of the carcasses processed in Manitoba.

Through Pork Council, Manitoba producers make large contributions to scientific research that is targeted to many different aspects of hog production. By leveraging producer money with funds from other sources, researchers give Manitoba producers access to research that would cost many times more than Pork Council could ever fund on its own. The modernization of the Glenlea Research Station is one example of the power of leveraging producer dollars. Key to the success of this \$9 million plus project was Pork Council's contribution of \$750,000 over four years. When the University of Manitoba completes the National Centre for Livestock and the Environment (NCLE) at Glenlea, it will have two new commercial-sized swine barns, a large new feed mill and an education centre. In an example of maximizing producer benefits, the education centre will help Pork Council tell the industry's story to politicians, media and the general public.

The Canadian Quality Assurance® (CQA®) program for swine continues to play a critical role in maintaining access to foreign markets. The program was enhanced with the adoption of a new Animal Care assessment tool.

Strong competition for the consumer dollar is a reality we face both locally and internationally. We continue to make pork promotion a critical element in our programs. The goodwill this promotion generates also works

with our public education programs to help generate a positive public profile for the industry. These activities are important because of the tremendous impact the non-farming public has on the politicians who make the rules farmers have to live with.

In conclusion, I would like to thank the Board of Directors for their encouragement, assistance, leadership and confidence. I also want to recognize the tremendous staff, especially their understanding, commitment and dedication to ensuring that the best interests of Manitoba's hog farmers are always advanced. I am looking forward to another great year in the hog industry. Feel free to give me a call if you have any suggestions, comments or questions.



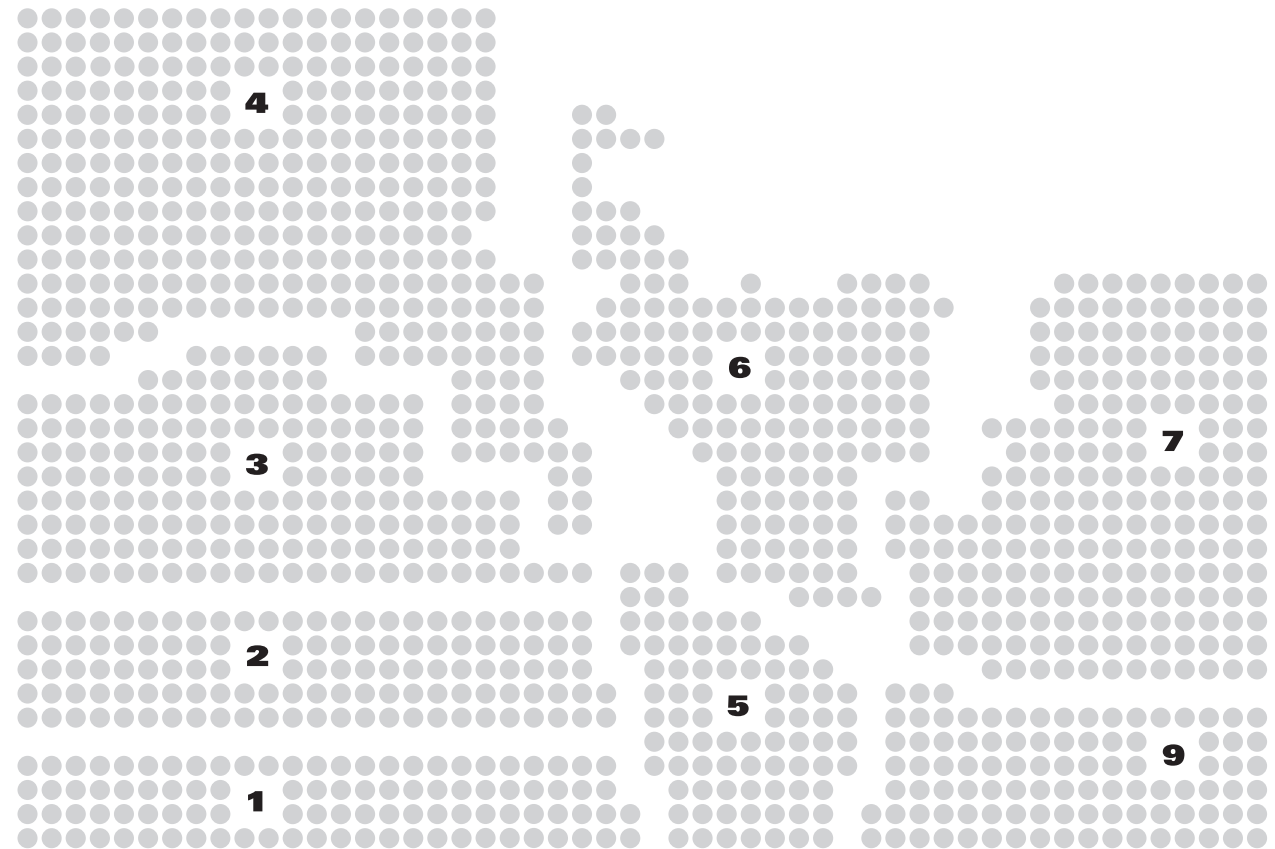
Andrew Dickson  
January 2006



# District Map

Non-geographical Districts:

- 8 (Hutterite Brethren)
- 10 (Hutterite Brethren)
- 11 (Elite Swine Inc.)
- 12 (The Puratone Corporation)
- 13 (Hytek Ltd.)
- 15 (Weanling Exporters)



# Your Team

## Delegates 2005

### 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  
Ron Fisher, Carberry  
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  
Lionel Henderson, Minitonas  
Brian Lesiuk, Gilbert Plains  
Harold Proppe, Swan River  
Donald Warkentin, Swan River

### District 5

#### **Brad Friesen**

Altona - Director  
Matt Adema, St. Eustache  
Wendy Friesen, Lowe Farm  
Ernie Siemens, Morris  
Jeroen Van Boekel, Stephenfield  
Leonard Wiebe, Carman

### District 6

#### **Robert Jacobson**

Arborg - Director  
Paul Berry, Fisher Branch  
Darvin Firman, Arborg  
Danny Kleinsasser, Stony  
Mountain  
George Matheson, Stonewall  
Calvin Penner, Argyle

### District 7

#### **Bill Vaags**

Dugald - Director  
Alan Aime, Clandeboye  
Hubert Preun, St. Andrews  
Craig Riese, Lockport  
Uli Scheurer, Dugald  
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**

Elite Swine Inc. - Director  
Doug Beckie  
Scott Dick  
Travis Penner  
Eric Peters  
Jeff Senebald

### District 12

#### **Scott Lins**

The Puratone Corporation -  
Director

Wally Driedger  
Ab Freig  
Paul Howarth  
Darcy Pauls  
John Wieler

### District 13

#### **Claude Vielfaure**

Hytek Ltd. - Director  
Don Janzen  
Grant Lazaruk  
Carol Martens  
Sheldon Stott  
Andrew Waddell

### District 15 (Weanling Exporters)

#### **Larry Friesen**

Rivers - Director  
Tim Hofer, Willow Creek  
Colony  
Sjoerd Huese, Niverville  
Dan Klippenstein, Niverville  
Ken Rempel, Winkler  
Lauren Wiebe, Grunthal

# Members of the Executive



**Karl Kynoch**  
**Chairman**  
**Director – District 1**

Executive Member,  
Canadian Pork Council (CPC)  
Member, CPC Animal Care Working Group  
Member, CPC Safety Nets Committee  
Member, Industry/Government Group on  
Medicated Feed Regulations  
Member, National Cereals Value Chain  
Roundtable  
Member, Manitoba Pork Trade Task Team  
Member, Manitoba Packer Initiative  
Member, Provincial Safety Nets  
Advisory Committee  
Member, Turtle Mountain Conservation District  
Watershed Round Table



**Bryan Ferriss**  
**Vice-Chairman**  
**Director – District 4**

Chairman, Research and Environment  
Committee  
Member, CPC Producer Committee for  
Climate Change  
Member, CPC Modernized Meat Inspection  
Working Group  
Member, Farm Stewardship Association  
of Manitoba Inc.



**Garry Tolton**  
**Executive Member**  
**Director – District 3**

Chairman, Public Affairs Committee  
Chairman, Manitoba Farm Animal Council  
Council Representative/Executive Committee  
Member, Keystone Agricultural Producers



**Ray Timmerman**  
**Executive Member**  
**Director – District 2**

Chairman, Quality Assurance and Food Safety  
Committee  
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 Round Table  
Member, Manitoba Farm Animal Council  
Member, Manitoba Pig Welfare Group  
Member, Stephenfield Lake Watershed  
Management Plan Committee

# Members of the Board



**Brad Friesen**  
Director – District 5

Member, Public Affairs Committee  
Member, Provincial Agricultural  
Safety and Health Committee  
Member, Winkler Aquifer  
Round Table



**Robert Jacobson**  
Director – District 6

Member, Research and Environment  
Committee



**Bill Vaags**  
Director – District 7

Member, Public Affairs Committee  
President, Canada Pork International



**Ben Hofer**  
Director – District 8

Member, Quality Assurance and Food  
Safety Committee  
Board Member, Swine Research and  
Development Consortium



**Rick Bergmann**  
Director – District 9

Member, Research and Environment  
Committee  
Director, Manitoba Livestock Manure  
Management Initiative

# Members of the Board



**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  
(Elite Swine Inc.)

Member, Public Affairs Committee  
Director, Canadian Pork Council



**Scott Lins**  
Director – District 12  
(The Puratone Corporation)

Member, Quality Assurance and  
Food Safety Committee  
Member, Pork Value Chain  
Roundtable



**Claude Vielfaure**  
Director – District 13  
(Hytek Ltd.)

Member, Quality Assurance and Food  
Safety Committee



**Larry Friesen**  
Director – District 15  
(Weanling Exporters)

Director, Canadian Pork Council  
Member, Manitoba Pork Trade Task  
Team

# Manitoba Pork Council Staff



**Andrew Dickson**  
General Manager



**Peter Mah**  
Director of Community Relations &  
Sustainable Development



**Juliana Baird**  
Executive Assistant



**Miles Beaudin**  
Swine Program Specialist



**Jeff Clark**  
Emergency Preparedness & Technical  
Affairs Specialist

# Manitoba Pork Council Staff



**Elizabeth Gould**  
Producer Communications & Community Relations



**Cara Harder**  
Accountant



**Karen Leclerc**  
Front Desk Coordinator



**Miriam Manswell**  
Accounting/CQA® Clerk

# Manitoba Pork Council Staff



**Dwayne Marling**  
Communications Specialist & Technology Transfer



**Marlene McDonald**  
Pork Promotion & Consumer Education



**Susan Szoke**  
Special Programs Coordinator



**Jason Care**  
Auditor – Manitoba Hog Grading Inc.



## 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.

Our trading relationship with the United States (U.S.) has been the dominant issue facing our industry over the past year. CPC worked with its members and federal and provincial governments to aggressively defend producer interests against countervail and dumping petitions launched by the U.S. in March 2004. On April 6, 2005, the U.S. International Trade Commission, in a 5-0 vote, ruled that exports of live hogs from Canada do not cause injury to the American industry. Canada's defence against these petitions was carried out through legal efforts and public relations and lobbying efforts. Jointly with its provincial members, CPC is now focusing on trade advocacy activities with U.S. stakeholders to build awareness of the Canadian industry and attempt to prevent future trade complaints.

CPC is actively involved in the current Canadian trade action against grain corn imported from the U.S. While CPC is sympathetic to the concerns of corn producers, Manitoba Pork Council (Pork Council) is opposed to the trade action. In coalition with other stakeholders opposed to the corn duties, CPC is defending the interests of Canadian hog producers in the trade investigation process. CPC is also communicating with the corn growers to find alternatives to the trade case that will address their concerns.

As an export-dependent sector, maintaining Canada's excellent herd health status is crucial to the survival and growth of our industry. CPC is engaged in



several initiatives to improve the traceability of Canadian livestock in general and hogs in particular. Initiatives include the creation of a National Hog Identification and Traceability System, a swine movement database, and a national tattoo number classification. Consultations were held across the country in fall 2005 to present producers and other industry stakeholders with an update and an overview of the National Hog Identification and Traceability System, and to solicit input on the future direction of this system.

CPC is also collaborating with the Canadian Livestock Identification Agency (CLIA) on the development of a national template for geo-referencing the livestock premises in Canada. Canadian Pork Council is working with other national livestock commodity groups through the Canadian Animal Health Coalition (CAHC), in conjunction with the Canadian Food Inspection Agency (CFIA), to launch an east-west zoning arrangement at the Manitoba-Ontario border by the end of 2006. CPC is also staying abreast of developments with the Electronic Commerce Council of Canada's Can-Trace initiative – a collaborative and open initiative committed to the development of traceability standards for all food products grown, manufactured and sold in Canada.

Other examples of CPC involvement in animal health include representations to Health Canada on veterinary drug issues and product reviews. Given the recent success of the U.S. in eliminating pseudorabies from their pig herd, CPC has also participated in discussions to revisit its animal health status and conditions for exporting U.S. pigs to Canada.

Animal care represents an area of increased attention for CPC. The Animal Care Assessment (ACA) tool was launched in July 2005. This tool provides producers with a means to evaluate and improve animal care on their farms through training and monitoring of staff. It also provides a mechanism to demonstrate this to customers. ACA complements the Canadian Quality Assurance® (CQA®) program.

From an environmental standpoint, CPC takes an active role in supporting its provincial member organizations in their ongoing efforts to ensure environmentally sound hog production. Programs such as the Greenhouse Gas Mitigation Program for Canadian Agriculture (GHGMP) and the Livestock Environmental Initiative promote environmental research and

technical knowledge projects. Through the GHGMP, CPC has participated in the development of a national protocol outlining the procedures for developing and trading carbon credits in the hog sector. CPC has been promoting government support to encourage the planting of shelterbelts and to gain hog sector access to federal funds for adaptation to climate change.

CPC also focuses on public policies and initiatives to communicate the positive role of pork in a healthy diet. This includes activities aimed at health professionals and the media. Efforts are also directed at government officials to ensure their data and other information reflects the positive nutrient profile of Canadian pork. A two-year collaborative effort resulted in the release of a standard, consumer-friendly names (nomenclature) for pork cuts.

Food safety is a major area of focus. CPC is involved in the administration and promotion of the national CQA® on-farm pork quality assurance program, the availability of animal health products and antimicrobial resistance, and feed manufacturing regulations affecting on-farm feed production. CPC provides CQA® coordination between provinces, acts as the secretariat service for advisory and other committees, administers the program's trademark, and is responsible for overall program maintenance and guardianship.

CPC concerns itself with ensuring hog producer interests are accounted for in the development, revision and monitoring of federal safety net programs and activities. CPC tracks developments at the provincial level relevant to the industry's national interests. CPC sees that all government programs respect international guidelines to ensure they are not interpreted as trade distorting, and thus vulnerable to trade action.

In an international context, CPC focuses on dispute resolution processes, trade negotiations (including World Trade Organization and regional and bilateral agreements), and the development and maintenance of relationships with counterpart organizations in other countries. Specific activities include: a close working relationship with the industry's export development arm, Canada Pork International; international fact gathering; and monitoring of trade issues.



CPC has been actively involved in addressing trade consequences of the U.S. Farm Bill, particularly the country-of-origin labelling provisions that, if not corrected, will create serious additional costs for the entire meat production and distribution system in North America.

Finally, CPC interests itself in a number of areas that affect the economic viability of the hog sector in Canada, including input to federal cost recovery policy, liaison with major lending institutions on long-term trends for the pork industry, and general economic trends.

## Canada Pork International

Canada continues to figure prominently in international pork exports. Although it is the world's third largest exporting country, Canadian pork and pork product exports were close to one million tonnes in 2005.

Canadian pork exports have been a success story. In the 1980s, the proportion of total exports by value accounted for by sales to the United States (U.S.) increased from about 25% to nearly 80%. Canadian pork sales to the U.S. gradually increased between 1991 and 2003. In the last two years however, sales have declined to the point that the U.S. market now represents 41% of total sales by value and 37% by volume (according to Statistics Canada). This clearly illustrates the success of the Canadian pork industry in diversifying its export markets.

In 1993, Canada had only four markets with sales of over \$10 million. By 1998, there were eight and in 2005 there are 12, with three at over \$100 million. Canadian pork is now sold in more than 95 different countries around the world, and over the last four years it has been sold in 127 different countries. Since 1991, our industry has been able to access many

Regean Nadeau,  
President & CEO Olymel S.E.C.



new markets that are becoming increasingly significant. These were achieved through the signature of veterinary agreements or as a result of the ratification of the General Agreement on Tariffs and Trade (GATT) in 1993.

### **Market Access Issues**

Aggressively pursuing new markets and working hard to maintain access to existing markets has played, and will continue to play, a key role in Canada's ability to remain a leading pork exporter. Resolving market access issues has become the main priority of Canada Pork International (CPI). To do this, CPI works closely with the Department of Foreign Affairs and International Trade, Agriculture and Agri-Food Canada and the Canadian Food Inspection Agency (CFIA) on many issues.

A visit by Russian veterinary officials was required to maintain access to that market, providing them with reassurance that the Canadian inspection and export certification procedures were appropriate. Additionally, this last year Canada gained access to Ukraine with many plants now being approved to export to that country.

### **Market Intelligence and Export Information**

Gathering and providing market intelligence to its membership is an area where CPI is particularly active. CPI keeps its members abreast of latest developments in foreign markets and on foreign competitors by publishing a regular newsletter. For foreign buyers, CPI maintains an internet site that provides basic information and statistics on the Canadian pork industry and exports. The CPI members' directory is widely distributed throughout the world and has become the official list of Canadian pork exporters for many Canadian diplomatic posts.

### **Promotion**

Generic Canadian pork promotional campaigns took place in 2005. CPI also commissioned a review of the performance of past promotional activities in Japan. This indicated past efforts had a positive impact and increased Japanese consumer awareness of Canadian pork.

CPI developed generic material to support the marketing efforts of its members. A CD-ROM version of the Canadian Pork Buyer's Guide is now available in several languages.

The CPI website features the Canadian Pork Export Cut Chart in more than 10 different languages.

### **Market Development**

Technical seminars are CPI's preferred means to present Canadian pork and the Canadian pork industry's ability to supply high quality products to a new market. They also serve to introduce Canadian pork exporters and address topics of mutual interest. Dalian, China was the site of a seminar in July 2005.

In 2005, CPI had displays at the following trade shows to allow members to establish personal relationships with buyers from all over the world: FOODEX (Tokyo, Japan); SIAL Montreal (Montreal, Canada); CIMIE (Beijing, China); ANUGA (Germany); Americas Food Show (Miami, U.S.); World Food Fair (Moscow, Russia); and the Havana International Fair (Havana, Cuba).

### **Export Diversification Activities**

CPI's Alliance Program continued to provide financial assistance to members in support of diversification initiatives and promotional activities, especially in Japan. Financial assistance was provided to CPI members to undertake generic activities, including in-store promotions, development of point-of-purchase materials and retail flyers to support their marketing efforts in Japanese supermarkets and restaurants.

### **Strategic Alliances**

CPI continues to be an active member of the World Pork Exporters Group, which includes representatives of the American, Danish, and Dutch pork industries.



CPI is also on the Board of Directors of the International Meat Secretariat. The Pork Committee is becoming increasingly active and CPI hopes that it will become a successful international forum. CPI assumes the secretariat of the committee in 2005. CPI also attended the World Pork Congress in Washington D.C. The next one will be held in China in 2007.

## U.S. Trade Challenge

The long and expensive defence of the Canadian hog industry paid dividends to Manitoba's hog farmers on April 6, 2005. On that date, the United States (U.S.) International Trade Commission (ITC) rendered a negative injury determination in the trade case. The ITC's determination put an end to the trade case initiated by the U.S. National Pork Producers Council on March 5, 2004 and resulted in the full refund of preliminary dumping and countervail duties that had been collected on live Canadian hogs that had been sent to the United States.

December 31, 2005 was the last day that producers in Manitoba were obliged to pay the temporary Special Trade Levy imposed 18 months earlier to help defray defence costs of \$6 million.

## U.S. Trade Advocacy

In response to the favourable decision by the United States (U.S.) International Trade Commission on the trade challenge launched by the National Pork Producers Council, Manitoba Pork Council (Pork Council) embarked upon a trade advocacy initiative intended to reduce future risk of similar trade cases.

Karl Kynoch, Chairman, Manitoba Pork Council (left) and Martin Rice, Executive Director, Canadian Pork Council



This new initiative was launched with a mid-April trip to meet with state hog producer associations in Nebraska, Iowa and Minnesota. These three states were selected as the primary focus of Pork Council's efforts because together they account for over 45% of total U.S. hog production and are also the destination of the bulk of Manitoba's live hog exports – for both finishing on U.S. farms and slaughter.

All three state associations warmly received the Manitoba delegation and Pork Council was invited back to observe at their 2006 annual meetings and to participate at trade shows. Pork Council accepted the offers and will attend the Minnesota and Iowa pork congresses in January 2006 and the Nebraska annual meeting in February.

Pork Council was also pleased to host a delegation from the Iowa Pork Producers Association (IPPA) in early November. The delegation joined Pork Council at its semi-annual meeting in Portage la Prairie followed by a tour of southeastern Manitoba. The tour gave the Iowa delegation a broad overview of the hog industry in Manitoba. It also provided an opportunity to meet with producers currently involved in live swine exports to the U.S. and an introduction to provincial swine research activities. Tour meetings took place with researchers from the University of Manitoba at the site of the new National Centre for Livestock and the Environment (NCLE) at the Glenlea Research Station, with representatives of Elite Swine and GAP Genetics in Winnipeg, with Hytek Inc. in La Broquerie, and with producers Bill and Rick Vaags in Dugald.



# Manitoba Initiatives

## Public Affairs

Manitoba Pork Council's (Pork Council) public affairs efforts revolve around three program areas: Producer and Industry Relations; Public Awareness; and Public Education. Programs, activities and initiatives within these areas all serve to help Pork Council in its goal to enhance the prosperity and well-being of Manitoba's pork producers.

### Producer and Industry Relations

Pork Council promoted two ongoing and successful campaigns: *Naturally Fertilized* field signs and *Hurry Hog* ice decals. Field signs were distributed throughout the province to help producers promote the use of hog manure as a natural source fertilizer. The *Hurry Hog* ice decals were sent to provincial curling clubs at no charge and, as an added bonus, curling toques and mitts with the same *Hurry Hog* logo were provided to icemakers. Interest and participation continues to grow with more than 40 curling clubs participating in the program. By posting the offer on the corporate website, requests for the decals came from as far away as Portland, Oregon. In addition, the *Hurry Hog* program from Manitoba was picked up and is now available through Sask Pork and New Brunswick Pork.

The Swine Stewardship Awards recognized producers, community groups and industry partners for outstanding efforts in contributing to the sustained growth of Manitoba's pork industry. In 2005, four Swine Stewardship Awards were presented: Rodgers Farms of MacGregor received the Swine Steward Award; Ted Muir was presented with the Education Award; Keystone Pig



Advancement Inc. received the Production Award; Mennonite Central Committee was recognized with the Community Relations Award and the first-ever Weanling Award went to Southwood School of Steinbach.

As important communication tools, Pork Council's two websites, [www.pickpork.com](http://www.pickpork.com) and [www.manitobapork.com](http://www.manitobapork.com) provided online visitors with extensive access to all things pork related from recipes and nutrition tips to newsworthy developments and fast-changing industry information. The monthly newsletter, available by mail and online, kept producers, industry and government stakeholders, reeves, MLAs and media up-to-date on pork industry initiatives, issues and viewpoints. The newsletter also provided a comprehensive advertising opportunity to farmers and industry partners.

Pork Council's annual levy brochure, *Common cents* 2005, was distributed to producers at the 2005 semi-annual meeting in Portage la Prairie. This annual brochure provides producers with a summary of how levy payments are invested in Pork Council's wide-ranging programs and activities.

The year 2005 once again saw producers receive a federal tax credit for annual levy payments dedicated to research projects. Producers with corporate tax credits in excess of \$20.00 benefited from the program.

Pork Council also continued in its efforts to have the federal government either eliminate or more fairly realign the Canadian Food Inspection Agency's (CFIA) fee structure for the endorsement of certificates for the export of weanlings and feeder pigs to the United States (U.S.). Both Pork Council and Canadian Pork Council (CPC) regularly raise the unfair impact these fees have on producers with the federal minister of agriculture and with senior officials of the CFIA.

### **Public Awareness**

Promoting local consumption of pork products was the primary focus of Pork Council's 2005 advertising efforts. The print and radio ads in the May to September advertising campaign promoted Pork Council's long-running

and successful *BBQ Cart* program and the *Pick Pork Grill Kit*. Approximately 63 kits were sold throughout the summer months, with Winnipeg Harvest receiving \$3 from the sale of each kit. Grill kits were also given away as prizes for on-air radio contests and as silent auction items in support of various charities. In addition, a *Farm to Fork* ad campaign ran in over 20 rural newspapers carrying messages related to modern hog farming methods, environmental stewardship and positive community relations.

Critics and opponents of commercial hog farming in Manitoba continued in their efforts to spread misinformation to the public, and Pork Council continued its aggressive letters to the editor effort to set the record straight. Pork Council issued 15 "Letters to the Editor" in newspapers in all parts of the province on issues ranging from the environment and Lake Winnipeg to barn safety training programs. Copies of all letters can be found in the "Newsroom" section of Pork Council's corporate website [www.manitobapork.com](http://www.manitobapork.com).

*Farmscape*, the weekday morning radio interview program covering all aspects of livestock farming continued to be heard on CKLQ Brandon, in Saskatchewan (in partnership with Sask Pork), and around the world through the Internet at [www.Farmscape.ca](http://www.Farmscape.ca). Written transcripts of the broadcasts are reprinted in magazines, newsletters and other websites in Canada, U.S., Europe and Asia. *Farmscape* newspaper columns are also distributed weekly to rural and agricultural newspapers throughout Manitoba and Saskatchewan.

During 2005, Pork Council issued 13 media releases. Extensive coverage of positive hog stories in both rural and urban media was a direct result of the media releases, timely responses to media requests and Pork Council's proactive efforts at maintaining good media relations.

Pork Council's directors and staff were actively involved in various agricultural awareness and educational activities. These included serving on the board of Agriculture in the Classroom-Manitoba (AITC-MB). Pork Council also participates with Manitoba Farm Animal Council (MFAC) in



*Touch the Farm* and *Touch the Farm at Amazing Agriculture Adventure* in Winnipeg and *Thru the Farm Gate* in Brandon. Pork Council staff also contributed to the communications committees of both the CPC and MFAC.

In 2005, Pork Council supported 160 different organizations with quality pork product. Eighty-nine requests came from rural areas and 71 originated in Winnipeg. Donations ranged from sausages for pancake breakfasts to whole hog barbecues for major charity events. Our signature smoked loin *Pork on a Bun* product found its way into numerous backyards, public parks, office parking lots and church basements, all compliments of Pork Council. In addition, we provided logo-bearing promotional items to over 250 organizations. Schools, churches, major and minor charities, farm associations, parent resource groups, Rotary Clubs, horticultural societies, golf tournaments, curling bonspiels, fishing derbies and conferences were all happy to receive donated goodwill from the hog farmers of Manitoba.

The *Pick Pork BBQ* program provided a further avenue for Pork Council to promote the pork industry and the consumption of pork products at sponsored, charity and billed events. In addition to the installation of an event hotline, the program was given a new look and expanded to include three mobile barbecue carts and an enclosed, matching decaled trailer. The program surpassed expectations by reaching a record 212 events this past season – a 30% increase over 2004. Between May and the end of October, friendly and enthusiastic summer staff served over 26,000 *Pork on a Bun*. Also noteworthy is that rural bookings increased by 50%, with the towns of Treherne, Sanford, Tyndall and Niverville, and the city of Portage la Prairie being added to the list of event venues. Special occasion parties such as birthdays, anniversaries, and graduations continued to be popular in 2005, as were after-the-game celebrations and customer appreciation events. The



tantalizing aroma of smoked pork on the grill also helped pack the house at 34 local and rural fundraisers, which were supported through Pork Council's sponsorship program. Some of the larger events where cart staff cooked and served included the second annual Plane Pull in support of the United Way of Winnipeg, the Canadian Cancer Society's Relay for Life, and two events in Portage la Prairie for which nearly the entire town came out—the Terrier Town Rally and a barbecue in support of Habitat for Humanity. Existing and newly developed partnerships with local and rural radio stations also proved beneficial by providing many opportunities for networking and the fostering of good community relations through a series of backyard barbecues and charity golf tournaments.

Pork Council's commitment to recognition of academic achievement is marked through a number of awards to deserving students. At the University of Manitoba, awards were made to a degree and a diploma student in the Faculty of Agricultural and Food Sciences, as well as to a student entering Agriculture from University 1. A student in Human Ecology was also a recipient of a Pork Council award. Students in the Culinary Arts program at Red River College competed in a pork cook off for two awards. Pork Council also supported secondary school students in culinary arts through the Skills Canada competition.

Pork Council staff also proved once again that “promotions” goes beyond budgets and work plans by actively participating in the Canadian Cancer Society's Relay for Life in June and the Dragon Boat Festival in September. In addition to supporting the Relay for Life supper with *Pork on a Bun*, a team of 10 sleepy Swine Idols endured cool, damp weather for 12 long hours, taking turns walking a 1/4 mile track lined with candlelit luminaries. For the second consecutive year, staff also invested time and muscle power in the two-day Dragon Boat Festival at the Forks, not to mention the mandatory practice time. Team Hog's Breath placed 89<sup>th</sup> out of 153 teams, an amazing finish given the closeness in final race times. Through various special in-house events and the collection of pledges, staff raised just over \$3,000 for cancer research.

## Public Education

Agricultural education initiatives continue to be a priority of Pork Council. Through participation on the board of AITC-MB, Pork Council is able to connect with educators to bring knowledge and insight about modern hog production. By supporting the *Made in Manitoba* breakfast programs of AITC-MB with producer participation and product donations, we have visible presence at these school-based events. Programs of MFAC, *Thru the Farm Gate* in Brandon and *Touch the Farm* and *Touch the Farm at Amazing Agriculture Adventure* in Winnipeg bring examples of hog production to both urban and rural consumers.

Pork Council's education resources, *Hog Wild* (Grade 5) and *What's the Pig Idea?* (Senior 2 or Grade 10) offer students insight into the importance of hog production in this province. *Pig Tales*, a fun-filled educational tool with a quiz, word search, a maze and dot-to-dot activity, presents hog production to a younger audience. *Everything But the Oink*, our new colourfully illustrated resource on pork by-products, *The Dirt on Pigs and the Environment* and *Pig Basics 101* are also widely distributed. MFAC, in conjunction with its member groups, launched the Manitoba version of a new *Farm Animal Welfare on the Prairies* educational resource. The resource has curriculum material for Grade 7 to Senior 4 (Grade 12) and Pork Council will work with the other commodity groups and MFAC to distribute the resource.

Planning and development of the *Glenlea Farm Education Centre* at the University of Manitoba's new *National Centre for Livestock and the Environment (NCLE)* is well underway. Pork Council continues to play an important role in this University of Manitoba-led program and has committed a total of \$750,000 over a four-year period to National Centre for Livestock and the Environment (NCLE) and the Education Centre.



## Human Resources & Training

Manitoba Pork Council (Pork Council) promoted training programs and job opportunities at the Winnipeg Rotary Career Symposium. Staff and industry volunteers were accompanied by two lively weanlings, which created interest and conversation among students and other attendees.

Manitoba's Apprenticeship Branch and Assiniboine Community College (ACC) recognized nine graduates of the two-year Pork Production Technician program in 2005. This brings the total number of graduates to 37. In addition, Pork Production Technician and the Trades Qualification Board saw an additional 46 Trades Qualification Journeypersons successfully challenge the exam in 2005. These certified Journeypersons will continue to benefit the hog industry by mentoring incoming students and technicians enrolled in the Pork Production Technician program. The program provides practical, on-farm training that is supplemented by a combination of classroom and home study. Pork Council continued to promote the program through tradeshow and advertisements in the monthly newsletter and other provincial papers.

The Pork Production Manager Certificate Program is jointly administered and funded by Pork Council, ACC and the University of Manitoba. The program offers production, human resource, facility and business management courses in order to improve the skills of hog barn managers. As a result, these individuals have the potential to create a positive impact on the industry as a whole, while improving production due to their superior managerial skills. The program had four graduates in 2005, bringing the total to 14 graduates since the program was first established.



## Workplace Safety & Health

Manitoba Pork Council (Pork Council) continued to assist producers in addressing their workplace safety and health needs through initiatives of the Workplace Safety and Health Committee. The committee increased awareness with regular newsletter articles and resource materials. The committee also started work on an industry-specific workplace safety and health program. It is anticipated to be completed and accessible on Pork Council's website in mid-2006. It is also worth noting that both the Pork Production Technician and Pork Production Manager Certificate programs incorporate health and safety awareness issues into their current curriculum. Additionally, Pork Council facilitated the delivery of hydrogen sulfide (H<sub>2</sub>S) awareness courses around the province.

In 2005, a total of 308 producers and/or barn workers attended H<sub>2</sub>S courses. Pork Council continues to be an active member of the Canadian Agricultural Safety Association (CASA).

## Consumer Education & Food Safety

The message, "*Pork is a Healthy Choice*," continues to be the primary focus of Manitoba Pork Council's (Pork Council) consumer education programs. This message positions pork as a safe, wholesome, nutritious and versatile protein choice. Through Canada Pork, the nutrition program and food industry liaison of the Canadian Pork Council (CPC), Pork Council is involved in the national Health Check™ program, which emphasizes this message along with nutritional information and endorsement from the Heart and Stroke Foundation.

Three new recipe publications produced during the year have a nutrition focus and are supported by food safety information through our involvement with the *FightBac* food safety information program. The publications, distributed in retail stores, mall displays, and by health professionals, teachers and other interested parties, feature easy and enticing recipes using a variety of pork cuts. The recipe brochures are

produced by Pork Council, with recipe analysis by Alberta Pork, and are purchased by pork associations in Alberta, Saskatchewan, Nova Scotia and Prince Edward Island for distribution in those provinces.

The year 2005 saw the introduction of new nomenclature, or naming, of pork cuts. New resource materials, such as meat charts, were distributed throughout the year to retailers, educators, health professionals, food service and the general public to familiarize them with the new names. The changes, which standardized and simplified the names, became mandatory on January 1, 2005.

Canadians need nutrition information to permit dietary management of chronic diseases of public health significance and to help them make food choices that may reduce the risk of developing chronic diseases. In December 2005, new Canadian Food Inspection Agency (CFIA) regulations for the inclusion of nutritional data on packaged food products came into effect. The regulations have been designed to provide a system for conveying information about the nutrient content of food in a standardized format to allow for comparison at point-of-purchase. All ground meats, including ground pork, and packaged pork products such as prepared pork entrees, sausages, etc. will require the new labels. Single-ingredient pork cuts, such as chops and roasts, and prepared products sold only in the retail establishment in which they are prepared, are exempt from the regulations.

Meat retailers received several newsletters over the year to inform and update them on new nomenclature, regulation changes and to offer resources. Point-of-purchase recipes, eye-catching retail signage and support materials such as pop-up timers and crown roast frill packs were again offered in an effort to drive and support sales of pork. Pork Council was able to draw on the expertise of Alberta Pork's retail specialist to assist in the delivery of two meat merchandising seminars for retailers in Winnipeg and Thunder Bay.

From humble beginnings on public access television to prime time network broadcast, our joint commodity television series, *Great Tastes of Manitoba (GTOM)*, continues to be a hit with viewers. The series was produced with



the assistance of Manitoba Agriculture, Food and Rural Initiatives (MAFRI) and Manitoba Liquor Marts. Initially broadcast in the fall of the year, the re-run series in the spring has traditionally attracted an even larger audience share. A current fall ratings share of 8.3 and 9.8, respectively in our target group of female viewers in the 25+ and 35+ age groups proves that *GTO*M is indeed a valuable tool in delivering our message to a wide spectrum of consumers.

Pork Council participated, along with other commodities, in a variety of promotional activities. The new joint commodity website, [www.foodmanitoba.ca](http://www.foodmanitoba.ca), showed a dramatic monthly increase in visitors to the site. In one case, unique visitors were up 280% over the same month of the previous year. Updates and additions to the site continue, along with targeted advertising to increase awareness. A joint display in September at St. Vital Shopping Centre was a showcase for the launch of new coordinated banner signage to increase impact at joint public occasions. Nutrition information from the various commodities was featured in an eight-page insert in *The Winnipeg Sun* in March.

A recent Ipsos-Reid study undertaken by Canada Pork, "Perceptions of Pork Among Dietary Health and Nutrition Influencers," demonstrated that pork is not top-of-mind among dieticians, fitness professionals and doctors. Health professionals should be important allies in the delivery of pork's nutrition message. With that in mind, three new nutrition fact sheets, along with a selection of other health-related resources, were sent to dieticians in Manitoba. The resources are made available free of charge, for distribution to clients for nutrition counselling. Our participation at the annual Diabetes Forum provides another opportunity to distribute health-related resources to consumers and to network with other health professionals.



Our consumer and food service website, [www.pickpork.com](http://www.pickpork.com), continues to draw visitors in increasing numbers. On an annual basis, the number of unique visitors to the site increased by 374%, proving that the Internet is indeed a primary source of information. There appears to be a direct relationship between advertising and hits to the site, reinforcing our efforts at making [www.pickpork.com](http://www.pickpork.com) top-of-mind.

## Community Relations & Sustainable Development

Sustainable industry development activities in 2005 centred on three key areas of importance to Manitoba pork producers:

- Changing public policy and proposed legislation;
- Strengthening business fundamentals for the betterment of the industry; and
- Maintaining accountability, responsibility and the positive image of Manitoba's hog industry.

Manitoba Pork Council (Pork Council) was vigilant and steadfast in advancing industry perspectives and issues with government, business and the public on evolving public policy and proposed environmental legislation affecting the future of agriculture and livestock farming in Manitoba. These efforts were dominated by a constructive and thorough review of recommendations of the province's Expert Phosphorus Committee and the proposed Water Quality Management Zone regulation under *The Water Protection Act*. Both impending regulations would ultimately restrict the application of nitrate, nitrogen and phosphorus nutrients on land to protect surface water and groundwater quality.

Pork Council took a lead role in engaging all agricultural producers and stakeholders to voice concerns to business and government about the serious implications to the Manitoba economy, rural communities and farm families if the proposed regulations were adopted in their current form.

Pork Council also met with provincial Ministers and senior government officials.

Together with other agricultural stakeholders, Pork Council lobbied for more practical and cost-effective government-industry alternatives such as public and producer education, environmental farm planning and incentive-based initiatives to accelerate implementation of best management practices. Changes to proposed regulations were also recommended to achieve environmental objectives without irreparable harm to producers and the economy. Time will tell in 2006 whether the provincial government will adopt a more comprehensive nutrient management strategy from the outset and whether it is willing to partner with industry in meeting common environmental stewardship objectives.

Pork Council has also been active in protecting industry interests in the review of proposed local development plan policies and zoning by-laws with objections to various municipal councils. In particular, Pork Council took issue with a number of proposed by-laws under appeal to the Shoal Lake Planning District Board and Manitoba Municipal Board on behalf of Manitoba's pork industry and local producers. These by-law reviews will become increasingly important in 2006 as more municipalities and planning districts update their by-laws to include local livestock operations policies and livestock zoning provisions under *The Planning Act*.

As co-chair on the Manitoba Swine Trade Task Team, Pork Council was also proactive in its efforts to enhance business fundamentals and business climate for Manitoba producers. Pork Council spearheaded trade advocacy efforts with the Province into Iowa, Nebraska and Minnesota to build bridges of understanding between Manitoba-Canadian pork producer associations and American counterparts. It is hoped that continuance of this advocacy initiative will lay the groundwork for fewer cross-border trade challenges in the future. The swine trade team also commenced complementary work on ways to increase local finishing capacity to reduce trade vulnerability, reliance on foreign markets for pig exports and to increase value-added benefits at home in Manitoba.

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Pork Council was also instrumental in providing leadership and support to the Manitoba Packer Initiative. The objective of this industry-government committee was to seek out and bring an additional packer to Manitoba to increase market competition and reduce cross-border trade risks. We were pleased to see this two-year project culminate in the November 2005 announcement of OlyWest's \$200 million processing plant in Winnipeg.

When the proposed facility opens in 2008, OlyWest will process up to 2.25 million hogs per year, create 1,100 direct jobs and generate over \$23.0 million in annual federal, provincial and city tax revenues. It will also create significant spin-off benefits to city and provincial economies. Pork Council also supported OlyWest's application for provincial and city incentives including land to make this business project a reality. In 2006, the project will undergo a rigorous Clean Environment Commission hearing and public consultation process to obtain licensing approval.

On the accountability and community relations front, and as a responsible industry, Pork Council advanced environmental stewardship of the hog industry with advice and extension activities to producers, provided support to the 2005 Manitoba Planning Conference and 2005 Manitoba Conservation District Conference and participated in a Sustainable Agriculture conference. In addition, Pork Council attended two municipal conventions to provide industry perspectives on related land use and development topics. Pork Council also consulted with the Lake Winnipeg Water Stewardship Board to provide input into their report findings and recommendations to protect Lake Winnipeg's water quality.

Pork Council also took steps this past year to partner with other stakeholders on an Education Finance Coalition to find a more sustainable alternative to funding education so as to remove school taxes from property including farm

(Left - Right) Rosann Wowchuk, Minister of Agriculture, Food & Rural Initiatives; Regean Nadeau, President & CEO, Olymel S.E.C.; Florian Possberg, CEO, Big Sky Farms Inc.



buildings and land. Pork Council also participated in a Manitoba lobby against more onerous documentation protocols for border crossings of people, livestock and other goods entering into the United States from Canada.

## Animal Care

The Manitoba Pig Welfare Group continue to promote the development and use of sustainable farming systems and practices that meet the fundamental welfare needs of pigs in all facets of the industry. The committee is updating the brochure *How Pigs Are Raised* to ensure hog farming is accurately portrayed to people in rural and urban communities around the province.

Staff, directors and volunteer producers again joined with other livestock commodity groups to support the activities of Manitoba Farm Animal Council (MFAC) through agricultural displays that provide an opportunity for visitors to meet farmers and learn about present-day livestock farming methods. *Thru the Farm Gate* continued to draw large numbers of visitors to the Royal Manitoba Winter Fair in Brandon and provided a number of unique media opportunities to promote our animal care messages, including a feature spot on *CBC for Kids*. In June, urban families once again had the opportunity to visit the sixth annual *Touch the Farm* at the Red River Exhibition; and in September MFAC joined forces with Agriculture in the Classroom-Manitoba (AITC-MB) to present *Touch the Farm at Amazing Agriculture Adventure* to hundreds of Grade 4-6 students from rural and urban schools.

Over the last couple of years, Manitoba Pork Council (Pork Council) has been working with Canadian Pork Council (CPC) and other provincial pork associations to develop a swine animal care assessment program. Originally intended to be rolled out to producers in 2005, the Animal Care Assessment (ACA) tool was designed as part of the existing Canadian Quality Assurance® (CQA®) program. The tool addresses animal needs within all stages of the production cycle. It builds on the CQA® program by

recognizing the link between food safety and animal care from the consumer perspective. The program is designed to be practical for on-farm practices and procedures and is based on the *Recommended Codes of Practices for the Care and Handling of Farm Animals: Pigs* available on Pork Council's website in the Animal Welfare section.

In mid-2005, Pork Council staff attended a training session for the new ACA tool component of the CQA® program. In late November, Pork Council held a series of five Validator training sessions throughout the province to qualify Validators to perform ACA audits on-farm. Forty out of a possible 49 CQA® Validators completed the training sessions. ACA materials and resources will be made available to producers in the first quarter of 2006. In order to participate in the ACA, module farms must first be CQA® validated.

## Quality Assurance

In 2005, Manitoba Pork Council's (Pork Council) focus and commitment to quality assurance and food safety became even more evident. The Canadian Quality Assurance® (CQA®) program was revised to account for all stages of production including source herd farms. With farrowing and nursery barns full of participants on the CQA® program, consistency in quality assurance standards now exists throughout the full production cycle. Updated program information binders and forms were distributed to all producers as their barns came up for re-validation. Along with the new national program materials, Pork Council developed a new postcard-based notification system to ensure producers were informed of their CQA® status dates well in advance. Pork Council also implemented a producer status notification system for processors. Producer status information is made available to processors, that have signed mandatory confidentiality contracts with Pork Council, through password secured access in a special section of Pork Council's website. This new system ensures accurate, real-time status tracking for proper producer settlements.



As the national CQA® program continues to move toward full CFIA recognition, a number of new policies and procedures are being adopted. This past year saw Pork Council participate in the first-ever CQA® internal audit performed by CPC. This internal audit program, now being rolled out nationally, is designed to ensure the integrity of record keeping and program management practices.

In mid-2005, research examining the impact of hip-injection methods on breeding stock was completed. By fall 2005, the national CQA® Advisory Committee and Technical Working Group completed their review of the research and developed new protocols allowing for the use of this technique on breeding stock. While restricted to use on breeding stock, this new technique will reduce risk to barn workers and reduce stress on breeding animals.

## Foreign Animal Disease (FAD) Preparedness

Manitoba Pork Council (Pork Council) has been very proactive locally and nationally in addressing FAD-related issues through its involvement in a number of key program areas, in particular the National Identification and Traceability System for Swine, emergency management planning, and financial risk mitigation.

### Traceability

As a member of Canadian Pork Council's (CPC) National Hog Identification and Traceability Working Committee, Pork Council is directly involved in



developing the *National Identification and Traceability System for Swine*. 2005 was an active and successful year for the Committee. Highlights include:

- Completion of the traceability pilot study final report and recommendations;
- Approval of pilot study recommendations by CPC's Board of Directors;
- Development of a national, standardized tattoo numbering system for market hogs;
- National consultations on proposed traceability system:
  - Round 1 - Provincial pork associations (boards of directors),
  - Round 2 - Public sessions involving pork value chain stakeholders;
- Preparations for producer registration in early 2006:
  - Allocate new 'standardized' tattoo numbers for market hogs;
  - Issue premises identification numbers provided by the Canadian Livestock Identification Agency (CLIA);
  - Collect and update producer contact and production information.

### **Emergency Management Planning**

The establishment of an emergency planning committee at Pork Council this past year was another proactive move in preparation for a potential foreign animal disease outbreak or food safety issue. The new committee has initiated a detailed plan that will guide communications with producers, government, and industry in the event of a crisis.

Planning is coordinated nationally with the federal government, across commodity groups through the Canadian Animal Health Coalition (CAHC), as well as with all other provincial pork associations through CPC's emergency management planning committee. Provincial planning is also being undertaken with the provincial government, municipal councils, and local livestock associations through Manitoba's Emergency Measures Organization.

### **Financial Risk Mitigation**

Another development gaining attention in 2005 was financial risk management in the event of a crisis, such as foreign animal disease. Pork Council is directly involved in an industry-led, national study as part of

CAHC's Financial Risk Mitigation team. With the help of consultants and financial experts, the group's task is to assess the financial impacts of foreign animal disease including welfare slaughter, business disruption, and loss of export markets. Future work will involve investigating options for mitigating FAD-related impacts. By involving itself in emergency and FAD-related discussions and initiatives at both the local and national level, Pork Council is quickly developing a proactive reputation in its commitment to protecting Manitoba's pork industry.

## **Swine Research & Development Consortium (SRDC)**

This past year also saw Manitoba Pork Council enter into an agreement with the Agri-Food Research & Development Initiative (ADRI) on behalf of the Swine Research & Development Consortium (SRDC) for a research project entitled "Evaluation of Real-Time Ultrasound as a Means of Quantifying Intramuscular (Marbling) Fat in Pork Loins." In conjunction with the continuing fee-for-service work undertaken by SRDC, the ARDI funding agreement will help secure the future of SRDC at least through December 2007.

The four cornerstones of SRDC's fee-for-service work continue to be ultrasound probing, custom carcass evaluation, refinement and application of standardized adjustment factors for desirable carcass traits, and specialized consulting services. In 2005, such services directly and/or indirectly influenced more than two-thirds of all hogs slaughtered in Manitoba.



## Manitoba Hog Grading Inc.

Manitoba Hog Grading Inc. continues to provide hog carcass grading services in federally inspected processing plants in the province. To enhance interest in the service and to make information more available to producers, hog grading displays and promotional materials were developed for use at trade and industry shows.

## Research & Environment

### Environmental Research

The ability of Manitoba's livestock industry to remain successful and sustainable into the future rests squarely on good environmental stewardship. Pork Council recognizes this need and addresses it through funding a variety of environmental research programs and activities.

The focus of the *Manitoba Livestock Manure Management Initiative (MLMMI)* continues to be the encouragement of sustainable development of the livestock industry in an environmentally sound and community-friendly manner. The MLMMI meets this function through research, development and demonstration focused on:

- The role and fate of phosphorous in livestock and crop production;
- Nitrogen and phosphorous nutrient balances in designated farming areas;
- Ground water quality protection;
- Human health issues associated with manure-borne pathogens; and
- Greenhouse gas emissions and odour production, dispersion, evaluation and control.



In 2005, Manitoba Pork Council (Pork Council) contributed \$150,000 in base funding to MLMMI, bringing its eight-year total to \$1,581,700. We continue to draw on the expertise of MLMMI in evaluating environmental project proposals.

Pork Council is also a financial supporter of *The Lake Winnipeg Research Consortium (LWRC)* and has been a member of the consortium from its earliest days. LWRC was founded in August 1998 to facilitate scientific research on Lake Winnipeg following evidence of water quality deterioration related to the 1997 Red River flood. The LWRC was incorporated in Manitoba in 2001. Membership in the LWRC has grown to 27 agencies representing various government and university departments, and corporate and stakeholder groups. The four-fold goal of the LWRC is to:

- Facilitate scientific research on Lake Winnipeg to gain a better understanding of the biological, chemical and physical processes that are critical to its well-being;
- Create educational opportunities and increase public awareness of the ecology of Lake Winnipeg and environmental issues facing the lake;
- Expedite information exchange and foster cooperation among all stakeholders;
- Provide a research platform using the former Canadian Coast Guard vessel "Namao," for research and education on Lake Winnipeg.

### **Swine Production Research**

Pork Council continues to direct its research funding on food safety, animal care and environmental stewardship through financial support of swine research at the University of Manitoba, Prairie Swine Centre Inc., and the Vaccine and Infectious Disease Organization (VIDO).

The University of Manitoba's swine research team focuses on swine nutrition and management, nutritional biochemistry, reproductive physiology and swine behaviour and welfare. It continues to explore practical strategies to reduce fusarium levels in Manitoba feed grains, to study the effects of alternative housing systems on animal health, and to examine locally grown alternative feed for swine rations. Longer-term

research centres on the effect of water quality and piglet performance, tolerance levels of fusarium contamination in swine rations, the relationship between soil fertility and feed quality, re-breeding performance of sows as affected by hour of weaning and the transportation of early-weaned piglets.

In 2005, the University of Manitoba's Department of Animal Science was able to make considerable progress in the construction of the \$9 million *National Centre for Livestock and the Environment (NCLE)* at its Glenlea Research Farm. Once completed in early 2006, the multi-disciplinary centre will be unique in North America and will:

- Provide the facility and tools for researchers from many disciplines to work together on long-term solutions to key issues facing animal agriculture, including environmental health, food safety, and animal productivity and well-being;
- Use conventional and alternative animal housing facilities, conventional and alternative manure storage and handling technologies, long-term crop rotations, and well-equipped laboratories. NCLE will be the only location in North America with the expertise and facilities to tackle major issues facing intensive animal agriculture from the molecular to the landscape level, using a whole farm approach;
- Support short and long-term studies of energy, nutrient and microbial movement in the farm ecosystem;
- Store manure, soil and other samples that can be used to address the research questions of today and tomorrow. This archive may well be the only facility in the world with capacity for long-term storage; and
- Provide key data for economic analysis of alternative animal, manure and land management practices, quantify economic and other risks, as well as identify economic opportunities.

Despite the extraordinary circumstances faced by Manitoba hog farmers during the U.S. trade challenge, Pork Council reaffirmed its continuing dedication to environmental research by committing to honour its pledge of \$500,000 towards the construction of NCLE. The one-year payment deferral caused by the challenge means that the final payment to the University of Manitoba would be made in 2006 rather than 2005 as originally intended. Similarly, Pork Council's pledge of \$250,000 towards



the creation of the Glenlea Farm Education Centre will see its final payment made in 2006. The centre will be an interactive showplace with dioramas and hands-on displays of grain and feed production, viewing galleries for a hog barn with videos relaying scenes from alternative barn, food retailing and food safety displays. It will also be the only centre to feature sustainable production practices for all components of an agriculture industry, with emphasis on intensive swine production.

The Prairie Swine Centre's research consists of four core disciplines: agricultural engineering; environment; swine behaviour; and nutrition. These programs are pursued through six well-defined objectives:

- To define optimum feeding and management procedures to reduce the cost of feeding out grow-finisher pigs (20 kg to market) by at least \$2.00 per head;
- To increase the value and use of local and "opportunity" feeds in swine diets;
- To develop animal care guidelines through consideration of animal behaviour;
- To develop systems for improving air quality inside hog barns, for health and productivity of people and pigs and to reduce external odour emissions;
- To reduce the cost of production by optimizing the physical environment in commercial barns; and
- To develop new information on operating systems and management procedures which ensure the long-term environmental sustainability of pork production.

The ongoing research projects of VIDO are overseen by a Swine Technical Group that includes individuals from different backgrounds representing the three prairie provinces, including: hog producers; veterinarians; agricultural



economists; agricultural engineers; nutritionists; farm extension specialists; and VIDO researchers. Its research projects span areas of importance to the swine industry, with a particular emphasis on the development of new and novel methods of vaccination and immune system stimulation. VIDO also continues its work in the development of new vaccine formulations and delivery methods, including DNA-based vaccines. VIDO has also been dedicating research to the development of antibiotic alternatives for food animals.

### **Canadian Carbon Credit Trading System: Offsetting Greenhouse Gas (GHG) Emissions**

As of January 1, 2006, individuals and organizations can receive *carbon-offset credits* from Canada's GHG Program Authority in exchange for reducing their GHG emissions. Credits will be granted for every one tonne of CO<sub>2</sub> emission reduced and are tradable on the open market. Potential buyers include so-called Large Final Emitters (LFEs) such as the oil and gas industry and Canada's Climate Change Fund. This domestic greenhouse gas reduction strategy stems from the Government of Canada's commitment to the Kyoto Protocol. To qualify for credits, individuals would have to register a project (eight-year duration) and demonstrate a reduction in their level of GHG emissions.

To minimize paperwork and streamline the process for measuring GHG reductions on a Canadian hog farm, a set of standardized pork-specific protocols for project registration and verification has been developed by the Pork Technical Working Group of the National Offsets Quantification Team. Hog producers wishing to participate will not have to physically measure their GHG emission reductions as long as they adhere to the protocols. Pork Council has been supportive of this initiative because it will increase the financial benefits to producers who register a GHG reduction plan.

Pork producers can reduce GHG emissions through improved feeding strategies and manure management practices such as covering manure storages and incorporating spring/summer manure applications, which reduce nitrous oxide emissions compared to fall applications. Greenhouse

gases such as carbon dioxide, nitrous oxide, and methane trap heat in the atmosphere instead of allowing it to radiate back into space. The Kyoto Protocol is an agreement among most industrialized nations of the world to reduce GHG emissions by 2012.

### **Technology Transfer**

Pork Council places major importance on communicating the results of research to producers in ways that can be used in day-to-day operations. In 2005, Pork Council continued its distribution of regular *Research News* inserts in the monthly newsletter and on the website, and the fifth annual *Research Report* was published. The report summarized all research projects carried out by funded agencies in the previous year in the areas of feed and nutrition, animal care, environment and workplace safety and health.

The annual research report will now be incorporated within the annual report starting with this edition. Selected research projects will be highlighted within the annual report and a full list and summary of all funded research will be made available in the Document Library on Pork Council's website [www.manitobapork.com](http://www.manitobapork.com).



## 2005 Research Report

Manitoba Pork Council's (Pork Council) Research Report has been produced since 2000 in response to information requests from producers, Directors, members of the Research and Environment (Committee) and staff. Committee members direct research funds to programs and projects that hog farmers can use in day-to-day operations. The funded research is focused on food safety, animal care and production, workplace health and safety, and environmental stewardship. When evaluating funding requests, the Committee ensures that the work undertaken by the research institution focuses on producers' priorities and considers the ability of the research to leverage additional funds. These additional funds provide Manitoba producers access to research that would cost many times more than Pork Council would be able to fund on its own.

The process doesn't end with funding and sponsorship of research. Without communicating the information and knowledge generated from the research to Manitoba producers, the process would be incomplete. Sharing this information is done in a variety of ways including: monthly "Research News" inserts in Pork Council's newsletter; on Pork Council's website [www.manitobapork.com](http://www.manitobapork.com); at seminars offered by funded institutions like the University of Manitoba and the Prairie Swine Centre; and in the annual Research Report.

This year, the Research Report is being delivered to producers in a new format. On the following pages you will find highlights from the full report which will be available on Pork Council's website in both the "Document Library" and the "Research" sections. Those without access to the Internet can request either an electronic or printed version of the report from Pork Council.



# Amino acid digestibility of dry extruded-expelled soybean meal fed to finishing pigs

## Summary

A comparison of the apparent and true ileal digestibilities of crude protein and amino acids in solvent extracted soybean meal and dry extruded-expelled soybean meal revealed no significant differences. Therefore, this study suggests that the processing steps used to produce the soy-based protein supplements do not yield differences in their feeding value, particularly as it applies to the amino acid supply.

## Introduction

The feeding value of soybean meal types for pigs has been investigated widely. However, there is very little information on the feeding value of dry extruded-expelled soybean meal, which is a product of dry extrusion, for pigs. The feeding value of dry extruded-expelled soybean meal has been assessed through growth performance and apparent ileal amino acid digestibility studies. However, true as opposed to apparent ileal digestibility has been recommended as a means of measuring amino acid digestibility. This is because apparent ileal digestibility underestimates amino acid digestibility. Furthermore, true ileal amino acid digestibility is more additive in a mixture of feed ingredient compared with apparent ileal amino acid digestibility, thus allowing more accurate formulation of swine diets. Since the true ileal amino acid digestibility of dry extruded-expelled soybean meal has not been determined, the objective of this study was to determine this value in relation to its use in finishing pig rations.

## Methods and Materials

Four ileal cannulated Cotswold barrows with an average initial body weight of 80 kg were used to evaluate apparent and true ileal digestibility of amino acids in two samples of dry extruded-expelled soybean meal and a sample of solvent extracted soybean meal (control) using standard procedures.

## Results and Discussion

There were no differences in the apparent ileal digestibility of crude protein and amino acids across the three samples tested. The apparent ileal digestibility of crude protein and indispensable amino acids averaged 79.3% and 83.1%, respectively. The average value of apparent ileal digestibility of indispensable amino acids ranged from 75.5% (threonine) to 89.0% (arginine). As observed for apparent ileal digestibility, the true ileal crude protein and amino acid digestibilities were similar across the three soy-based samples. True ileal digestibility of crude protein and indispensable amino acids averaged 90.0% and 88.7%, respectively. True ileal digestibility of indispensable amino acids, on average, ranged from 85.8% (threonine) to 95.2% (arginine). Therefore, the values obtained for true ileal digestibility of crude protein and amino acids were higher than the apparent ileal digestibility values across dietary treatments.

## Implications

The data obtained in the current study provide strong evidence that the extent of processing (solvent extraction vs. dry extrusion) does not significantly impact either the apparent or true digestibilities of crude protein or indispensable amino acids. Therefore, we now have good estimates for protein and amino acid digestibility for the dry extruded-expelled soy product that can be used by feed formulators in developing optimized rations for finishing pigs.

## Funding Sources

Jordan Mills and Manitoba Pork Council.

## Researchers

F. Opapeju and C.M. Nyachoti, Department of Animal Science, University of Manitoba, Winnipeg, MB, Canada.

For further information please contact:

Dr. Martin Nyachoti, Associate Professor, Department of Animal Science,  
University of Manitoba, Winnipeg, MB R3T 2N2  
Phone: 204-474-7323, Fax: 204-474-7628,  
E-mail: martin\_nyachoti@umanitoba.ca





## Effects of housing grow-finish pigs in two different group sizes and at two floor space allocations

### Summary

A study was conducted to determine whether the amount of space required by large groups differed from that of small groups, and whether space restriction affected pigs in large groups to the same extent as it does pigs in small groups. Some behavioural variables suggested that pigs in large groups were able to use space more efficiently. However, overall productivity and health variables indicated that pigs in large and small groups were similarly affected by crowding.

### Introduction

Past studies on small groups (10-40) of pigs have found a negative impact of crowding on productivity and welfare. Studies examining large group (>40) housing have found setbacks in the growth rate of pigs soon after mixing. Research on the effects of crowding pigs housed in large groups is minimal, although it has been hypothesized that pigs housed in large groups are able to use space more efficiently. This study was designed to assess the space requirements of both large and small groups, and the effects of space restriction on pig performance, behaviour, physiology, health and welfare.

### Results and Discussion

Crowded pigs had a lower growth rate, a lower feed efficiency, and a lower final body weight than uncrowded pigs (Table 1). Growth rate was depressed by 9.8%, and feed efficiency by 11%, during the final week of the study. Crowded pigs ate fewer meals and spent less time eating overall, but feed intake did not differ from that of uncrowded pigs. Space allowance did not affect the level of injury, morbidity, or stress.



Pigs in large groups had a lower growth rate than pigs in small groups (Table 1). Gains were most affected during the first two weeks, at which time they were depressed by 5.4%. The difference in initial body weights (Table 1) indicated that growth depression began in the first four days after group formation. Pigs housed in large groups ate fewer meals, but took longer to eat each meal, than pigs in small groups. Pigs housed in large groups had higher lameness and leg injury scores than pigs in small groups. Pigs in small groups spent more time sitting and lying on their sternum, and less time lying on their side, than pigs in large groups. Group size did not affect morbidity or stress levels.

The first sign of growth depression in response to crowding occurred much sooner for pigs in large groups compared with pigs in small groups. However, the rate of depression in gains was more gradual for pigs in large groups. Thus, by the final week of the trial, pigs in both large and small crowded groups had similar gains. Pigs in the small, uncrowded groups had the highest carcass lean percentage while pigs in the large uncrowded groups had the highest fat depth. Pigs in large crowded groups had the highest lameness scores.

### Implications

Both crowding and large group housing were found to negatively affect pig

performance. Pigs housed in large groups were affected by space restriction sooner than pigs in small groups although, the depression in growth was much more gradual for pigs housed in large groups. There was limited evidence, and none related to productivity, that pigs in large groups were able to use space more efficiently than pigs in small groups.

### Funding Sources

Alberta Pork, Sask Pork, Manitoba Pork Council, and the Agriculture Development Fund. Project funding provided by the National Pork Board (U.S.), NSERC, and Agriculture & Agri-Food Canada.

### Researchers

Brandy Street and Harold Gonyou.

For further information please contact:

Dr. Harold Gonyou, Ph.D., Research Scientist – Ethology,  
Prairie Swine Centre, Box 21057, 2105 – 8th Street East,  
Saskatoon, SK S7H 5N9

Phone: 306-667-7443 x. 229, Fax: 306-955-2510,

E-mail: [harold.gonyou@usask.ca](mailto:harold.gonyou@usask.ca)



Table 1. Initial and final body weight, coefficient of variation, gains, feed intake, and feed efficiency of grow-finish pigs housed in large or small groups and at crowded or uncrowded space allowances.

Item	Treatments				SEM	P-value <sup>a</sup>		
	Small Uncrowded	Small Crowded	Large Uncrowded	Large Crowded		Space Allowance	Group Size	Space x Group Size
# Pigs/Experimental Unit	36	36	108	108	-	-	-	-
# Experimental Units/Block <sup>b</sup>	1	1	1	1	-	-	-	-
Space Allowance, m <sup>2</sup> /pig	0.78	0.52	0.78	0.52	-	-	-	-
Initial Body Weight <sup>c</sup> , kg	38.01	38.02	36.55	36.97	0.37	NS	0.003	NS
Coefficient of Variation, %	16.73	16.65	15.73	16.81	0.84	NS	NS	NS
Final Body Weight, kg	96.21	93.95	93.10	91.29	0.57	0.002	< .0001	NS
Coefficient of Variation, %	11.79	11.07	10.76	11.45	0.50	NS	NS	NS
Gain, kg/day	1.098	1.049	1.055	1.016	0.020	0.02	0.04	NS
Feed Intake, kg/day	2.782	2.867	2.766	2.801	0.066	NS	NS	NS
Efficiency, kg gain/kg feed	0.4108	0.3781	0.3807	0.3613	0.0080	0.002	0.005	NS

<sup>a</sup> NS = no significant difference (P > 0.05).

<sup>b</sup> Two adjacent small pens (18 pigs/pen) were equivalent to one experimental unit.

<sup>c</sup> Taken after a habituation period of three days for blocks 1, 2, 6, and 8; four days for blocks 3, 4, and 5; and, ten days for block 7.



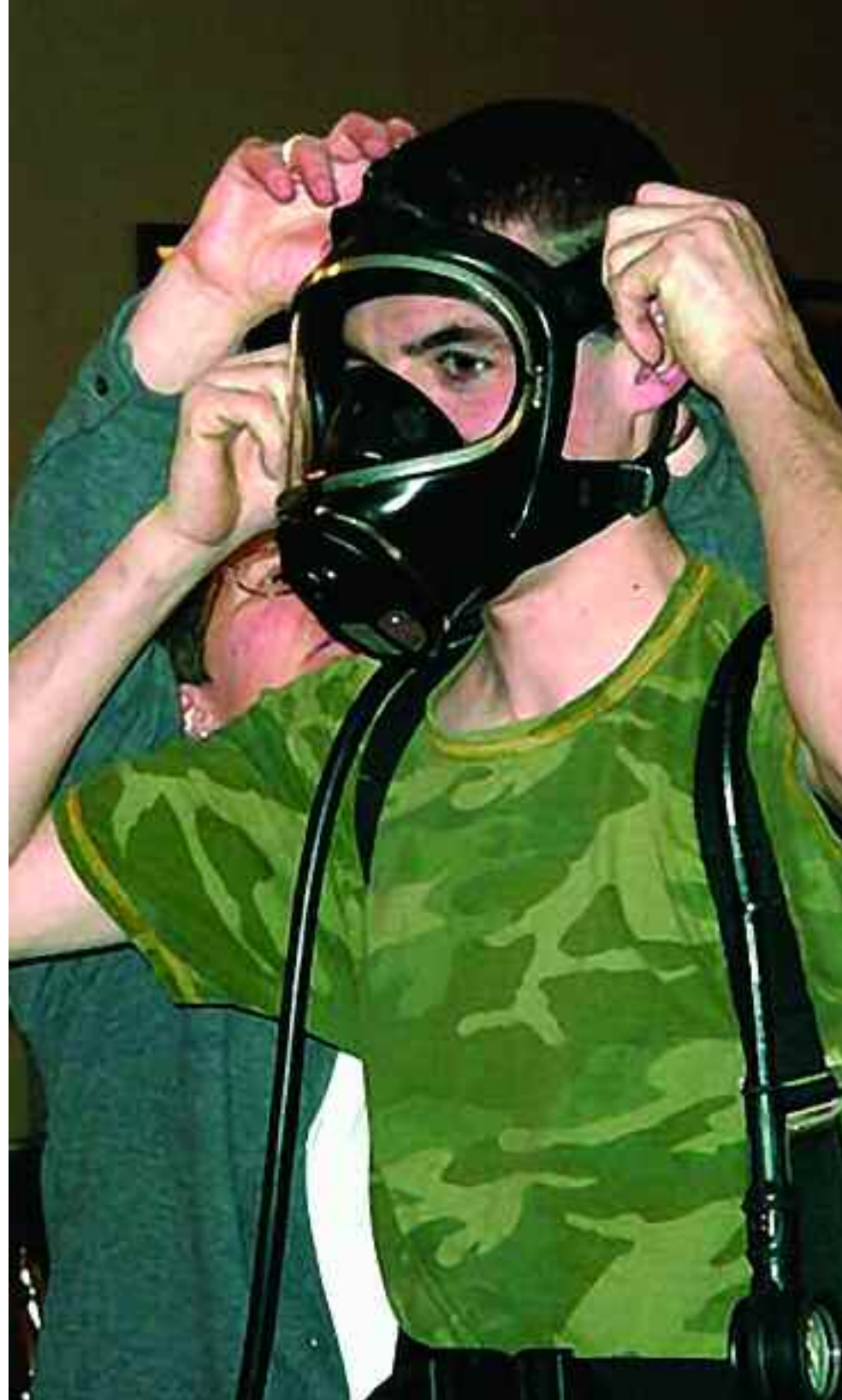
## Performance of hydrogen sulphide monitoring devices and a water-spray method to reduce worker exposure in swine barns

### Summary

The performance of commercial hydrogen sulphide ( $H_2S$ ) monitoring devices was verified by comparing readings with a reference analytical method using a gas chromatograph (GC). A spray treatment method was also evaluated for reducing worker exposure to  $H_2S$ . Spraying with water was effective in reducing the levels of  $H_2S$  released from agitated manure. An additive mixed with spray water did not help in reducing  $H_2S$  levels.

### Introduction

Various  $H_2S$  control methods have been investigated at Prairie Swine Centre; one approach examined was the spraying of water-based liquid on the manure surface during agitation. Because  $H_2S$  is water soluble, the rationale for this method was to try to put back into solution the  $H_2S$  gas released during agitation, thereby reducing the airborne  $H_2S$  concentration. Additionally, a commercially-available  $H_2S$  monitoring instrument used in the preliminary studies on liquid spray effectiveness showed inconsistent readings when subjected to various conditions during spray application. Because similar types of  $H_2S$  monitors are used widely in the industry, it is imperative that these instruments were proven to provide reliable readings to safeguard worker safety.



## Results and Discussion

Summarized in Table 1 are the H<sub>2</sub>S readings in bagged gas samples using the GC system and the H<sub>2</sub>S monitor. A paired t-test comparison showed no significant difference (p>0.05) between the GC values and the H<sub>2</sub>S monitor readings over the 0-1000 ppm range of the monitor.

Results from three trials showed that spraying with water only caused a slight initial increase in H<sub>2</sub>S levels, followed by subsequent significant reduction in H<sub>2</sub>S (Fig. 1). The water spray treatment was consistently effective in all trials, reducing the H<sub>2</sub>S levels by 87% relative to initial values, which is 23% lower than the Control tests. However, the spray with additive treatment did not help in reducing H<sub>2</sub>S levels.

## Conclusion

Spraying water over the agitated manure surface can control the rate of release of H<sub>2</sub>S gas. Once fully investigated, incorporating this technology in swine barns can help prevent worker and animal exposure to high levels of H<sub>2</sub>S when emptying manure pits.

Table 1. Summary of H<sub>2</sub>S values determined using the GC system and H<sub>2</sub>S monitor.

	H <sub>2</sub> S concentration (ppm)	
	GC method (reference)	H <sub>2</sub> S monitor
Mean (n = 131)	341.2 <sup>a</sup>	345.7 <sup>a</sup>
Standard Error	19.3	20.0
Minimum	4.0	2.0
Maximum	905.2	985.0
95% Confidence interval	38.2	39.6

<sup>a</sup> - indicates no significant difference between means at  $\alpha = 0.05$ .

## Funding Sources

Sask Pork, Alberta Pork, Manitoba Pork Council, and Saskatchewan Agriculture and Food Development Fund. Project specific support was provided by CARDS Program, Levitt Safety, and partner companies.

## Researchers

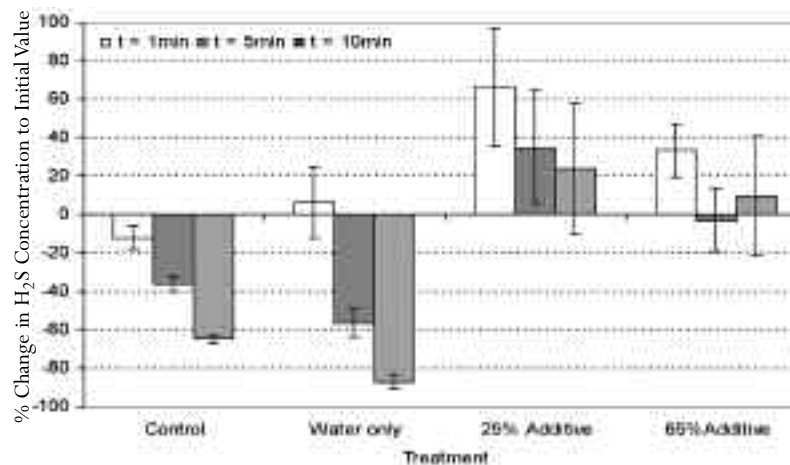
B. Z. Predicala, E.L. Cortus, R. Fengler, S.K. Christianson.

For further information please contact:

Dr. Bernardo Predicala, Ph.D., Research Scientist – Engineering,  
Prairie Swine Centre, Box 21057, 2105 – 8th Street East,  
Saskatoon, SK S7H 5N9  
Phone: 306-667-7444 x. 228, Fax: 306-955-2510,  
E-mail: bernardo.predicala@usask.ca



Figure 1. Average percent change in H<sub>2</sub>S levels relative to initial concentration (at t=0) as influenced by the treatments applied. Each value is the average of at least 6 replicates; error bars represent Standard Error of the mean.





## Swine Disease Matrix: An online information tool for producers

### Introduction

Technology transfer represents an important aspect of modern research development. There is great interest in, and a continuing need for, technology transfer of research results and management information to the producer in order to improve disease management and control.

The VIDO Swine Technical Group (VSTG) was created to fulfill this role at Vaccine and Infectious Disease Organization (VIDO). The VSTG was formed in 1980 and is composed of industry representatives including producers, veterinarians, agricultural economists, agricultural engineers, nutritionists, farm extension workers and VIDO research scientists.

The most recent project of the VSTG is the Swine Disease Matrix, launched in January 2006.

### Results and Discussion

The Swine Disease Matrix [www.vido.org/swinematrix](http://www.vido.org/swinematrix) is a web-based tool for swine producers enabling quick access to disease management information. The matrix provides detailed information from credible sources including scientific journals, proceedings, and technical papers. This freely available resource is broad-spectrum and multidisciplinary. Topics found in the matrix include economically important diseases with six major areas of concern including understanding the diseases, environmental controls, nutrition, pig management, prevention and treatment of disease, and economics.





On an ongoing basis, members of the VSTG – representing a cross-section of the industry – will collect relevant information, review the importance of the knowledge to the industry, and provide this in a web-accessible format.

The producer can access the website at his or her convenience to get current, relevant information which is organized in various categories including information about the pathogen, the disease, symptoms, treatments, nutritional aspects, engineering, and management. The site is structured in a simple and transparent way to allow easy browsing and information retrieval.

### Implications

To have a successful livestock business, producers require the ability to access emerging industry-relevant information. The content of the matrix is a science-based vision of how to control swine disease by providing data, peer-reviewed articles, and photos of practical application, discussion and opinions of experts. This will translate science into practical management and demonstrate the inter-relation of a variety of aspects of disease control. The VSTG will add to the value of the data by “vetting for relevance” and commenting on the application of the information to swine producers in Canada.

### Funding Sources

Alberta Livestock Industry Development Fund (ALIDF); Alberta Pork; B.C. Pork; British Columbia Hog Marketing Commission; the Canadian Research Network on Bacterial Pathogens of Swine; InterVet Canada Ltd.; Manitoba Pork Council; Novartis; Ontario Pork; Pfizer Animal Health; Sask Pork; Saskatchewan Agriculture and Food; and Schering-Plough Animal Health; all of whom continue to offer their support and advocacy.

### VSTG members

- Mr. Lee Whittington (Chair, VSTG) - Manager, Information Services, Prairie Swine Centre, University of Saskatchewan, Saskatoon, SK
- Dr. John Harding - Western College of Veterinary Medicine, University of Saskatchewan, Saskatoon, SK
- Mr. Rocky Morrill - Producer, Peace Pork Inc., Sunrise Pork Producers, Dawson Creek, BC
- Dr. Chris Misutka - Veterinarian, Western Swine Health Associates, Red Deer, AB
- Mr. Tony Nicol - Manager, Poundmaker, Wainwright, AB
- Mr. Malachy Young - Wainwright, AB
- Mr. Tom Leppelman - PIC multiplier owner, Steinbach, MB
- Dr. Peter Provis - Partner, Sheridan, Heuser, Provis Swine Health Services, Steinbach, MB
- Mr. Gary Plohman - Manitoba Agriculture, Food and Rural Initiatives
- Dr. George Charbonneau - Veterinarian, Swine Services Group, Stratford, ON
- Mr. Franklin Kains - Ontario Pork Industry Council
- Dr. Nicole Dion - Généticienne Sogéporc, Coopérative fédérée de Québec, St-Romuald, PQ
- Dr. Philip Willson - Research Scientist, VSTG Facilitator, VIDO
- Dr. Volker Gerdtts - Research Scientist, VIDO
- Ms. Sherri Hueser - Administrative Assistant, VSTG Coordinator, VIDO

For further information contact:

Dr. Phil Willson, DVM, Ph.D., Senior Scientist,  
Vaccine and Infectious Disease Organization,  
University of Saskatchewan, Saskatoon, SK S7N 5E3  
Phone: 306-966-7480, Fax:306-966-7478,  
E-mail: Philip.willson@usask.ca





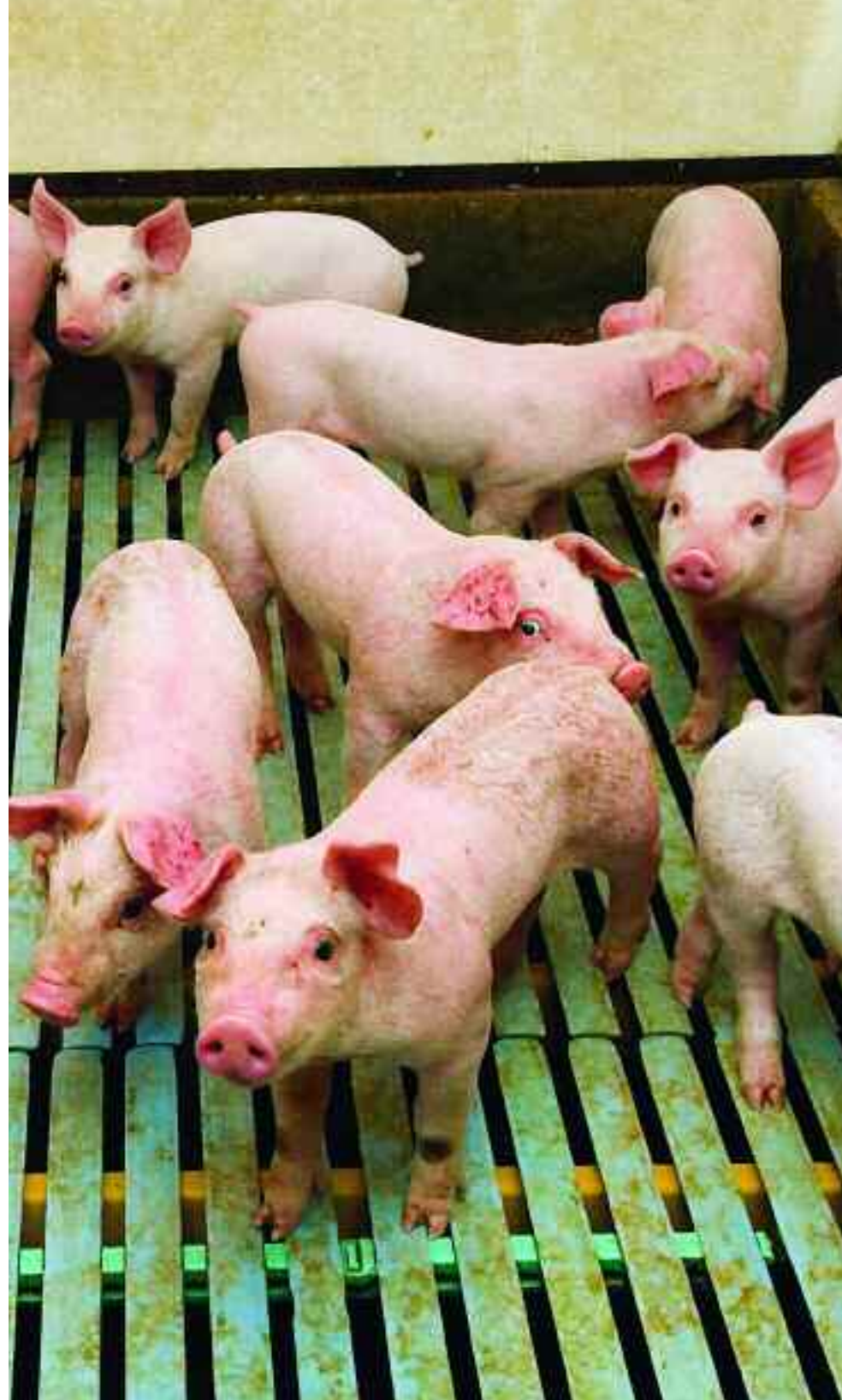
## Use of electrolytes to encourage early feed consumption in weaned piglets

### Summary

Adding electrolytes to the water supply of early weaned piglets can increase water consumption and maintain weight through the usual growth check period. However, the best practice for utilizing electrolytes still needs to be determined.

### Introduction

Early weaned piglets lose an average of 7% of their body weight in the period immediately following weaning. Generally, piglets lose weight for an average of 2.4 days and regain their weaning weight at 3.7 days. This growth check is a welfare concern as, during this period, piglets are not consuming enough feed and water to meet their physiological needs. It is also a high-risk period for disease, especially diarrhea, and a period of economic loss. Diarrhea, at the time of weaning, can add to the risk of dehydration if piglets are not consuming adequate amounts of water. Up to the point of weaning, young piglets have gained most of their fluid and nourishment through nursing. After weaning, piglets have to learn to consume water and dry feed separately. This may be difficult for some piglets to learn and inadequate water consumption can lead to dehydration and inadequate feed intake. Water consumption by early weaned piglets is therefore important for early recovery. Therefore, the objectives of the current research project were to determine if the addition of an electrolyte solution to the piglets' water source would increase water consumption in the critical three-day growth check period post weaning.



## Methods and Materials

Seventy-two piglets were weaned at 17 days of age. Half of the pigs were placed in simulated transport for 24 hours; the other half were placed straight into pens with feed and water. A medicated diet was supplied in standard feeders. Water was supplied through standard water nipples and was gravity fed from containers that could be weighed to measure water consumption. These containers were filled with tap water or water containing an electrolyte solution (commercially available oral electrolyte solution containing magnesium, sodium chloride, calcium, potassium and dextrose) for three days after entry into the pens. On the fourth day, all pens received tap water only. The electrolyte solution was prepared according to the label instructions. Water consumption and spillage were measured at six hours, 12 hours and 24 hours during the first day and then daily to four days post weaning. Piglets were weighed daily to seven days of age and again at 14 days.

## Results and Discussion

Early weaned piglets drank more water with electrolytes (3.748L/pig/24h) than tap water (0.836L/pig/24h) on the three days it was provided. On the fourth day, pigs previously given tap water (0.781L/pig/24h) and pigs previously given electrolytes (0.953L/pig/24h) consumed the same amount of tap water. Piglets provided with electrolytes in their water also spilled more water. Piglets given tap water spilled 1.708L/pig/24h, 1.37L/pig/24h, 0.963L/pig/24h and 0.828L/pig/24h on days one to four respectively. Although spillage tended to decrease with time, this was not a significant difference. Piglets offered electrolytes in their water spilled 6.534L/pig/24h, 5.391L/pig/24h, and 4.52L/pig/24h on the first three days following weaning. Both consumption and spill of electrolytes dropped across the three days. Early weaned piglets generally lose weight in the first two to three days post weaning, and this was apparent in the piglets provided with tap water. However, piglets provided with electrolytes did not go through this period of weight loss. Feed consumption over the first seven days was not higher in the pens in which piglets received electrolytes (2.961kg; 105g/pig/day) than in the pens in which tap water was provided (3.613kg; 129g/pig/day).

## Implications

The use of electrolytes in water may help piglets to retain weight and fluid status during the first week after weaning. However, more work is needed to determine the dose and number of days which will be needed to encourage fluid consumption but which will also encourage feed consumption. Spillage is also a problem that will need to be addressed.

## Funding Sources

Manitoba Pork Council and the Agri-food Research and Development Initiative, Province of Manitoba.

## Researchers

N.J. Lewis and S. Wamnes, Department of Animal Science, University of Manitoba, Winnipeg, MB, Canada.

For further information please contact:

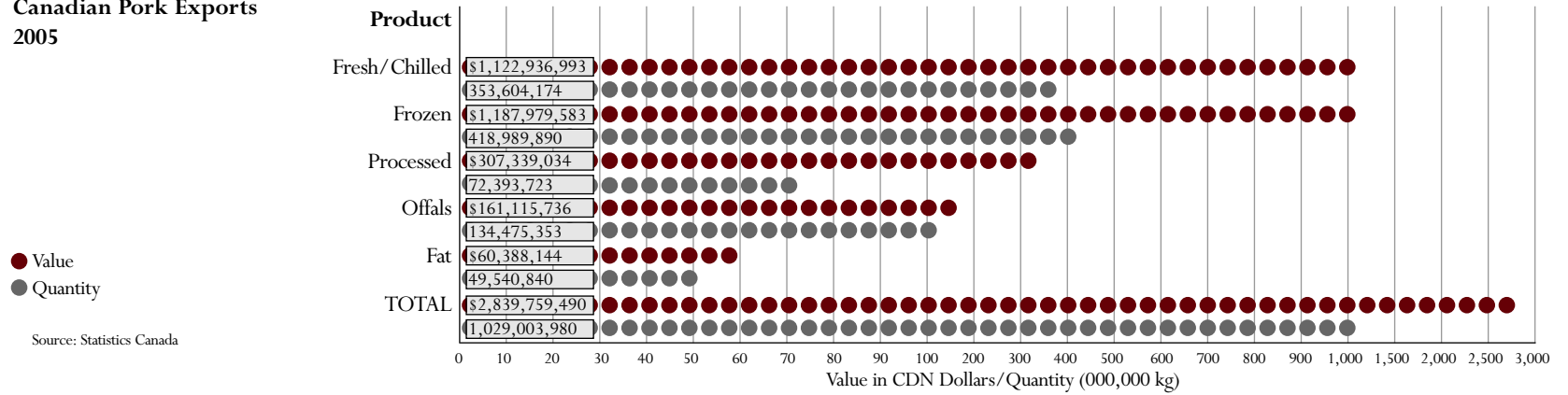
Dr. Nora Lewis, Ph.D., DVM, Department of Animal Science,  
University of Manitoba, Winnipeg, MB R3T 2N2  
Phone: 204-474-9443, Fax: 204-474-7628,  
E-mail: [nora\\_lewis@umanitoba.ca](mailto:nora_lewis@umanitoba.ca)



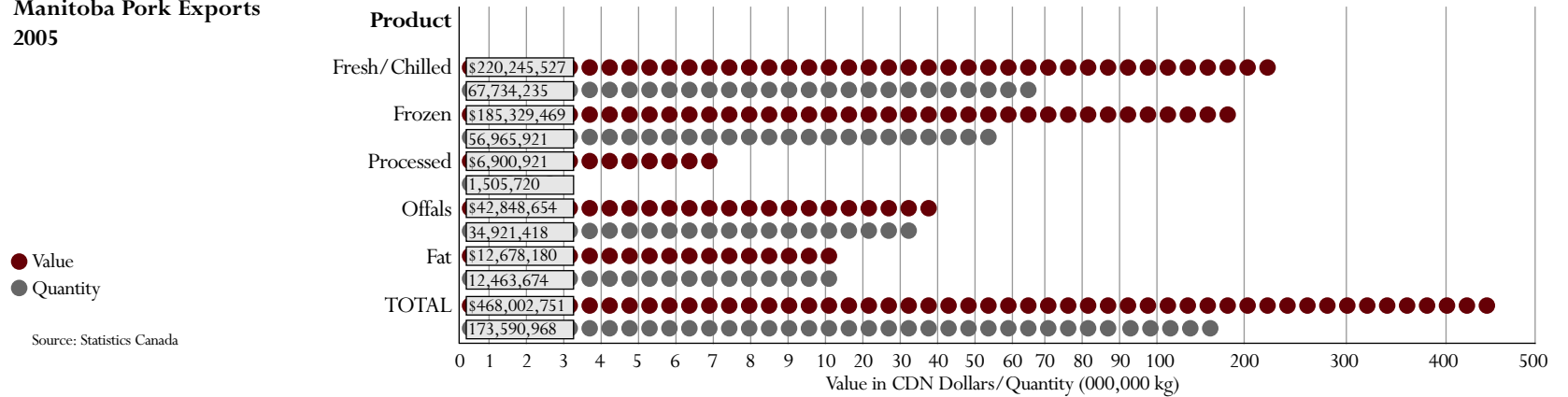
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2005**



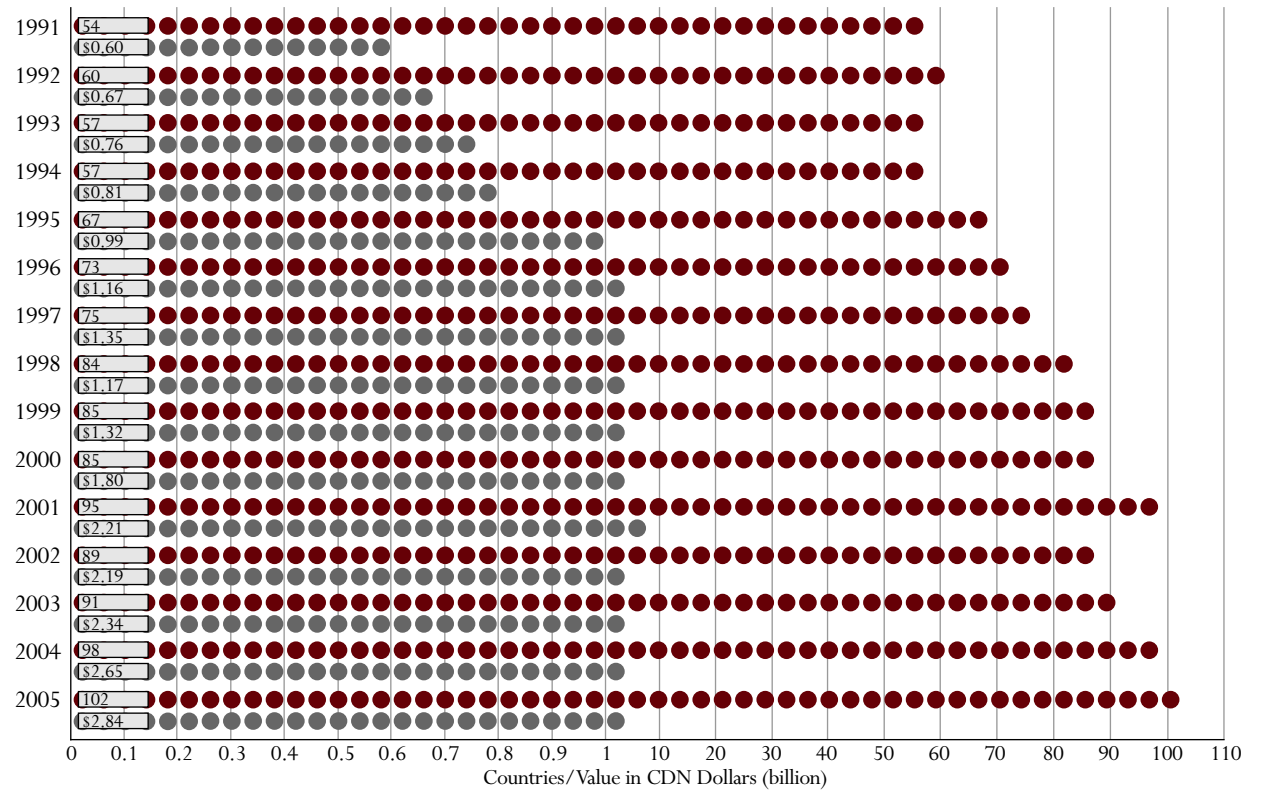
**Manitoba Pork Exports  
2005**



**Canadian Pork Exports  
1991-2005**

● Countries  
● Value

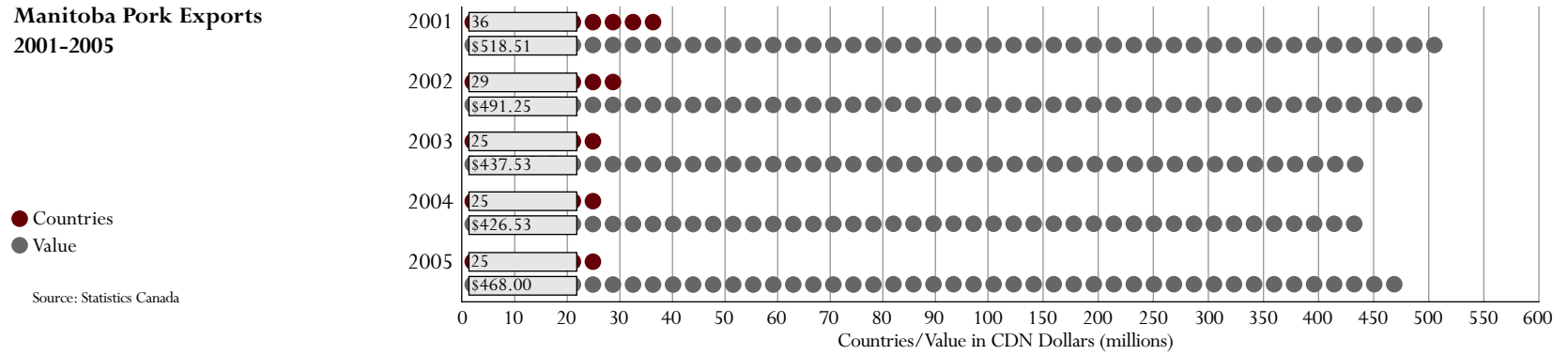
Source: Statistics Canada



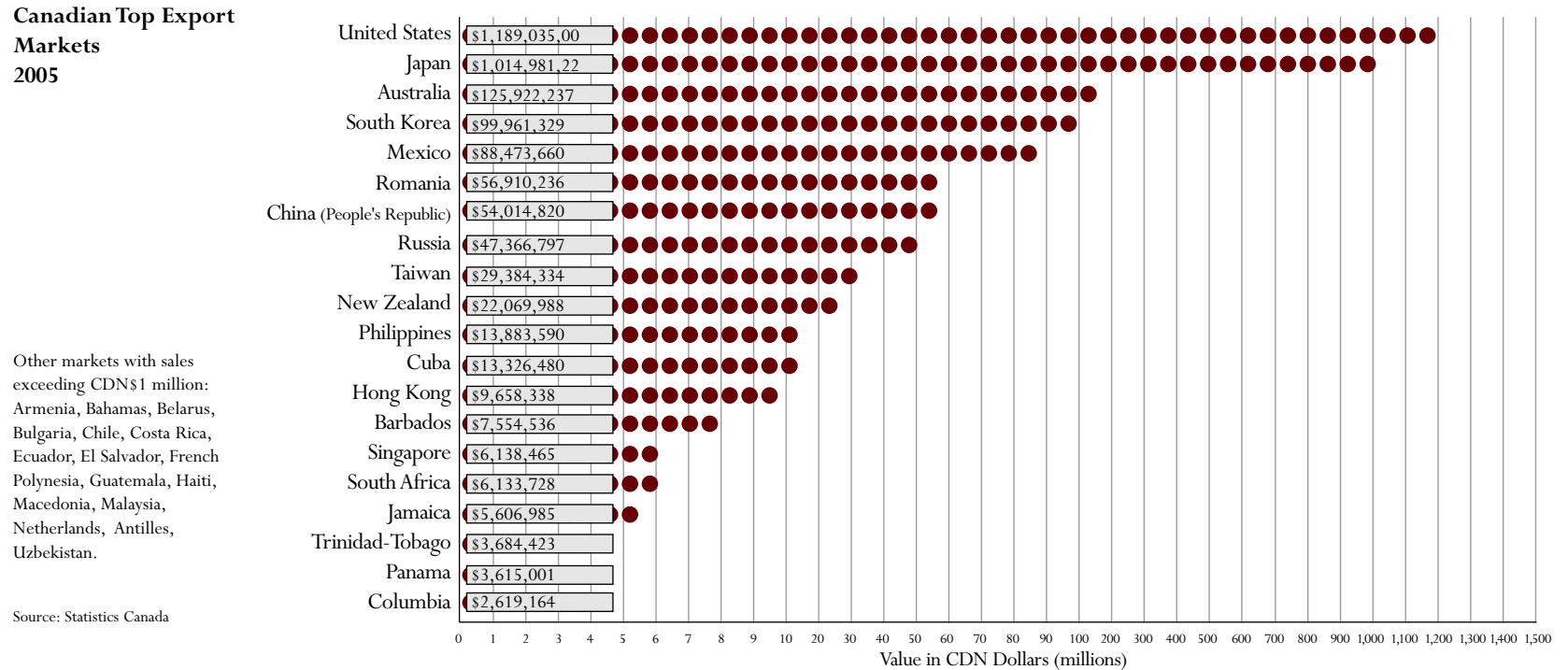
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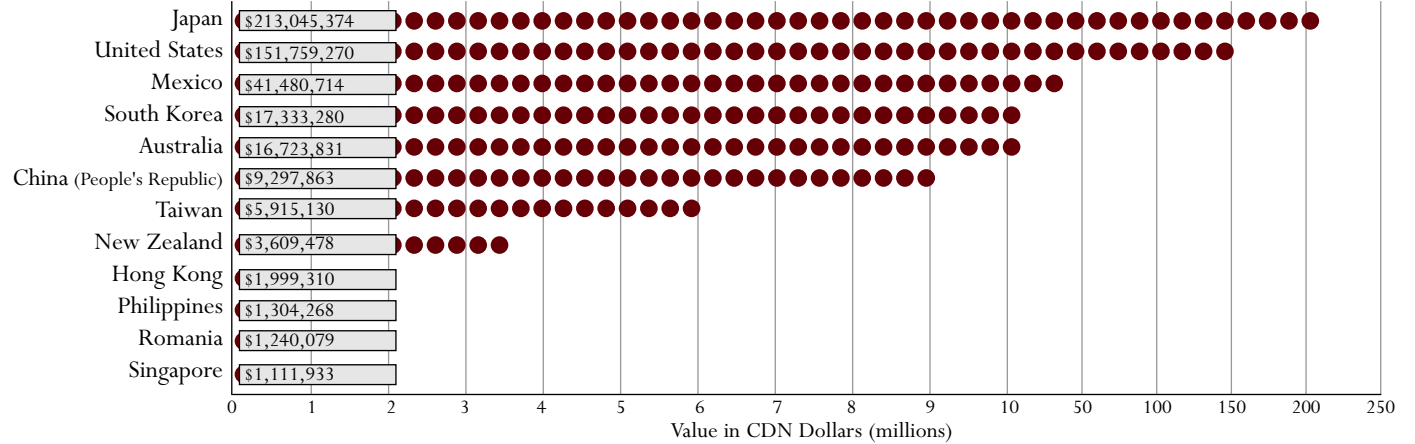
**Manitoba Pork Exports  
2001-2005**



**Canadian Top Export  
Markets  
2005**

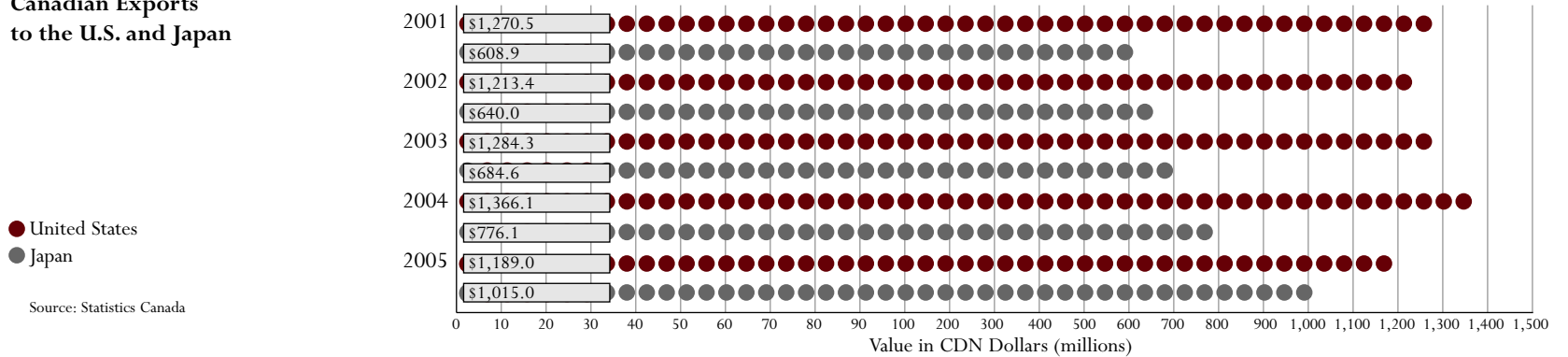


### Manitoba Top Export Markets 2005



Source: Statistics Canada

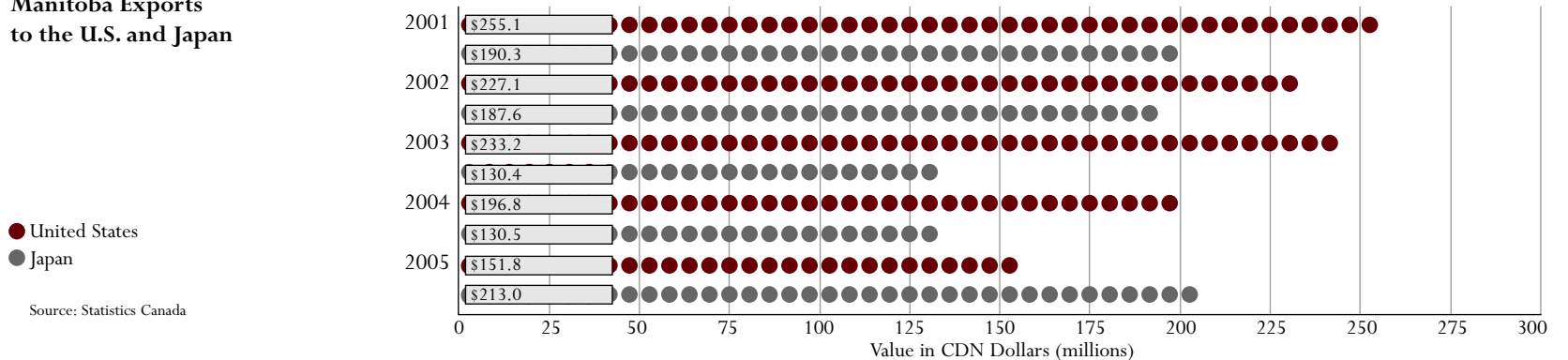
### Canadian Exports to the U.S. and Japan



● United States  
● Japan

Source: Statistics Canada

### Manitoba Exports to the U.S. and Japan



● United States  
● Japan

Source: Statistics Canada

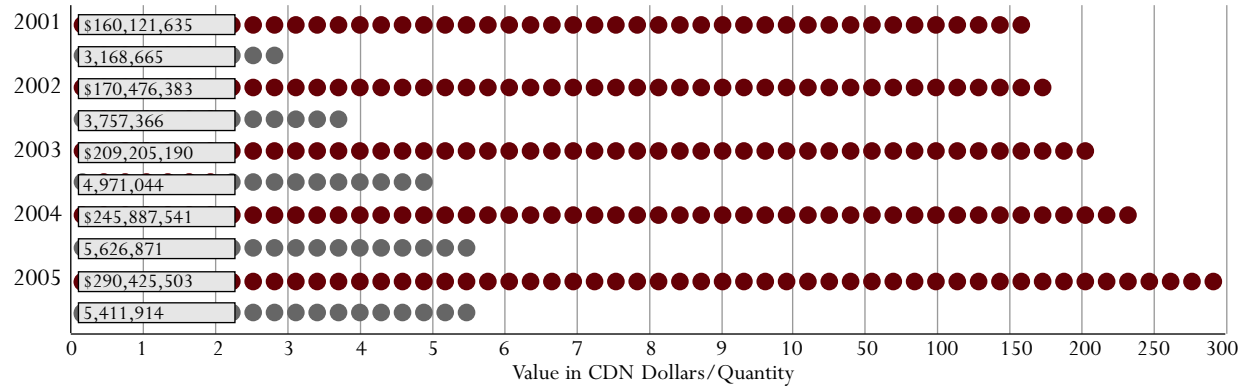
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**Canadian Live Swine Exports to the U.S.**  
Under 50 kg

● Value  
● Quantity

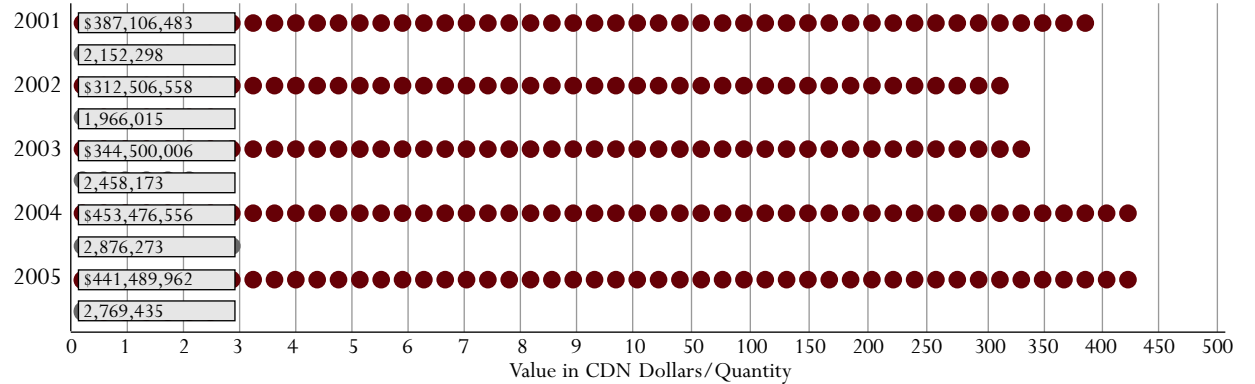
Source: Statistics Canada



**Canadian Live Swine Exports to the U.S.**  
Over 50 kg

● Value  
● Quantity

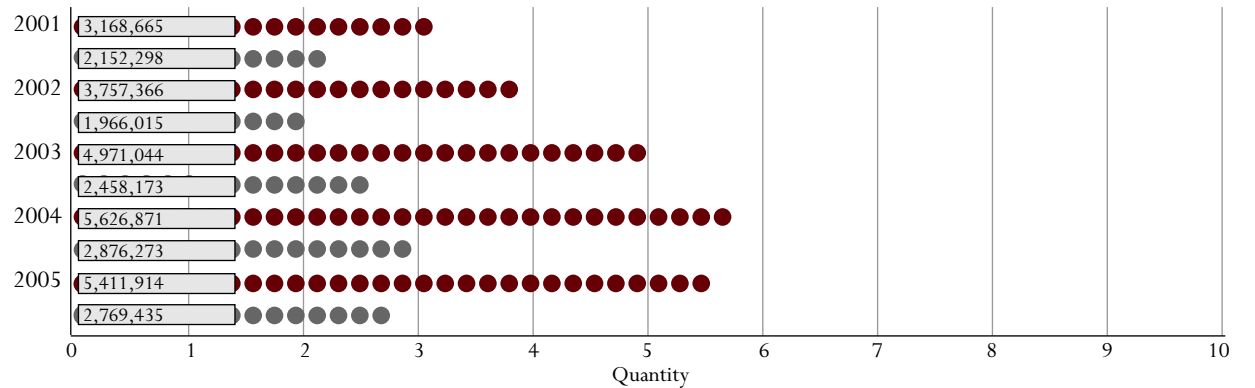
Source: Statistics Canada



**Canadian Live Swine Exports to the U.S.**  
Quantity

● Under 50 kg  
● Over 50 kg

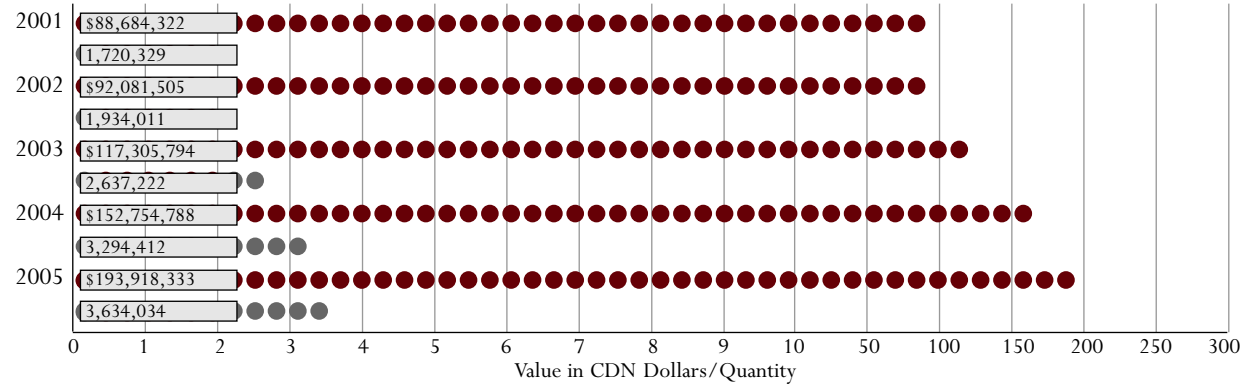
Source: Statistics Canada



**Manitoba Live Swine Exports to the U.S.**  
Under 50 kg

● Value  
● Quantity

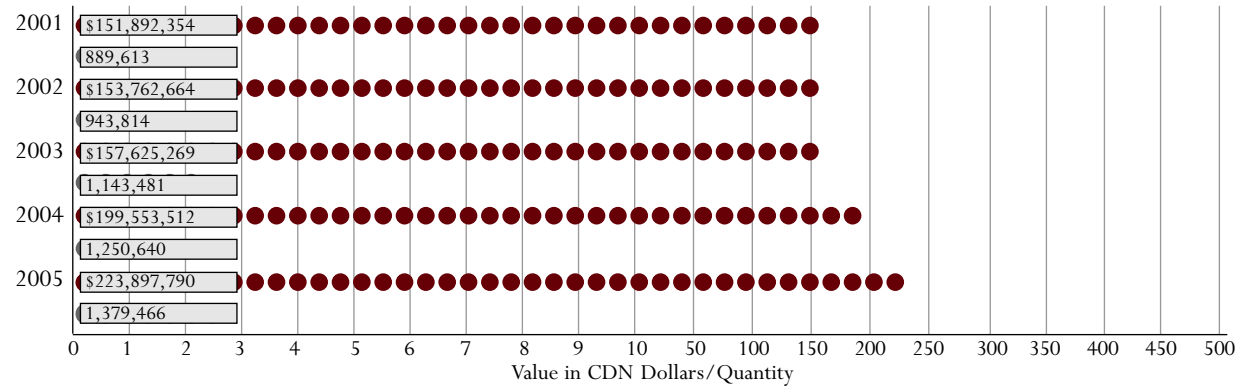
Source: Statistics Canada



**Manitoba Live Swine Exports to the U.S.**  
Over 50 kg

● Value  
● Quantity

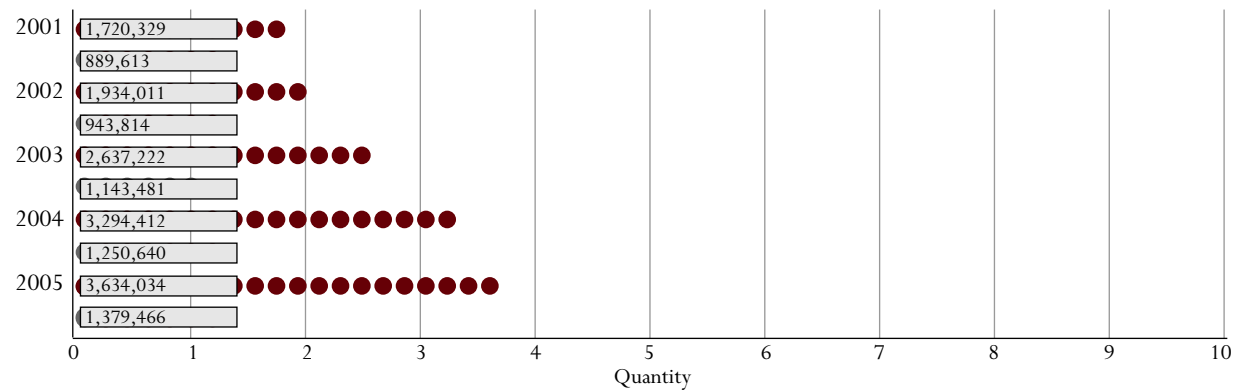
Source: Statistics Canada



**Manitoba Live Swine Exports to the U.S.**  
Quantity

● Under 50 kg  
● Over 50 kg

Source: Statistics Canada

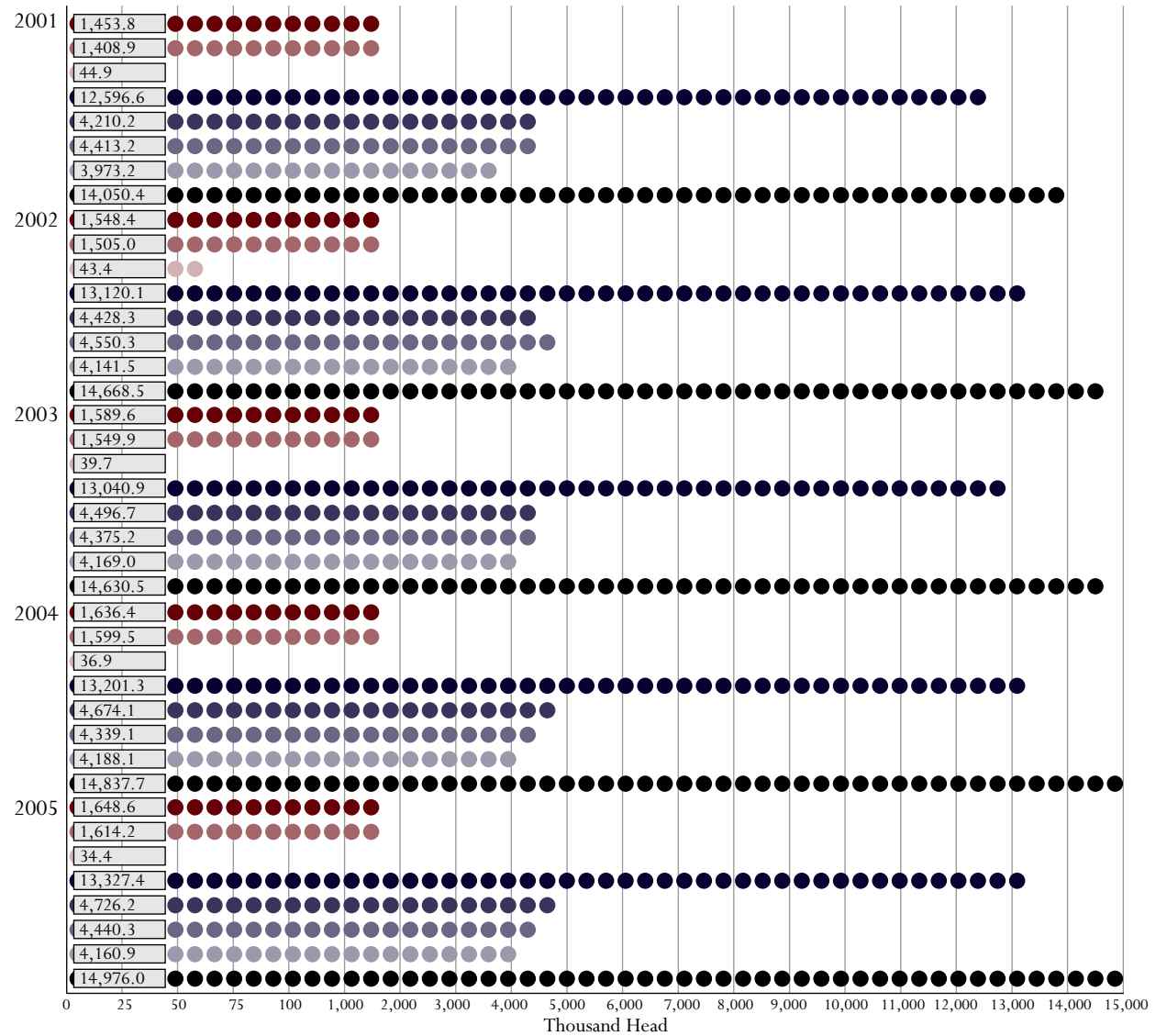




**Canadian Pigs on Farms  
2001-2005**

- BREEDING STOCK
- Sows & Bred Gilts
- Boars, 6 months plus
- ALL OTHER PIGS
- Under 20 kg
- 20-60 kg
- Over 60 kg
- TOTAL

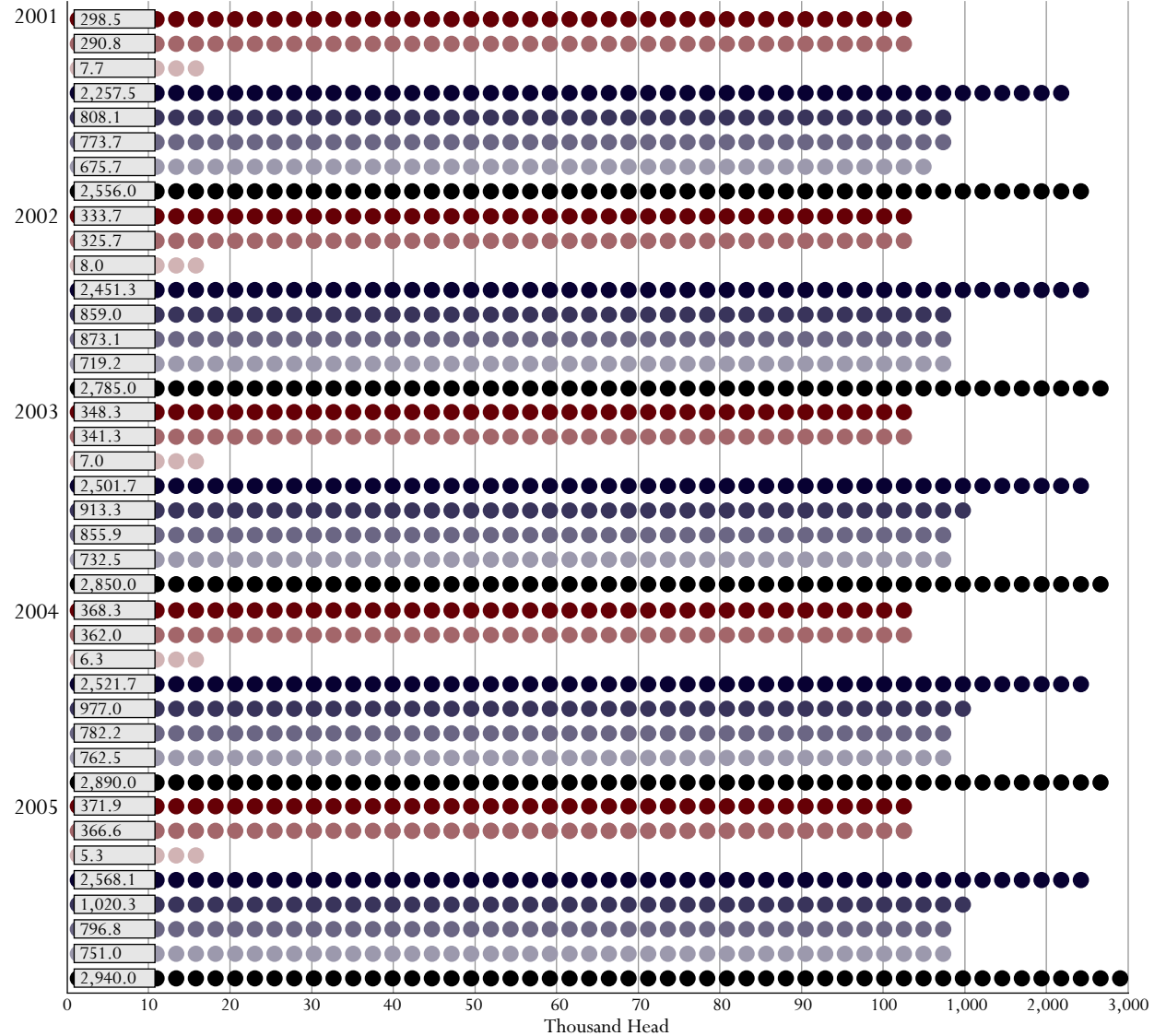
All numbers as of July 1.  
Source: Statistics Canada



**Manitoba Pigs on Farms  
2001-2005**

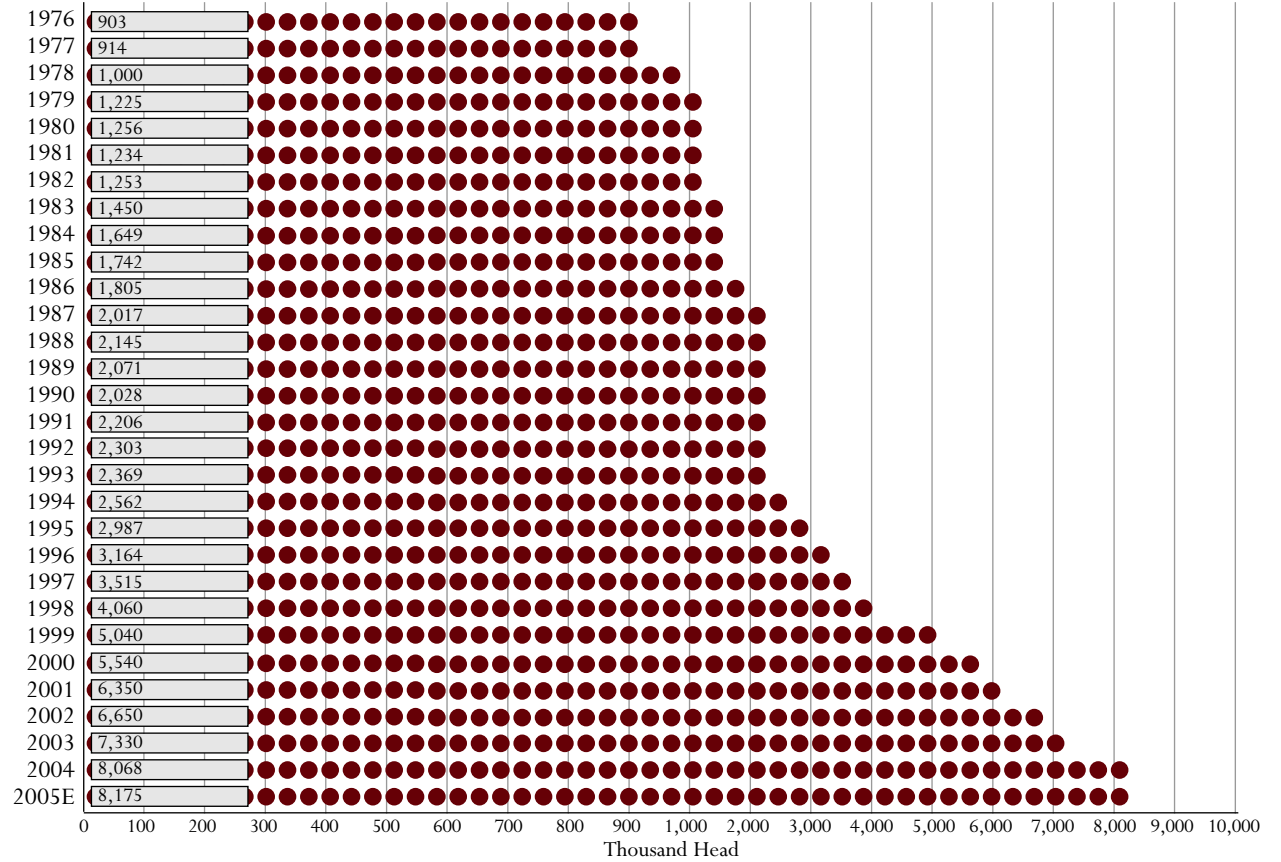
- BREEDING STOCK
- Sows & Bred Gilts
- Boars, 6 months plus
- ALL OTHER PIGS
- Under 20 kg
- 20-60 kg
- Over 60 kg
- TOTAL

All numbers as of July 1.  
Source: Statistics Canada



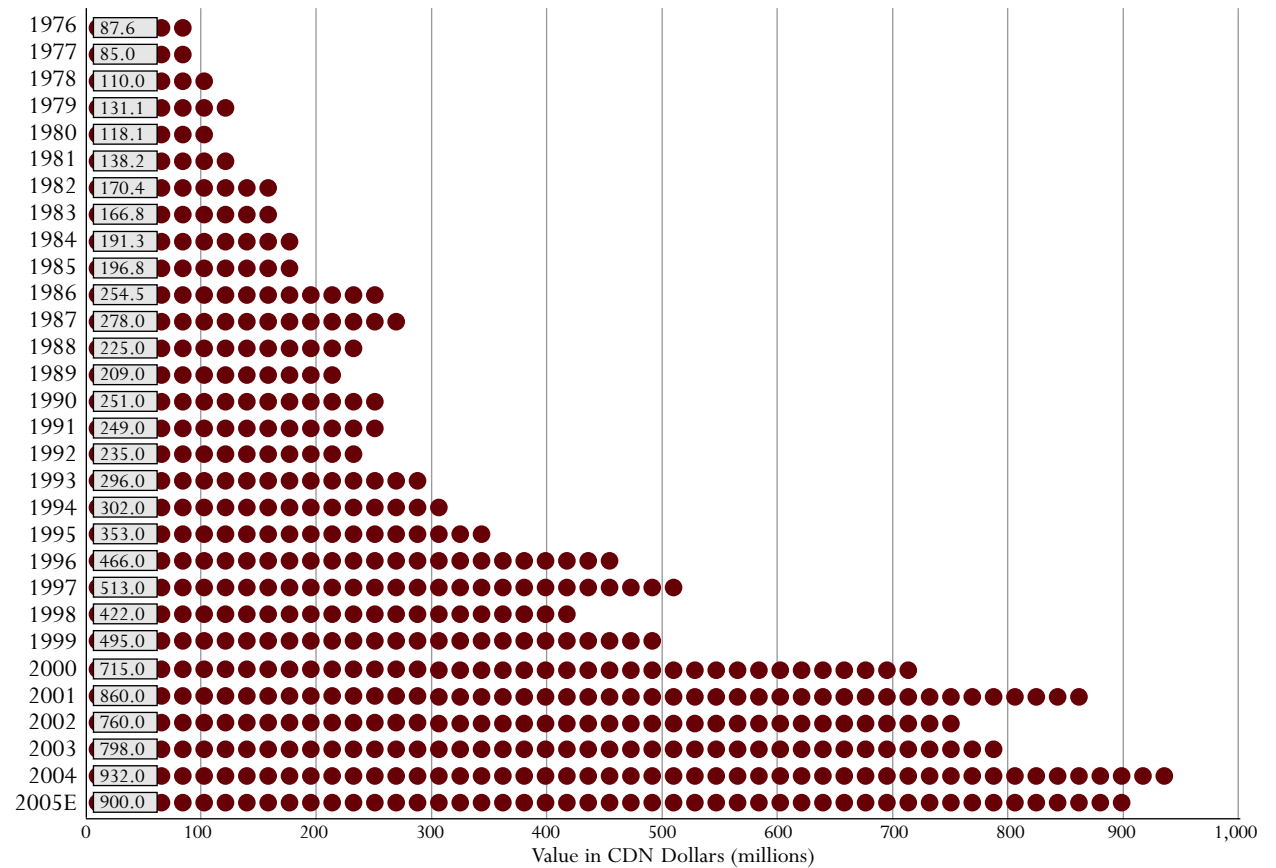


**Manitoba Hog Production,  
Thousands of Animals,  
1976-2005**



Source: Manitoba Agriculture,  
Food and Rural Initiatives

**Total Value of  
Manitoba Hog Production,  
CDN\$ Millions,  
1976-2005**

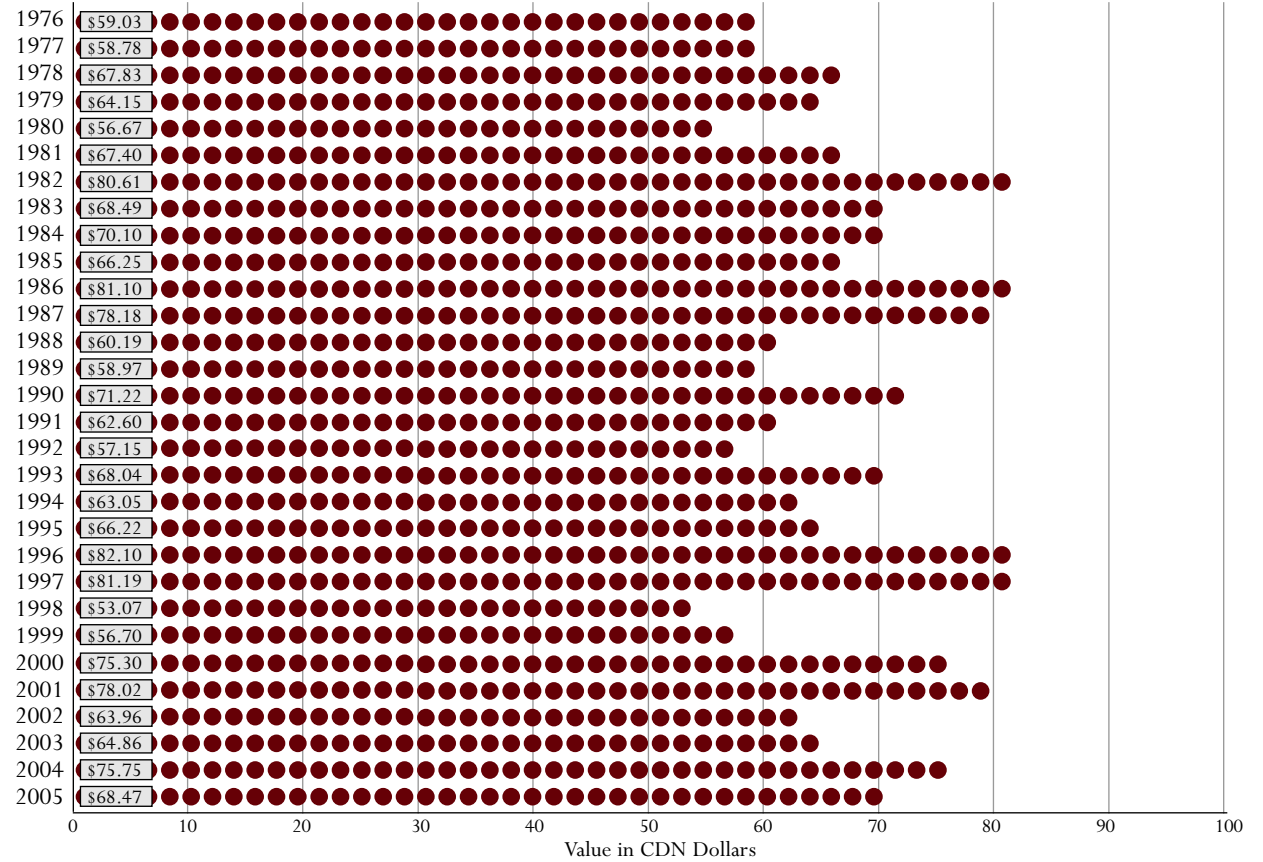


Source: Manitoba Agriculture,  
Food and Rural Initiatives

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**Prices, Index 100 Hogs, Dressed,  
Weighted Average in Manitoba,  
1976-2005**



Source: Statistics Canada

**Prices, Index 100 Hogs, Dressed,  
Weighted Average in Manitoba,  
by Month,  
2001-2005**

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Weighted Average
2001	\$63.96	\$67.13	\$79.83	\$83.01	\$88.45	\$90.26	\$90.26	\$88.90	\$82.10	\$74.39	\$67.13	\$62.60	\$78.02
2002	\$69.40	\$73.94	\$69.85	\$62.60	\$62.60	\$65.32	\$70.76	\$68.49	\$52.16	\$59.42	\$55.79	\$58.06	\$63.96
2003	\$60.33	\$63.96	\$63.05	\$62.14	\$69.40	\$73.48	\$72.12	\$70.31	\$65.77	\$62.60	\$57.15	\$57.15	\$64.86
2004	\$56.25	\$65.77	\$71.21	\$72.12	\$84.82	\$87.09	\$85.28	\$83.91	\$77.11	\$76.66	\$71.67	\$74.84	\$75.75
2005	\$72.89	\$71.96	\$69.84	\$70.94	\$78.23	\$70.45	\$68.99	\$69.98	\$66.88	\$63.98	\$59.21	\$58.29	\$68.47

Value in CDN Dollars

Source: Statistics Canada

# FINANCIAL STATEMENTS

Manitoba Pork Council - 2005 Annual Report and Financial Statements





# Financial Statements

Manitoba Pork Council

December 31, 2005

## AUDITORS' REPORT

To the Members of  
**Manitoba Pork Council**

We have audited the balance sheet of **Manitoba Pork Council** as at December 31, 2005 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, 2005 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,  
February 9, 2006.

*Ernst + Young LLP*  
Chartered Accountants


Manitoba Pork Council  
**BALANCE SHEET**  
 As at December 31

	2005	2004
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	501,217	843,985
Short-term investments <i>[note 2]</i>	2,461,630	2,352,080
Accounts receivable	892,136	615,480
Prepaid expenses	2,933	200
<b>Total current assets</b>	<b>3,857,916</b>	<b>3,811,745</b>
Capital assets <i>[note 3]</i>	372,511	442,150
Investment <i>[note 4]</i>	40,011	50,689
	<b>4,270,438</b>	<b>4,304,584</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current</b>		
Bank indebtedness <i>[note 5]</i>	—	2,382,817
Accounts payable and accrued liabilities <i>[note 6]</i>	363,181	1,007,923
<b>Total current liabilities</b>	<b>363,181</b>	<b>3,390,740</b>
Commitments <i>[note 12]</i>		
<b>Net assets</b>		
Investment in capital assets	372,511	442,150
Crisis Management Fund	300,000	300,000
Closure Fund	550,000	550,000
Unrestricted	2,684,746	(378,306)
<b>Total net assets</b>	<b>3,907,257</b>	<b>913,844</b>
	<b>4,270,438</b>	<b>4,304,584</b>

See accompanying notes

On behalf of the Board:

  
 Director

  
 Director

Manitoba Pork Council

## STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31

	Investment in capital assets \$	Crisis Management Fund \$	Closure Fund \$	Unrestricted \$	Total \$
<b>Balance,</b>					
<b>December 31, 2003</b>	345,681	300,000	550,000	1,661,610	2,857,291
Excess (shortfall) of revenue					
over expenses for the year	(99,027)	—	—	(1,844,420)	(1,943,447)
Transfer for capital purchases	195,496	—	—	(195,496)	—
<b>Balance,</b>					
<b>December 31, 2004</b>	442,150	300,000	550,000	(378,306)	913,844
Excess (shortfall) of revenue over					
expenses for the year	(110,525)	—	—	3,103,938	2,993,413
Transfer for capital purchases	40,886	—	—	(40,886)	—
<b>Balance,</b>					
<b>December 31, 2005</b>	372,511	300,000	550,000	2,684,746	3,907,257

See accompanying notes

## Manitoba Pork Council

## STATEMENT OF REVENUE AND EXPENSES

Year ended December 31

	2005	2004
	\$	\$
<b>REVENUE</b>		
Market hog levy	3,871,374	3,685,054
Weanling levy	576,683	476,243
Breeding stock levy	16,332	—
Program revenues	27,109	36,953
Interest and other	118,547	52,087
	<b>4,610,045</b>	<b>4,250,337</b>
<b>PROGRAM EXPENSES</b>		
Animal care	57,584	43,292
Community relations and sustainable development	86,271	62,586
Country of origin labeling	—	2,761
Environmental stewardship	171,639	217,700
Food safety	46,580	52,020
Foreign animal disease readiness	18,077	30,947
Human resources and training	10,504	14,198
Industry association	465,256	458,162
Public affairs and producer relations	405,332	428,597
Quality assurance	60,419	39,120
Swine production research <i>[note 10]</i>	280,073	298,201
Swine Research & Development Consortium <i>[note 8]</i>	75,000	80,000
Workplace safety and health	20,174	13,229
	<b>1,696,909</b>	<b>1,740,813</b>
Administration expenses <i>[schedule]</i>	<b>1,857,527</b>	<b>1,697,003</b>
	<b>3,554,436</b>	<b>3,437,816</b>
Excess of revenue over expenses before the following	<b>1,055,609</b>	<b>812,521</b>
Trade challenge levy	3,972,125	1,685,674
Trade challenge expenses	<b>(1,688,117)</b>	<b>(4,340,143)</b>
	<b>2,284,008</b>	<b>(2,654,469)</b>
	<b>3,339,617</b>	<b>(1,841,948)</b>
Share of shortfall of revenue over expenses of Manitoba Hog Grading Inc. <i>[note 4]</i>	<b>(10,679)</b>	<b>(2,472)</b>
	<b>3,328,938</b>	<b>(1,844,420)</b>
NCLE Capital Funding <i>[note 9]</i>	<b>(150,000)</b>	—
NCLE Interpretive Centre Funding <i>[note 9]</i>	<b>(75,000)</b>	—
	<b>3,103,938</b>	<b>(1,844,420)</b>
Amortization expenses	<b>(110,525)</b>	<b>(99,027)</b>
<b>Excess (shortfall) of revenue over expenses for the year</b>	<b>2,993,413</b>	<b>(1,943,447)</b>

See accompanying notes

Manitoba Pork Council

## STATEMENT OF CASH FLOWS

Year ended December 31

	2005 \$	2004 \$
<b>OPERATING ACTIVITIES</b>		
Excess (shortfall) of revenue over expenses for the year	2,993,413	(1,943,447)
Add charges to income not requiring a current cash payment		
Amortization	110,525	99,027
Share of shortfall of revenue over expenses of Manitoba Hog Grading Inc.	10,679	2,472
	<u>3,114,617</u>	<u>(1,841,948)</u>
Net change in non-cash working capital balances related to operations	(924,132)	513,834
<b>Cash provided by (used in) operating activities</b>	<u>2,190,485</u>	<u>(1,328,114)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of short-term investments	(109,550)	(552,080)
Capital asset additions	(40,886)	(195,496)
<b>Cash used in investing activities</b>	<u>(150,436)</u>	<u>(747,576)</u>
<b>FINANCING ACTIVITIES</b>		
Increase (decrease) in bank indebtedness	(2,382,817)	2,382,817
<b>Cash provided by (used in) financing activities</b>	<u>(2,382,817)</u>	<u>2,382,817</u>
<b>Net increase (decrease) in cash during the year</b>	<u>(342,768)</u>	<u>307,127</u>
Cash, beginning of year	843,985	536,858
<b>Cash, end of year</b>	<u>501,217</u>	<u>843,985</u>
<b>Supplemental cash flow information</b>		
Interest paid	84,362	32,744

See accompanying notes

Manitoba Pork Council

## NOTES TO FINANCIAL STATEMENTS

December 31, 2005

### 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 [2004 - \$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 [2004 - \$0.80] on market hogs, sows and boars and \$0.19 [2004 - \$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. In 2005, the levy of \$0.80 [2004 - \$Nil] was also collected on exported breeding stock.

A special trade levy was imposed effective July 2004 through December 2005 which called for an additional \$0.50 levy per hog. An overdraft lending facility, as described in note 5, was obtained to assist with financing the trade challenge.

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

#### **[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.

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] Investment in capital assets**

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

## NOTES TO FINANCIAL STATEMENTS

December 31, 2005

**[ii] Crisis Management Fund**

The Crisis Management Fund was established to offset the unforeseen irregularity of levy income and address unforeseen emergencies.

**[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**

Investments are recorded at the lower of cost and market determined on the aggregate basis.

**[d] Capital assets**

Capital assets are stated at cost less accumulated amortization. Normal maintenance and repairs are expensed as incurred.

Amortization is provided for by using the following methods and rates as set out below:

Leasehold improvements	Straight line	10%
Furniture and equipment	Declining balance	20% - 30%
Computer equipment	Declining balance	30%
Computer software	Straight line	25%

Manitoba Pork Council

## NOTES TO FINANCIAL STATEMENTS

December 31, 2005

### [e] Investment

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.

### [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, bank indebtedness and accounts payable. Unless otherwise stated, it is management's opinion that the Council is not exposed to significant interest, currency, or credit risk arising from these financial instruments. Unless otherwise stated, the book value of the Council's financial assets and liabilities approximates their fair value. The value of the Council's short-term investments is subject to interest rate risk.

## 2. SHORT-TERM INVESTMENTS

	2005		2004
	Market	Cost	Cost
	\$	\$	\$
Money Market Fund	202,784	202,784	263,247
Government Bonds, 3.5% to 5.75%			
maturing January 23, 2006 to June 2, 2035	1,357,657	1,323,530	1,241,612
Corporate Bonds 3.95% to 6.6%			
maturing March 10, 2006 to June 30, 2015	811,414	812,557	847,221
Equities, Canadian	132,616	122,759	—
	<b>2,504,471</b>	<b>2,461,630</b>	<b>2,352,080</b>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2005

## 3. CAPITAL ASSETS

	2005			2004		
	Cost \$	Accumulated depreciation \$	Net book value \$	Cost \$	Accumulated depreciation \$	Net book value \$
Leasehold improvements	362,004	238,315	123,689	362,004	202,115	159,889
Furniture and equipment	261,844	162,081	99,763	230,435	140,480	89,956
Computer equipment	193,532	140,320	53,212	184,054	119,545	64,509
Computer software	230,386	134,539	95,847	230,386	102,589	127,796
	<b>1,047,766</b>	<b>675,255</b>	<b>372,511</b>	<b>1,006,879</b>	<b>564,729</b>	<b>442,150</b>

## 4. INVESTMENT IN JOINT VENTURE

The Council has entered into a joint venture agreement with various 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:

	2005 \$	2004 \$
<b>Financial Position</b>		
Assets	44,971	52,688
Liabilities	4,960	1,999
Net assets	<b>40,011</b>	<b>50,689</b>
<b>Results of operations</b>		
Revenues	50,481	34,872
Expenses	61,160	37,344
Shortfall of revenues over expenses	<b>(10,679)</b>	<b>(2,472)</b>
<b>Cash flows</b>		
Cash flow from operations	<b>(5,558)</b>	<b>(1,096)</b>

Manitoba Pork Council

## NOTES TO FINANCIAL STATEMENTS

December 31, 2005

At December 31, 2005, there was a balance of \$7,307 owing from Manitoba Hog Grading Inc. to the Council. This amount is included in the Council's accounts receivable.

### 5. BANK INDEBTEDNESS

In 2004, the Manitoba Pork Council obtained a \$3,000,000 overdraft lending facility from the Bank of Montreal to assist with the financing of legal costs to defend the Manitoba hog industry against the US trade challenge. The facility was repaid from the special producer levy of \$0.50 per hog. The facility bore interest at prime and the Council incurred interest of \$84,362 [2004 - \$32,744] during the year which is included in trade challenge expenses.

### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2005	2004
	\$	\$
Accounts payable	82,697	68,867
Accrued professional fees	53,776	684,591
Accrued vacation pay	73,942	38,364
Accrued retirement benefits	58,350	96,180
GST payable	94,416	119,921
	<b>363,181</b>	<b>1,007,923</b>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2005

## 7. BOARD MEMBERS' REMUNERATION AND DISBURSEMENTS

	2005				2004
	Days	Per diem \$	Expenses \$	Total \$	Total \$
District 1 [chairman]	153.0	47,264	20,053	67,317	65,291
District 2 [executive]	48.5	18,593	12,342	30,935	25,428
District 3 [executive]	75.0	22,965	13,527	36,492	33,480
District 4 [vice-chairman]	43.0	19,983	16,496	36,479	28,366
District 5	36.0	8,309	4,858	13,167	15,261
District 6	16.0	3,645	2,522	6,167	6,886
District 7	23.0	4,786	1,381	6,167	8,388
District 8	16.5	4,216	2,203	6,419	7,132
District 9	19.0	4,162	2,240	6,402	26,857
District 10	39.0	8,573	2,729	11,302	12,435
District 11	36.0	6,886	7,066	13,952	3,342
District 12	16.5	3,338	1,717	5,055	3,521
District 13	7.0	1,439	1,390	2,829	2,421
District 15	41.0	8,699	9,304	18,003	26,035
	<b>569.5</b>	<b>162,858</b>	<b>97,828</b>	<b>260,686</b>	<b>264,843</b>

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.

Manitoba Pork Council

## NOTES TO FINANCIAL STATEMENTS

December 31, 2005

### 8. SWINE RESEARCH & DEVELOPMENT CONSORTIUM

The Council, the Government of Manitoba and the University of Manitoba, Faculty of Agricultural and Food Sciences established the Manitoba Swine Research & Development Consortium [the “Consortium”]. The Consortium, a non-taxable entity, was established to conduct applied research into the use of real-time ultrasound technology to enhance the competitiveness of Manitoba’s pork industry.

In the current year the Council contributed \$75,000 [2004 - \$80,000]. The Council has committed to contributions of \$65,000 for 2006 and \$30,000 for 2007. The contributions are to be used in conjunction with the ultrasound marbling project. In the event of termination of the Consortium, the Council would be entitled to receive any remaining funds, after settlement of outstanding debts, in proportion to its share of all amounts contributed to the Consortium.

### 9. NATIONAL CENTRE FOR LIVESTOCK AND THE ENVIRONMENT [“NCLE”] – FORMERLY, CENTRE FOR AGROECOLOGICAL LIVESTOCK PRODUCTION SYSTEMS [“CALPS”]

In the 2003 year, the Manitoba Pork Council agreed to provide \$750,000 over three years to NCLE and the related interpretive 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 is to be fulfilled in the 2006 year.

### 10. UNIVERSITY OF MANITOBA ANIMAL SCIENCE DEPARTMENT

In the current year, the Manitoba Pork 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 which is included in swine production research program expenses.

### 11. 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 \$39,654 [2004 - \$30,911].

Manitoba Pork Council

## NOTES TO FINANCIAL STATEMENTS

December 31, 2005

### 12. COMMITMENTS

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

	\$
2006	43,632
2007	43,632
2008	43,632
2009	12,192
	<u>143,088</u>

## Manitoba Pork Council

**SCHEDULE OF ADMINISTRATION EXPENSES**

Year ended December 31

	2005	2004
	\$	\$
Bad debt expense	25,489	95,986
Board <i>[note 7]</i>	260,686	264,843
Business tax	3,405	3,405
Computer support	50,390	24,355
Conferences	2,959	2,625
Employee benefits <i>[note 11]</i>	98,587	85,053
Employee training	4,337	4,559
Insurance	6,961	8,163
Maintenance	22,649	15,953
Meetings	171,707	209,250
Memberships and subscriptions	11,139	7,762
Miscellaneous	39,369	32,538
Office supplies	46,134	41,286
Postage	45,066	18,590
Professional fees	170,105	62,466
Rent / lease	58,418	53,203
Salaries	737,097	688,060
Telephone	25,521	24,204
Travel	64,185	41,651
Utilities	13,323	13,051
	<b>1,857,527</b>	<b>1,697,003</b>

*See accompanying notes*