



# 2010 ANNUAL REPORT

Manitoba Pork Council



**manitoba**  
**FAMILIES—**  
producing  
the world's  
**FAVOURITE PORK**



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## Letter from the Chairman



### **The past year was all about family.**

Not only did we celebrate our pork producing families in a very successful advertising and communications campaign, but we also faced the loss of some members of our larger industry family.

It's not easy to see our overall producer numbers decrease, as each time someone leaves the industry it's just like losing a family member. But Manitoba Pork is doing its best to stem the losses and develop programs, in cooperation with government, that will help more producers survive the dramatic downturn of the past three years.

With shrinking numbers, it has become more challenging to create a governance legacy at Manitoba Pork. The men and women who have served us as board members and delegates are quality people, but they cannot go on serving forever. This realization has led us to reflect on the job we do and on the value we provide to all of our producer members.

Shrinkage has not occurred evenly across the province. Some districts are left with very few producers, while others maintain a pretty healthy production base.

This means we may need to restructure in order to bring the best possible people to the table. Fewer producers to draw from means we must encourage the ones who want to be actively involved and have the time to commit. If a producer can make a strong contribution around the board table or within a committee, they shouldn't be limited because they come from a district that already has a director or more than one person interested in the job.

Two other major projects were developing behind the scenes in 2010. The staff of Manitoba Pork worked diligently on shaping and developing our sustainable development plan for release in early 2011. They also created a producer survey, designed to help Manitoba pork producers comply with provincial premises identification regulations and

to help MPC understand the evolving situation for producers in our province.

That is to say nothing of the incredible work by Manitoba staff to ensure producers received help on the financial front. Manitoba Pork Credit Corporation managed to secure a stay on Advance Payments Program loans, allowing producers to recover further before having to repay those loans. That's \$50 million that remained in producers' hands.

I should also point out that our staff worked on projects like PigTrace Canada, which was given \$7 million in funding from the federal government to establish a national traceability system for the Canadian pork industry. We also participated in the National Swine Research and Development Cluster, which has identified research projects (two in Manitoba) and funded them to the tune of \$9.7 million.

We believe there is a strong future for Manitoba families who continue to produce a pork product that is locally grown and globally preferred. We will continue to do our best in the coming years to ensure families of all types and sizes can thrive in our province's pork industry.

A handwritten signature in black ink that reads "Karl Kynoch". The signature is written in a cursive, flowing style.

KARL KYNOCH  
CHAIRMAN  
MANITOBA PORK COUNCIL

## Letter from the General Manager



**After the brutal years** of 2008 and 2009, producers began 2010 with high hopes of finally getting back on their feet financially. While prices were high, the rapid rise in input costs ate into margins, and most producers were unable to make any significant debt repayments. The huge impact on the industry of Country of Origin Labeling became more apparent, but Canada finally made its case to a panel of the World Trade Organization in Geneva. We should win the case, but it is difficult to predict how the panel will deal with the matter. A decision is expected in July 2011. The time and support of producers and staff to the legal team is much appreciated.

The financial support of the federal and provincial governments to subsidize the cost of needle-free injectors has really encouraged the adoption of these tools. Eliminating needles will have a major impact on the acceptance of our pork in the global meat market. In the next year or so, we need to make our pork 100% needle-free.

Our promotion campaign linking pork to sports is a new approach to associate pork as a healthy product for the family in the mind of consumers. Our new campaign is starting to pay off with increased retail sales, according to some surveys. We continue to promote Canadian product and are a founding member of the national effort called Pork Marketing Canada.

Meanwhile, the industry continues to adjust to market realities. A number of producers took advantage of the Federal Hog Farm Transition Program, and some were able to use the Federal Hog Industry Loan Loss Reserve Program. There were many discussions with producers, financial agencies and others on how to survive the downturn.

The pork industry is a dynamic, important industry in Manitoba, and we believe that the leadership of Manitoba Pork will ensure continued success. This report highlights some of the activities of the past year, but feel free to contact us for more details.

Finally, on behalf of staff, I would like to thank the Board for its dedication, direction and support to ensure our programs and services meet the needs of producers.

Someone once said, "There is never a dull day in the hog industry!" And 2011 looks to be another challenging year.

A handwritten signature in black ink that reads "A.T. Dickson". The signature is fluid and cursive.

ANDREW DICKSON  
GENERAL MANAGER  
MANITOBA PORK COUNCIL

## Manitoba Moose #1 Fan Club



### The Preteau Family

St. Malo, MB  
– Manitoba Pork Producers

## Most Fun Family Reunions



### The Grenier Family

St. Labre, MB  
– Manitoba Pork Producers

## Tickled Pink



### The Falk Family

Niverville, MB  
– Manitoba Pork Producers



the family behind the farm.ca



# Directors and Delegates

## WESTMAN

### **Karl Kynoch**

Baldur – Director, Chairman  
Edward Grenier, St. Leon  
Rick Prejet, Notre Dame  
Don Neufeld, Kola  
Sean Tolton, Kenton

## PARKLAND

### **Bryan Ferriss**

Bowsman – Director (to October, 2010)

### **Jonathon Boyko**

Swan River – Director (November, 2010)  
Henrik Thomsen, Roblin  
Wim Verbruggen, Rivers  
Martin Sharpe, Minnedosa  
Lawrence Manchur, Gilbert Plains

## RED RIVER VALLEY

### **Wendy Friesen**

Lowe Farm – Director  
Jeroen Van Boekel, Stephenfield  
Leonard Wiebe, Carman  
Russ Penner, Winkler  
Menno Bergen, Plum Coulee  
Roger Berard, St. Joseph

## NORTHEAST

### **George Matheson**

Stonewall – Director  
Danny Kleinsasser,  
Stony Mountain  
Calvin Penner, Argyle  
Dan Van Schepdael,  
East Selkirk  
John Van Aert, East  
Selkirk  
Hubert Preun, St.  
Andrews

## EASTMAN

### **Rick Bergmann**

Steinbach – Director  
Tom Leppelmann, Steinbach  
Marg Rempel, Ste. Anne  
Gary Stott, Niverville  
Dan Klippenstein, Niverville  
Scott Peters, Steinbach

## WEANLING EXPORTERS

### **Larry Friesen**

Rivers – Director (to April, 2010)

### **Arian de Bekker**

Winkler – Director (June, 2010)  
Tim Hofer, Willow Creek Colony  
Leighton Siemens, Morris  
Lorne Voth, Steinbach  
John Nickel, Niverville  
Joe A. Waldner, Maple Grove Colony

## NORTH STAR PRODUCERS

### **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

## HUTTER SCHWEIN

### **James Hofer**

Starlite Colony – Director  
Peter Hofer, Skyview Colony  
Joe Waldner, Sunnyside Colony  
Dave Wollman, Newhaven Colony  
Martin Wollman, Springhill Colony  
Garry Wollman, Clearwater Colony

## MAPLE LEAF

### **Glen Gratton**

Maple Leaf Agri-Farms – Director  
Dan Kraft  
Neil Booth  
Chris Lawson  
Dave Kraut

## PURATONE

### **Clint Miller**

The Puratone Corporation – Director  
Wally Driedger  
Paul Howarth  
John Wieler  
Lyle Loewen  
Ray Hildebrand

## HYTEK

### **Claude Vielfaure**

Hytek Ltd. – Director  
Carol Martens  
Sheldon Stott  
Guy Baudry  
Denis Vielfaure  
Dave Penner

# Delegates Serving on Committees

**Russ Penner**

RED RIVER VALLEY

Public Relations Committee

**Jeroen Van Boekel**

RED RIVER VALLEY

Industry Performance and Services Committee

**Danny Kleinsasser**

NORTHEAST

Public Relations Committee

**Marg Rempel**

EASTMAN

Public Relations Committee

**Dan Klippenstein**

EASTMAN

Industry Performance and Services Committee

**Dan Kraft**

MAPLE LEAF

Sustainable Development and Research Committee

**Chris Lawson**

MAPLE LEAF

Industry Performance and Services Committee

**Wally Driedger**

PURATONE

Industry Performance and Services Committee

**Carol Martens**

HYTEK

Industry Performance and Services Committee

**Sheldon Stott**

HYTEK

Sustainable Development and Research Committee

## Manitoba Pork Council Districts



### Geographic Districts

- Westman
- Parkland
- Red River Valley
- Northeast
- Eastman

### Production Districts

- North Star Producers (Hutterite Colonies)
- Hutter Schwein (Hutterite Colonies)
- Maple Leaf
- Puratone
- HYTEK
- Weanling Exporters

## Board of Directors



### BACK ROW FROM LEFT:

*George Matheson,  
Arian de Bekker,  
Glen Gratton,  
Claude Vielfaure,  
Ben Hofer,  
James Hofer*

### FRONT FROM LEFT:

*Clint Miller,  
Jonathon Boyko,  
Rick Bergmann,  
Wendy Friesen,  
Karl Kynoch*

### Karl Kynoch

CHAIRMAN  
DIRECTOR – WESTMAN  
Director, Canadian Pork Council (CPC)  
Member, CPC Trade Advocacy Working Group  
Member, CPC Safety Nets Committee  
Ex-Officio Member, Industry Performance and Services Committee  
Ex-Officio Member, Sustainable Development and Research Committee  
Ex-Officio Member, Public Relations Committee

### Rick Bergmann

VICE-CHAIRMAN  
DIRECTOR – EASTMAN  
Chair, Sustainable Development and Research Committee  
Director, Canadian Pork Council (CPC)  
Member, Producer-Processor Dialogue (CPC)  
Member, Canadian Swine Health Board  
Biosecurity Advisory Committee  
Member, Canadian Swine Health Board Technical Committee

### Wendy Friesen

EXECUTIVE MEMBER  
DIRECTOR – RED RIVER VALLEY  
Chair, Public Relations Committee  
Member, Industry Performance and Services Committee  
Member, Winkler Aquifer Roundtable  
Member, LaSalle River Watershed Planning Advisory Team

### George Matheson

EXECUTIVE MEMBER  
DIRECTOR – NORTHEAST  
Chair, Industry Performance and Services Committee  
Member, CPC Quality Assurance Advisory Committee  
Member, CPC Quality Assurance Technical Working Group  
Member, CPC Animal Care Working Group  
Member, CPC Identification and Traceability System Working Committee  
Commodity Representative, Keystone Agricultural Producers  
Member, Provincial Agricultural Safety and Health Committee

### Bryan Ferriss

DIRECTOR – PARKLAND  
Member, Public Relations Committee  
Member, Swan River Watershed Conservation District

### Jonathon Boyko

DIRECTOR – PARKLAND

### Larry Friesen

DIRECTOR – WEANLING EXPORTERS  
Member, Industry Intelligence Committee

### Arian de Bekker

DIRECTOR – WEANLING EXPORTERS  
Member, Sustainable Development and Research Committee

### Ben Hofer

DIRECTOR – NORTH STAR PRODUCERS  
Member, Industry Performance and Services Committee

### James Hofer

DIRECTOR – HUTTER SCHWEIN  
Member, Sustainable Development and Research Committee  
Director, Manitoba Livestock Manure Management Initiative  
Director, Manitoba Hog Grading Inc.

### Glen Gratton

DIRECTOR – MAPLE LEAF  
Member, Public Relations Committee

### Clint Miller

DIRECTOR – PURATONE  
Member, Public Relations Committee  
Member, Industry Performance and Services Committee

### Claude Vielfaure

Director – Hytek  
Director, Canada Pork International  
Director, Canadian Swine Health Board  
Member, National Pork Value Chain Roundtable

## Manitoba Pork Council Staff

### **Andrew Dickson**

General Manager

### **Julie Baird**

Executive Assistant

### **Miles Beaudin**

Manager, Quality Assurance  
and Labour Programs

### **Kelly Funke**

Manager, Communications  
and Media Relations Programs

### **Mark Fynn**

Animal Care Specialist

### **Cyndy Goos**

Accountant

### **Laurel Lyons**

BBQ Cart Coordinator/Promotions  
Assistant

### **Susan Riese**

Manager, Consumer Marketing  
and Community Relations Programs

### **Mike Teillet**

Manager, Sustainable  
Development Programs

### **Arne Thorlaciuc**

Industry Services Coordinator

### **Diane Williams**

Front Desk Coordinator

### **Jeff Clark**

Manager, National Traceability  
Program, Canadian Pork Council

### **Jason Care**

Auditor, Manitoba Hog Grading Inc.

### **Ron Marchenski**

Program Manager, Manitoba Pork  
Credit Corporation



◀  
FROM LEFT:  
Cyndy Goos, Susan Riese,  
Miles Beaudin, Andrew Dickson,  
Mike Teillet, Laurel Lyons, Julie Baird,  
Kelly Funke, Jason Care, Jeff Clark,  
Ron Marchenski, Arne Thorlaciuc,  
Diane Williams  
MISSING:  
Mark Fynn

## Accomplishments



▲  
*The federal and provincial governments announced a \$1 million project at the National Centre for Livestock and the Environment.*



### Families first in ad campaign

▲  
*The Family Behind the Farm campaign featured four pork producing families in TV, radio, billboard and bus back ads in 2010.*

In an effort to help urban Manitobans relate to pork producers, Manitoba Pork created spring and fall advertising campaigns aimed primarily at Winnipeggers featuring real pork producing families. The Preteau family of St. Malo was featured cheering on the Manitoba Moose at a hockey game; the Matheson family of Stonewall was featured attending a daughter's dance recital; the Falk family was featured experiencing a baby's first steps; and the Grenier family of St. Labre was featured enjoying a family reunion.

Television, radio, billboard and online ads were designed to drive people to the website [thefamilybehindthefarm.ca](http://thefamilybehindthefarm.ca), where they could read about the families, their farms and even see the families' favourite pork recipes.

During focus group testing conducted at the end of November 2010, eight out of 10 people reported seeing the ads, and the same number said they understood the message that pork producers are just like them. This campaign lays the groundwork for introducing more positive messages about pork production.

The advertising campaign was also a finalist in two categories at the Best of CAMA (Canadian Agri-Marketing Association) Awards in November: Total Campaign \$100,00-\$250,000 and TV commercial series 30-60 seconds.

### Financial aid dollars come through

Although many farms continued to struggle with the economics of pork production in 2010, the financial aid promised in 2009 finally reached a large number of producers.

Under the federal Hog Farm Transition Program, 75 producers in this province received a total of \$15.8 million to help them exit production. This represents almost 60,000 total pigs, or 37,000 sows. Meanwhile, 39 Manitoba producers received a total of \$137 million in government-guaranteed loans to stay afloat through the Hog Industry Loan Loss Reserve Program.

Manitoba Pork Credit Corporation (MPCC) managed to negotiate a stay of default on 163 loans for the 2008-09 production period totaling \$27.5 million for Manitoba producers. This stay will continue to March 31, 2013, and producers received letters indicating the stay in November 2010. This helped producers not only in Manitoba, but across the west (\$50 million for all four western provinces).

MPCC also processed seven loans worth \$1.52 million in the 2009-10 production period, and 34 loans worth \$4.67 million in the 2010-11 production period. The 2009-10 loans have already been paid in full.

# Accomplishments

## Research dollars for Manitoba

Manitoba Pork Council has helped bring millions of dollars in research funding into the province. Two major pieces of funding were announced in the second half of 2010.

MPC has been an active participant on the national Canadian Swine Research and Development Cluster board. Following discussions with the research cluster board, the federal government committed to \$7.5 million in research funding for 17 swine research projects through 2013. Combined with an additional \$2.1 million of private funding, this means a total of \$9.7 million for research.

In September, the National Centre for Livestock and the Environment received almost \$1 million through the Canada-Manitoba Western Economic Partnership Agreement (WEPA). The \$999,500 goes toward a new Byproducts Processing and Demonstration Facility at the Glenlea Research Station. The new research facility, which will complement the existing onsite facilities, will develop value-added products through handling and processing of agricultural byproducts such as manure. Researchers will test and evaluate livestock byproduct treatment and management technologies in Manitoba's climate.

## Progress on WTO challenge

It took almost a year after Canada launched its formal challenge of Country of Origin Labeling (COOL) in the United States, but a World Trade Organization panel finally heard arguments for and against the challenge in September and December 2010.

It brought to fruition a process begun in spring 2009, when Manitoba hosted a meeting of federal agencies and industry stakeholders to begin preparing the case. Andrew Dickson, MPC General Manager, devoted much time to the project, even

travelling to Geneva, Switzerland, where the trade panel hearings occurred.

A ruling is expected in mid-2011. Meanwhile, the Canadian livestock industry is urging the Canadian Food Inspection Agency to re-evaluate its own labeling laws.

COOL has affected Manitoba's pig producers more dramatically than those in any other province across Canada, as the largest exporters of live pigs in the country. (Manitoba is responsible for 60% of Canada's live pig exports.)

## Production insurance

Manitoba's Speech from the Throne delivered in November 2010 included a reference to the possibility of production insurance for livestock producers. MPC almost immediately learned that one of the concepts under consideration by the provincial government is insurance on pigs.

With funding from the Canadian Swine Health Board, MPC has been consulting with a company from England that has extensive experience with insuring livestock. Together with Ontario Pork and la fédération des producteurs du porc de Québec, MPC is pursuing insurance for mortality losses. Although losses can result from numerous causes, the three organizations have chosen disease losses as a strong starting point to establish an insurance program.



◀ Martin Rice, Executive Director of the Canadian Pork Council (left), Andrew Dickson, General Manager of MPC, and Patrick O'Neil, Trade Strategist for Ontario Pork, represented Canadian pork industry interests at WTO hearings.

# Challenges



▲  
*Manitoba Pork producers use 2 million tonnes of feed annually.*

## 2013 LMMMR deadline

As the 2013 deadline for complying with changes to the Livestock Manure and Mortalities Management Regulation (LMMMR) drew nearer in 2010, the real life implications of these changes grew clearer. In fact, it became apparent that they could change the face of pork production in Manitoba.

It is not the ban on winter spreading that presents the challenge as much as it is the requirement to build 400 days of manure storage that is a financial burden to small producers – those with fewer than 300 animal units – who are either just emerging from or still grappling with three years of economic hardship. As a result, several small producers chose to exit pig production instead of taking the financial risk.

In 2010, Manitoba Pork Council continued to seek financial aid from government to help producers offset these construction costs.

## Skyrocketing feed grain costs

The bulk of Manitoba's pig production costs come from feed. Manitoba pork producers use about 2 million tonnes annually,

30–40% of which is imported from the United States.

In light of policies and subsidies supporting corn production for ethanol, the price of corn is only getting higher. That price in turn drives up the price of other commodities. Some industry experts speculate that as the US buys more Canadian wheat, producers here may experience a feed shortage.

The price of Manitoba soymeal increased more than 130% from January 2005 to its peak in June 2009, and while the price has decreased from that peak, it remains 40% above the January '05 level. Manitoba corn increased by 150% from its January 2005 price to its peak in June 2008 and in 2011 was 35% higher than January 2009.

To protect Manitoba pork producers from this type of situation in the future, MPC is seeking ways to encourage better feed grains breeding in western Canada that will focus on the nutritional profile for pigs rather than humans, and it is investigating mechanisms to lock in grain prices.

## Keeping up with constant change

The number of pork producers in this province has dropped by about 30% in five years. Meanwhile, technology, equipment and building materials have been advancing rapidly, providing the producers who remain with the opportunity to adopt new technologies. These two circumstances have made it very difficult to

# Challenges

keep track of who remains, their locations, and the styles and sizes of their operations.

As the producer association that acts as the voice for the industry, MPC needs to understand the real situation in the country and to track changes on the landscape.

MPC began writing a comprehensive survey for producers in the summer of 2010, with plans to release it in early 2011. This survey is the best possible tool MPC has to discover what sizes and types of pig farms exist today. It will also help the staff and board improve their understanding of what kinds of buildings, equipment and feed are in use.

The end result should be that MPC will be better equipped to represent the interests of pork producers.

## Consumer concerns about animal care

Manitoba consumers are becoming increasingly interested in knowing not only where their food comes from, but also how it is raised. According to an omnibus survey in December 2010, one in five Winnipeg residents disagree with the statement that Manitoba pork producers take good care of their hogs. Survey respondents said the most common information they desire is on the care of pigs.

Manitoba Pork has also received an increasing amount of mail from across Canada regarding various animal husbandry practices, including sow housing, castration, tail docking, transportation, and medication.

MPC hired an animal care specialist in November 2010 to be devoted to working on all of these issues, beginning with

a particular focus on sow housing and an in-depth look at the challenges and best practices for converting barns to group housing. The Animal Care Assessment will also become a mandatory part of the Canadian Quality Assurance program by 2012.

## Production insurance

Although Manitoba's Speech from the Throne delivered in November 2010 did include a reference to production insurance for livestock producers, the details were not yet clear.

MPC has been working with other provincial producer associations and an English company to sort through the options, and has submitted a proposal to government. MPC will continue to consult with government representatives to create a package for pork producers.



◀ Mark Fynn was hired in late 2010 as MPC's animal care specialist.

## Other Initiatives



▲ MPC is gathering premises identification information to help producers conform with new provincial regulation.



▲ CPI uses MPC funding to conduct international pork marketing efforts in countries like Japan.

### Canadian Pork Council & Canada Pork International

Manitoba Pork Council contributed more than \$611,000 to Canadian Pork Council in 2010. CPC is the producers' voice in Ottawa. It has played an important role in lobbying the federal government and in developing the Hog Farm Transition Program, along with leading the hog industry in trade issues. CPC is also responsible for the Canadian Swine Health Board and PigTrace Canada.

CPI cultivates new international markets for Canadian pork. It received approximately \$250,000 from MPC to help fund these efforts in 2010.

PigTrace is headquartered in the MPC offices and managed by Jeff Clark, who is also a MPC employee. The National Swine Traceability Committee received \$7 million from the federal government to help fund the development and implementation of PigTrace through the end of March 2013.

### Traceability and Emergency Preparedness

In September 2010 the provincial government announced its Manitoba Premises Identification Program, which will require premises owners to identify their primary premises or "home quarter" under the Animal Health Act. MPC is collecting premises information and submitting it to Manitoba Agriculture Food and Rural Initiatives to help producers comply.

MPC also initiated a funding proposal that seeks to establish a provincial pilot project targeting the use of commonly used information management tools such as herd management software and mobile phones for reporting traceability information to PigTrace.

### CQA & Animal Care Assessment

In 2010, 570 Manitoba pork producers participated in the Canadian Quality Assurance (CQA) Program. The Animal Care Assessment (ACA) expanded significantly, with a total of 180 farms participating.



In November 2010, the Canadian Pork Council voted to merge the CQA and the ACA into one program so that by 2012 all CQA participants will have completed the self-assessment and will be committed to full validation after that.

## Other Initiatives

### Human Resources & Training

With funding from MPC, Assiniboine Community College (ACC) provided training for swine industry workers in 2010. Seven students graduated from the Pork Production Technician Apprenticeship program, 142 people received hydrogen sulfide training, and 79 people received emergency first aid training. ACC also trained 269 people in the Transport Quality Assurance program. In December 2010, MPC committed to fully funding all H2S, first aid and TQA courses in 2011.

### Promotions

MPC's famous Grill Team produced 24,000 servings of pork on a bun at 222 events between May 1 and mid-October 2010. Twenty-one of these barbecues were part of "live remote" broadcasts with sister radio stations HOT 103 and QX 104 at various Manitoba-owned businesses around the Winnipeg area. The Grill Team set a record in 2010 with 57 rural barbecues, mostly in Steinbach and the bedroom communities around Winnipeg.

A makeover of the carts themselves began in late 2010. This will help the carts fit in with overall MPC branding and the van and trailer decals.

MPC continued to streamline its sponsorship strategy in 2010, choosing to focus on several major sponsorships rather than many smaller ones. MPC was a gold sponsor of the 5,000-participant CIBC Run for the Cure, and as such it participated in the Winnipeg event with a display and presentation of the Family and Friends Award. MPC was also responsible for the "Tails of Hope," which are a cross between a curly pig's tail and the pink ribbon, on which runners write the names of those who inspire their run. The Grill Team also served pork on a bun at the Brandon edition of the run, where there were another 600 participants.

Health and wellness-related sponsorships were a priority for MPC. These included numerous high profile

events related to cancer awareness, active living and food security. MPC had major involvement in events such as the Canadian Cancer Society's provincial Relay for Life walks, the annual Manitoba Fitness Council's Momentum Conference, and the PowerSmart Manitoba Winter Games in Portage la Prairie. MPC also donated pork to Winnipeg Harvest and rural food banks.

MPC gave away more than 27,000 green reusable grocery bags at various events in 2010. It decided to switch to bright orange bags for 2011 to better fit with the MPC brand and to keep people interested in collecting these popular bags.

MPC continued its partnerships with the Manitoba Moose and Winnipeg Goldeyes in 2010. It sponsored the Goldeyes' annual Field of Dreams Foundation game, and a giant pink piggy bank was placed on the baseball stadium concourse, where fans can drop coin donations toward the Field of Dreams charity. The Grill Team was present at every home game, which were attended by an average 5,654 fans per game.

This year marked the fifth New Year's Eve Moose game sponsorship for MPC. This game attracted 11,684 fans to see and hear MPC messaging throughout the game. But this existing relationship also provided MPC with another opportunity – to sponsor one of two Zambonis at the brand new MTS Iceplex. The MPC Zamboni is fully wrapped with decaling, which features yummy looking pork and hockey players, under the "Pork for Peak Performance" theme.

*The Manitoba Pork Grill Team served 24,000 pork on a bun sandwiches in 2010.*



Manitoba Pork began its sponsorship of a new Zamboni at the MTS Iceplex in 2010 as part of the Pork for Peak Performance program.

## Other Initiatives



▲ MPC's Susan Riese, right, presented the Family and Friends Award at the CIBC Run for the Cure.

Fifty-three curling clubs across the province and the organizers of the Ironman Outdoor Curling Bonspiel at the Forks installed Hury Hog decals in their ice. The decals also adorned the ice during the Safeway Championship provincial men's curling playdowns in Steinbach February 10-14. As a platinum sponsor, MPC received an article and photo in the associated curling newspaper supplement and an interview on Shaw Cable TV.

Susan Riese co-hosted two episodes of Great Tastes of Manitoba on local CTV. "Pork Sandwiches that Eat Like a Meal" aired October 2, and "A Taste of Asia with Manitoba Pork" aired November 13.

MPC also created and distributed thousands of recipe cards at sponsored events, through local meat counters/butcher shops, and at its live animal displays. These cards formed the basis for advertisements in *Flavours* magazine, which is distributed through the Manitoba Liquor Control Commission stores.

### National pork promotion

Although the national pork marketing body, Pork Marketing Canada, was restructuring in 2010, several provincial associations continued to spread the



▲ The Pig Scene Investigation display made its debut in 2010.

"choose Canadian pork" message. As part of its contribution, MPC reworked its popular recipe cards and *All About Pork* guide into the Canadian version. These resources are being used by all western provinces and Ontario Pork. MPC also began redesigning the national website [putporkonyourfork.com](http://putporkonyourfork.com), and it helped negotiate a brief advertising campaign on TSN during the winter Olympics. Twice the number of people predicted to watch tuned into these popular broadcasts.

MPC helped fund several retail and food service initiatives, the national dietitians conference, Cuisine Canada's Culinary Book Awards, and the Canadian Meat Council Conference. PMC also continued to distribute its Canadian Pork labels across the country.

### Public Relations

MPC launched the "Family Behind the Farm" advertising and communications campaign with ads that ran on local CTV during the winter Olympics. It received bonus spots during these broadcasts beyond what it purchased. This was followed by the creation of two new commercials, which formed the basis for spring and fall campaigns, which included TV, radio, billboards, bus back ads and online ads. The centre of the communications was the new website [thefamilybehindthefarm.ca](http://thefamilybehindthefarm.ca), where visitors can see pictures, read personal stories about pork producer families, and access their favourite pork recipes. In

late 2010, MPC determined that it should make some changes to the website, based on feedback from focus groups.

MPC continued its core sponsorship of Agriculture in the Classroom-Manitoba, helping to

## Other Initiatives

fund educational programs such as the "Amazing Agriculture Adventure" and "Made in Manitoba Breakfasts" for 3,812 school children around the province. In 2010, AITC-M also partnered with MPC on a brand new project called the "Grade 10 Challenge." This is a set of lesson plans for Grade 10 geography classes that fits into the Food from the Land unit. The lessons culminate with a competition centred around the nutrient cycle and agriculture. MPC and Edge Business Strategies won a Best of CAMA Award in November for Promotional Items – Contests.

MPC also hired a part-time social media coordinator, who manages the MPC presence on popular social networking sites Facebook and Twitter. Her handle is "MbPorkfan." MPC has 685 Facebook "friends" and 1,152 followers on Twitter.

MPC gave its educational display a makeover in 2010, focusing on interesting facts about pork production under the theme "Pig Scene Investigation." This display provides the backdrop for our three live weanling pigs during the Manitoba Royal Winter Fair in Brandon and at the Red River Exhibition in Winnipeg.

Discover Agriculture in the City, an Agriculture and Agri-Food Canada-organized event at the Forks in Winnipeg has provided a third, very popular major venue to communicate with Manitobans about pork and how pigs are raised. MPC participates on the organizing committee and provides a cooking demonstration and video for a continuous video loop during the event.

## Sustainable Development

MPC contributed \$533,000 toward research, bringing the total for research funding to \$7 million over 10 years. This funding is intended for swine-related research and goes to such institutions as the University of Manitoba, Prairie Swine Centre, the Manitoba Livestock and Manure Management Initiative and the Lake Winnipeg Research Consortium.

MPC has also participated in follow-up meetings on the Manure Phosphorous Conference originally held in December 2009. This conference identified research priorities such as feed management, crop and land management, manure treatment, alternative production systems and socio-economic transition.

## US Trade Advocacy

Three members of MPC staff and four directors attended the Minnesota and Iowa Pork Congresses in January 2010. This was the fifth year a MPC delegation has represented the interests of live pig exporters at these major US trade shows. MPC also speaks to the two state pork associations' directors and with representatives of farm and mainstream media. This year an interview with Chairman Karl Kynoch resulted in a major story in *The Des Moines Register*, Iowa's largest daily newspaper.



◀ MPC's staff and producer team represented Manitoba at major US trade shows.



The Grade 10 Challenge won a 2010 Best of CAMA Award.

# Independent Auditors' Report

## To the Members of Manitoba Pork Council:

We have audited the accompanying financial statements of Manitoba Pork Council, which comprise the balance sheet as at March 15, 2011, and the statements of revenues and expenses, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal

control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Manitoba Pork Council as at December 31, 2010 and the results of its operations, changes in net assets, and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

### *Other Matter*

The prior year's financial statements were audited by another firm of chartered accountants, who provided an opinion without reservation in their report dated February 26, 2010.

Winnipeg, Canada  
March 15, 2011

*Meyers Norris Penny LLP*

Chartered Accountants

# Balance sheet

as at December 31, 2010

	2010	2009
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	476,382	270,516
Short-term investments <i>[note 2]</i>	3,826,293	3,046,128
Accounts receivable <i>[notes 4, 7 and 8]</i>	658,371	939,672
Prepaid expenses and deposits	94,229	45,380
	5,055,275	4,301,696
Capital assets, net <i>[note 3]</i>	217,010	242,416
Investment in joint venture <i>[note 4]</i>	28,308	29,810
	5,300,593	4,573,922
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current</b>		
Accounts payable and accrued liabilities <i>[note 5]</i>	1,295,136	615,543
Commitments <i>[note 11]</i>		
<b>Net assets</b>		
Invested in capital assets	217,010	242,416
Crisis Management Fund	300,000	300,000
Closure Fund	550,000	550,000
Unrestricted	2,938,447	2,865,963
	4,005,457	3,958,379
	5,300,593	4,573,922

Approved on behalf of the Board:



Director



Director

## Statement of Changes in Net Assets

For the year ended December 31, 2010

	Invested in capital assets \$	Crisis Management Fund \$	Closure Fund \$	Unrestricted \$	2010 Total \$	2009 Total \$
Net assets, beginning of year	242,416	300,000	550,000	2,865,963	3,958,379	3,423,353
(Shortfall) excess of revenues over expenses	(108,919)	—	—	155,997	47,078	535,026
Transfer for capital purchases	83,513	—	—	83,513	—	—
<b>Net assets, end of year</b>	<b>217,010</b>	<b>300,000</b>	<b>550,000</b>	<b>2,938,447</b>	<b>4,005,457</b>	<b>3,958,379</b>

# Statement of Revenue and Expenses

For the year ended December 31, 2010

	2010 \$	2009 \$
<b>REVENUE</b>		
Breeding stock levy	3,337	2,365
Investment and other <i>[notes 2 and 4]</i>	220,088	250,360
Market hog levy	3,529,853	3,841,838
Program	72,551	89,760
Weanling levy	384,305	440,143
	<u>4,210,134</u>	<u>4,624,466</u>
<b>EXPENSES</b>		
Animal care	42,512	41,387
Community relations and sustainable development	68,634	42,597
Environmental stewardship	195,000	205,800
Food safety	31,608	38,698
Foreign animal disease readiness	15,468	14,578
Human resources and training	5,400	20,393
Industry association	611,676	616,459
Public affairs and producer relations	1,062,846	655,262
Quality assurance	8,462	10,582
Swine production research	215,000	245,055
Trade advocacy	61,887	73,706
Workplace safety and health	17,411	38,326
	<u>2,335,904</u>	<u>2,002,843</u>
<b>Program salaries and administration expenses</b> <i>[schedule 1]</i>	1,608,411	1,852,401
	<u>3,944,315</u>	<u>3,855,244</u>
<b>Excess of revenues over expenses before other items</b>	<u>265,819</u>	<u>769,222</u>
	796,542	300,762
<b>OTHER ITEMS</b>		
Amortization	(108,919)	(91,662)
Country of Origin Labeling campaign costs	(8,320)	(20,846)
Glenlea Farm Education Centre funding <i>[note 9]</i>	(100,000)	(150,000)
Share of excess (shortfall) of revenues over expenses of Manitoba Hog Grading Inc.	(1,502)	992
Trade challenge levy	-	27,320
	<u>(218,741)</u>	<u>(234,196)</u>
<b>Excess of revenues over expenses</b>	<u>47,078</u>	<u>535,026</u>

# Statement of Cash Flows

For the year ended December 31, 2010

	2010 \$	2009 \$
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	47,078	535,026
Loss (income) from investment in joint venture	1,502	(992)
Amortization	108,919	91,662
Change in fair value of short-term investments	(121,736)	(170,406)
	<u>35,763</u>	<u>455,290</u>
Changes in working capital accounts		
Accounts receivable	281,301	(279,937)
Prepaid expenses and deposits	(48,849)	(33)
Accounts payable and accrued liabilities	679,593	129,451
	<u>947,808</u>	<u>304,771</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of short-term investments	(658,429)	(52,769)
Additions to capital assets	(83,513)	(118,528)
	<u>(741,942)</u>	<u>(171,297)</u>
<b>Increase in cash resources</b>	205,866	133,474
<b>Cash resources, beginning of year</b>	270,516	137,042
<b>Cash resources, end of year</b>	<u>476,382</u>	<u>270,516</u>

# Schedule 1

## Program Salaries and Administration Expenses

For the year ended December 31, 2010

	2010	2009
	\$	\$
Bad debts	23,605	62,033
Board <i>[note 6]</i>	194,876	249,608
Business tax	3,067	2,976
Computer support	53,278	44,954
Conferences	5,500	3,288
Employee benefits <i>[notes 1 and 10]</i>	110,233	105,244
Employee training	2,556	5,880
Insurance	10,356	10,818
Maintenance	20,738	28,651
Meetings	124,688	175,777
Memberships and subscriptions	12,292	8,812
Miscellaneous	24,114	24,875
Office supplies	29,904	28,999
Postage	8,936	11,123
Professional fees	115,780	59,516
Rent/lease <i>[notes 4, 8 and 11]</i>	59,900	60,088
Program and administrative salaries	697,862	856,872
Telephone	32,983	30,806
Travel	64,506	67,284
Utilities	13,237	14,797
	1,608,411	1,852,401

# Notes to the Financial Statements

For the year ended December 31, 2010

## 1. SIGNIFICANT ACCOUNTING POLICIES

### **[a] Operations of Manitoba Pork Council**

Manitoba Pork Council ("the Council") is the membership association of the Province of Manitoba'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 a \$0.80 (2009 \$0.80) levy on market hogs produced and processed in Manitoba, including sows and boars. As well, a levy is collected on hogs involved in interprovincial and export trade at \$0.80 (2009 \$0.80) on market hogs, sows and boars and \$0.19 (2009 \$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.

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

### **[b] Revenue recognition**

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

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

Interest revenue is recognized as earned.

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

#### **[i] Invested in capital assets**

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

#### **[ii] Crisis Management Fund**

The Crisis Management Fund was established to offset the unforeseen irregularity of levy revenue and address unforeseen

emergencies. In 2007, the Council determined that \$150,000 of the Crisis Management Fund would be utilized with respect to the Country of Origin Labeling campaign costs. In 2008, the Council determined that the remaining \$150,000 of the Crisis Management Fund would be utilized with respect to the Country of Origin Labeling campaign costs. In 2009 the Council replenished the Crisis Management Fund to its original balance of \$300,000.

#### **[iii] Closure Fund**

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

#### **[iv] Unrestricted**

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

### **[c] Short-term investments and investment income**

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

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

# Notes to the Financial Statements

For the year ended December 31, 2010

## [d] Capital assets

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

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

## [e] Investments

Joint venture

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

Controlled organizations

The results of the controlled organizations are not consolidated and are disclosed in the notes to the financial statements. Contributions made by the Council to these organizations are expensed as incurred. Controlled organizations include Swine Research and Development Corporation and Manitoba Pork Credit Corporation.

## [f] Program expenses

Program expenses are reported separately from program revenue. Some programs have related income from grants or industry contributions, which are recorded as revenue.

## [g] Retirement allowances and pension costs and obligations

The Council provides retirement allowances and pension benefits to its employees.

Retirement allowances are provided to certain qualifying employees and are based on Manitoba Government Employees'

Union guidelines. The benefits are provided under a final pay plan. The costs of benefits earned by employees are charged to expenses as services are rendered. The costs are actuarially determined using the projected benefit method and reflect management's best estimates of the length of service, salary increases and ages at which employees will retire. In addition, adjustments arising from plan amendments, changes in assumptions, and the actuarial present value of the accrued entitlement are being amortized to expenses on a straight line basis over the expected average remaining service life of the employee group. Actuarial gains and losses are recognized in income immediately.

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 Council's contribution for the year was \$41,874 (2009 \$39,268) and is included in employee benefits expense.

In addition, employees of the Council are entitled to enhanced pension benefits. A pension liability has been established for those employees whose annual earnings exceed the limit under the Civil Service Superannuation Fund Plan. The Council's contribution for the year was approximately \$4,512 (2009 \$4,200) and is included in the calculation of employee benefits expense. The cost is actuarially determined using the projected benefit methods and reflects management's best estimate of salary increase and the age at which the employee will retire.

# Notes to the Financial Statements

For the year ended December 31, 2010

## **[h] Financial instruments**

Financial instruments include cash, short-term investments, accounts receivable, and accounts payable and accrued liabilities.

The Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3861, "Financial Instruments Disclosure and Presentation" requires the Council to make the following classifications:

Cash and short-term investments are classified as assets "held for trading" and are measured at fair value. Gains and losses resulting from periodic revaluation are recorded in excess (shortfall) of revenue over expenses for the year;

Accounts receivable are classified as "loans and receivables" and are recorded at cost, which upon their initial measurement, is equal to their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method; and

Accounts payable and accrued liabilities are classified as "other financial liabilities" and are recorded at amortized cost using the effective interest rate method.

## **[i] Measurement uncertainty**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

## **[j] Recent Accounting Pronouncements Canadian accounting standards for not-for-profit organizations**

In October 2010, the Accounting Standards Board (AcSB) approved the accounting standards for private sector not-for-profit organizations (NFPOs) to be included in Part III of the CICA Handbook Accounting ("Handbook"). Part III will comprise:

The existing "4400 series" of standards dealing with the unique circumstances of NFPOs, currently in Part V of the Handbook; and

The new accounting standards for private enterprises in Part II of the Handbook, to the extent that they would apply to NFPOs.

Effective for fiscal years beginning on or after January 1, 2012, private sector NFPOs will have the option to adopt either Part III of the Handbook or International Financial Reporting Standards (IFRS). Earlier adoption is permitted. The Council expects to adopt Part III of the Handbook as its new financial reporting standards. The Council has not yet determined the impact of the adoption of Part III of the Handbook on its financial statements.

# Notes to the Financial Statements

For the year ended December 31, 2010

## 2. SHORT-TERM INVESTMENTS

Short-term investments consist of the following:

	2010		2009	
	Fair value \$	Cost \$	Fair value \$	Cost \$
Money market funds	875,124	875,124	522,003	522,003
Government fixed income bonds of 2.00% to 5.00% (2009 – 4.00% to 5.70%) maturing February 2012 to June 2020 (2009 – May 2010 to June 2029)	1,652,512	1,579,410	744,136	720,742
Corporate fixed income bonds of 4.65% to 7.05% (2009 – 3.70% to 6.00%) maturing January 2012 to June 2030 (2009 – July 2010 to December 2021)	356,324	338,644	1,246,726	1,215,874
Equities, Canadian	942,333	833,790	533,263	509,920
	3,826,293	3,626,968	3,046,128	2,968,539

The Council is subject to market price risk and interest rate price risk with respect to its short-term investments portfolio. To manage these risks, the Council has estimated a target mix of investment types designed to achieve the optimal return within

reasonable risk tolerances. Unless otherwise stated, it is management's opinion that the Council is not exposed to significant currency or credit risks arising from its financial instruments.

## 3. CAPITAL ASSETS

Capital assets consist of the following:

	2010			2009		
	Cost \$	Accumulated amortization \$	Net book value \$	Cost \$	Accumulated amortization \$	Net book value \$
Computer equipment and vehicles	346,053	263,583	82,470	333,328	230,966	102,362
Computer software and website development	319,776	255,859	63,917	299,725	236,579	63,146
Furniture and equipment	303,147	248,739	54,408	298,028	234,810	63,218
Leasehold improvements	453,736	437,521	16,215	408,118	394,428	13,690
	1,422,712	1,205,702	217,010	1,339,199	1,096,783	242,416

# Notes to the Financial Statements

For the year ended December 31, 2010

## 4. INVESTMENT IN JOINT VENTURE

The Council has entered into a joint venture agreement with two Manitoba pork processors, which established Manitoba Hog Grading Inc. Manitoba Hog Grading Inc. 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:

	2010 \$	2009 \$
<b>Financial position</b>		
Assets	36,981	34,322
Liabilities	(8,673)	(4,512)
Net assets	28,308	29,810
<b>Results of operations</b>		
Revenue	52,072	51,567
Expenses	(53,574)	(50,575)
Excess (shortfall) of revenues over expenses	(1,502)	992
<b>Cash flows</b>		
Cash provided by (used in) operating activities	3,415	(1,646)

At December 31, 2010, there was a balance of \$11,648 (2009 \$nil) owing from Manitoba Hog Grading Inc. to the Council. The amount is included in the Council's accounts receivable.

The Council charges Manitoba Hog Grading Inc. \$1,800 (2009 \$1,800) for rent and \$4,800 (2010 \$4,800) for administration. The rental income is netted against rent/lease expense and the

administration income is included in investment and other revenue. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	2010 \$	2009 \$
Accounts payable	461,473	204,044
Accrued salaries and vacation pay	100,370	132,505
Accrued retirement benefits	183,636	270,100
Goods and Services Tax payable	-	8,894
Western Economic Diversification Canada project funds	537,282	-
Agricultural Sustainability Initiative project funds	12,375	-
	1,295,136	615,543

# Notes to the Financial Statements

For the year ended December 31, 2010

## 6. BOARD MEMBERS' REMUNERATION AND DISBURSEMENTS

Board members' remuneration and disbursements consist of the following:

					2010	2009
	MPC Days	CPC Days \$	Stipend and per diem \$	Expenses \$	Total \$	Total \$
Westman District [Chairman]	102	14.50	38,830	24,857	63,687	64,950
Eastman District [ViceChairman]	49	21.50	20,023	5,257	25,280	20,452
Red River Valley District [Executive]	31.50	0.00	10,700	6,468	17,168	19,033
Northeast District [Executive]	48.50	1.50	12,877	3,894	16,771	14,985
North Star Producers District	12.50	0.00	2,500	754	3,254	4,775
Hutter Schwein District	37	0.00	7,400	2,437	9,837	12,560
Maple Leaf District	15	0.00	0	351	351	100
Puratone District	18	0.00	2,000	359	2,359	2,495
Hytek District	7.50	6.50	2,800	2,839	5,639	5,369
Weanling District	15	0.00	3,000	3,831	6,831	7,711
Parkland District	28.50	4.50	8,885	20,747	29,632	43,833
Old District 2	8	0.00	1,600	2,013	3,613	22,677
Old District 3	12.50	0.00	2,500	3,637	6,137	23,281
Old District 7	3	10	2,600	1,717	4,317	7,387
	388.00	58.50	115,715	79,161	194,876	249,608

The Board consists of 11 directors (2009 14 directors). The Chairman's remuneration is a combination of a \$13,200 annual stipend, plus a per diem. The per diem rates are \$220 for the Chairman and \$200 for directors.

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.

The schedule excludes expenses of \$41,501, including \$11,700 in per diems (2009 \$35,993, including \$8,300 in per diems) that were reimbursed by the Canadian Pork Council.

# Notes to the Financial Statements

For the year ended December 31, 2010

## 7. SWINE RESEARCH AND DEVELOPMENT CORPORATION

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

of Manitoba, Faculty of Agricultural and Food Sciences. The operations were wound up on March 31, 2007. On February 16, 2010, grant funds were received which paid off the debt to the Council in full.

In 2010, the Council did not contribute (2009 \$nil) to the SRDC. At December 31, 2010, there was no balance owing (2009 \$36,517 owing) from the SRDC to the Council. This amount was included in the Council's accounts receivable in the prior year.

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

	2010	2009
	\$	\$
<b>Financial position</b>		
Assets	10	13
Liabilities	-	(51,917)
Net assets	10	(51,904)
<b>Results of operations</b>		
Revenues	51,914	-
Excess of revenues over expenses	51,914	-

# Notes to the Financial Statements

For the year ended December 31, 2010

## 8. MANITOBA PORK CREDIT CORPORATION

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

MPCC's Board of Directors is the same as that of the Council. MPCC's undertakings are limited to conducting programs to assist hog producers in the production of hogs in Manitoba, the marketing of such hogs, and in stimulating, increasing and improving the economic wellbeing of the hog industry in Manitoba. In the event of the dissolution or windup of MPCC, the remaining property of MPCC, after payment of all debts and

liabilities, shall be distributed to the Council or a similar not-for-profit organization in Manitoba.

At December 31, 2010, there was a balance of \$240,428 (2009 \$147,596) owing from MPCC to the Council. This amount is included in the Council's accounts receivable.

MPCC has not been consolidated in the Council's financial statements.

Financial summaries of this unconsolidated entity as at December 31 and for the years then ended are as follows:

	2010	2009
	\$	\$
<b>Financial position</b>		
Total assets	56,506,580	61,763,423
Total liabilities	(56,708,279)	(61,915,920)
Net assets	(201,699)	(152,497)
<b>Results of operations</b>		
Total revenues	665,125	748,599
Total expenses	(714,327)	(737,568)
<b>Excess of revenues over expenses</b>	<b>(49,202)</b>	<b>11,031</b>

MPCC has available overdraft facilities totaling \$108,000,000 with Royal Bank of Canada ("RBC") and \$nil with Steinbach Credit Union ("SCU") (2009 \$150,000,000 line of credit with SCU), of which \$56,464,987 was utilized as at December 31, 2010 (2009 \$61,757,465) in order to deliver the Advance Payments Program under the Agricultural Marketing Program Act of Canada to swine producers in Manitoba, Saskatchewan, Alberta and British Columbia. These advance payments are guaranteed in their entirety by the federal government of Canada. The facilities bear interest at prime minus 0.30% for RBC overdrafts, and prime minus 0.30% for SCU line of credit balances (2009 prime minus 0.625%).

\$155,505 in default loans (2009 \$163,524) will remain at SCU until such time they are paid.

During the year, the Council charged MPCC \$1,890 (2009 \$1,890) for rent and \$5,040 (2009 \$5,040) for administration. The rental income is netted against rent/lease expense and the administration income is included in investment and other revenue. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

# Notes to the Financial Statements

For the year ended December 31, 2010

## 9. GLENLEA FARM EDUCATION CENTRE

In 2006, the Council agreed to provide \$600,000, in the amount of \$200,000 per year commencing in 2007, to fund the Glenlea Farm Education Centre. In the event the Council does not possess the necessary funds to meet the obligation, it

may increase funding in a subsequent year. In 2010, the Council contributed \$100,000 (2009 \$150,000). Cumulative contributions totaling \$600,000 have been made to December 31, 2010, thus the obligation has now been met.

## 10. RETIREMENT AND PENSION OBLIGATIONS

The Council measures its accrued benefit obligation for the retirement allowances as at December 31 of each year.

The most recent actuarial valuation report was at December 31,

2010. Actuarial valuations are required every three years.

[a] Information about the Council's retirement allowance plan is as follows:

	2010 \$	2009 \$
<b>Accrued benefit obligation</b>		
Balance, beginning of year	53,600	41,500
Current service cost	8,430	7,400
Interest cost	3,675	2,800
Experience (gain) loss and transitional adjustment	(21,484)	1,900
Balance, end of year	44,221	53,600

The Council's retirement allowance expense consists of the following:

	2010 \$	2009 \$
Current service cost	8,430	7,400
Interest cost	3,675	2,800
Experience (gain) loss and transitional adjustment	(21,484)	1,900
Balance, end of year	(9,379)	12,100

# Notes to the Financial Statements

For the year ended December 31, 2010

The significant actuarial assumptions adopted in measuring the Council's retirement allowance obligation are as follows:

	2010	2009
	%	%
Discount rate	6.00	6.50
Rate of compensation increase	2.75	3.25

[b] Information about the Council's enhanced pension benefit plan is as follows:

	2010	2009
	\$	\$
Accrued benefit obligation		
Balance, beginning of year	188,500	126,300
Current service cost	1,873	2,100
Interest cost	12,936	4,900
Employer benefit payments	(4,512)	(4,200)
Experience (gain) loss and transitional adjustment	(59,382)	59,400
Balance, end of year	139,415	188,500

The Council's enhanced pension expense consists of the following:

	2010	2009
	\$	\$
Current service cost	1,873	2,100
Interest cost	12,936	4,900
Employer benefit payments	(4,512)	(4,200)
Experience (gain) loss and transitional adjustment	(59,382)	(59,400)
Balance, end of year	(49,085)	62,200

The significant actuarial assumptions adopted in measuring the Council's pension obligations are as follows:

	2010	2009
	%	%
Discount rate	6.00	6.50
Rate of compensation increase	2.75	3.25

# Notes to the Financial Statements

For the year ended December 31, 2010

## 12. COMMITMENTS

The Council is committed, under operating leases, to future aggregate lease payments estimated to be as follows for the next five years:

	\$
2011	75,008
2012	74,793
2013	74,736
2014	15,570
	<hr/> 240,107 <hr/>

Lease commitments include a share of common area costs which approximate \$28,320 per year.

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## 13. CAPITAL MANAGEMENT

In managing capital, the Council focuses on liquid resources available for operations. The Council's objective is to have sufficient liquid resources to continue operating despite adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. To offset the unforeseen irregularity of level revenue and address unforeseen emergencies, the Crisis Management Fund was established. In addition, the Closure Fund was established to allow the Council to meet all outstanding obligations in the event of a windup of operations. As at December 31, 2008, the Crisis Management Fund had all been used to address Country of Origin Labeling campaign costs, and accordingly Council earmarked \$300,000 of unrestricted funds to replenish the Fund during 2009. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at December 31, 2010, the Council has met its objective of having sufficient liquid resources to meet its current obligations.