



MANITOBA SUPPLY-MANAGED COMMODITIES 2008

DAIRY, EGGS, BROILER CHICKENS, TURKEYS



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Data Sources:

*Agriculture and Agri-Food Canada
Canadian Broiler Hatching Egg Producers
Canadian Dairy Information Centre
Canadian Food Inspection Agency
Chicken Farmers of Canada
Dairy Farmers of Manitoba
Egg Farmers of Canada
Manitoba Agriculture, Food and Rural Initiatives
Manitoba Chicken Producers
Manitoba Egg Producers
Manitoba Turkey Farmers
Statistics Canada
Turkey Farmers of Canada
United States Department of Commerce*

September, 2009

MANITOBA'S SUPPLY-MANAGED COMMODITIES, 2008

Dairy, Eggs, Broiler Chickens and Turkeys

SUPPLY MANAGEMENT IN CANADA

Supply management was implemented in Canada in the 1960s and 1970s and is regulated through Federal-Provincial Agreement. The system is used by dairy, broiler chicken, turkey and egg producers to adjust their production to provide sufficient quality products for domestic consumption requirements.

Prior to supply management, the Canadian market would alternate from too much product, which would result in a sharp drop in producer prices, to a product shortage, which caused prices to rise rapidly. During a price drop, many farms went out of production and consumers suffered from limited supplies. Any surplus production was taken off the market by the government at significant cost to the taxpayer.

In order for the supply-management system to function efficiently, production management, import control and commodity prices to cover the farmer's production costs were needed. For dairy, egg, broiler chicken and turkey farmers to produce quality products in the right amounts for consumer needs, a quota system was introduced. At the same time, the Canadian government introduced regulations to limit the importation of dairy, egg, chicken and turkey products. Pricing formulae were developed to provide producers with reasonable returns, but at no cost to the taxpayer. The provincial producer agencies are completely funded through levies paid by producers according to the number/weight of eggs, milk components or poultry sold. There are no government subsidies or grants needed. The system allows a fairer distribution of the consumers' dollar among retailer, wholesaler and producer.

The Cost-of-Production (COP) formulae used to determine poultry and egg prices generally incorporate all on-farm costs, such as feed, chicks/poults/pullets, labour, energy, transportation, repairs, maintenance, financing, administration, property taxes, depreciation, levies, and other variable costs. By reflecting the costs that efficient farmers might reasonably be expected to incur in producing poultry or eggs, the COP formula indicates what a reasonable financial return for production should be. The provincial producer agencies are responsible for setting the minimum producer price for live broiler chicken, live turkey or eggs produced. The price is usually negotiated between the agencies and processors. Factors considered include demand versus supply, availability of similar products from outside Manitoba, the retail price of competitive meats as well as the COP and storage stocks.

An eco-conscious society would appreciate that supply-managed commodities are not transported over long distances as Manitoba dairy, poultry and egg farms usually are located close to processors and consumers.

DAIRY

Industry composition:

The industry in Manitoba comprises dairy farms, milk transporters, fluid milk plants, industrial plants, repackaging plants and distributors.

Manitoba dairy farms are independent family-owned and operated businesses, most of which have been passed on from generation to generation. The average dairy farm in the province has a herd of about 100 cows and provides one or two full-time jobs plus seasonal employment.

Milk is produced on the farm either for sale as fluid milk for table milk or fresh cream or as industrial milk, which is used for processed dairy products, such as butter, cheese, ice cream, yogurt, etc.

Regulatory system and quota allocation:

Under the supply management system, the production of milk in Manitoba for domestic use and the traditional export market is controlled by quota allocations. All producers must possess a daily butterfat (BF) quota to produce and market milk in the province and they must stay within their allotted quotas. Quotas are expressed in terms of "kilograms of daily butterfat". Each producer is allowed to ship milk up to the allotted quota 365 days a year. The number of litres of milk that a producer can ship in a month is calculated based on the producer's daily quota allotment, the weighted average BF level in the bulk milk and the number of production days in the month. The primary disincentive to producing over-quota milk is that the milk is priced significantly lower than within-quota milk.

The Dairy Farmers of Manitoba (DFM), established in 1974 and completely directed and funded by dairy producers, allocates butterfat quota, markets all raw milk produced by licensed producers, schedules the transportation of all milk, collects the proceeds from the sale of producers' milk and conducts a revenue pool. Producers are paid once a month for the milk delivered by them to the pool.

Manitoba producers can obtain quota in four ways; through a complete farm sale transfer, through a within family farm transfer, through a DFM issuance of additional quota to all producers to reflect a change in provincial quota requirements or through an orderly monthly quota exchange administered by DFM at the beginning of every month. The majority of quota transferred takes place through the monthly quota exchange

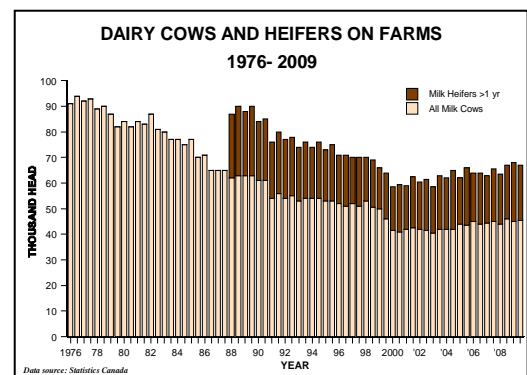
From August 1, 1995, there was a system in place (Special Classes) whereby processors, who wanted to access export markets for various types of cheese and other dairy products, were able to obtain permits to purchase milk at competitive prices to enable them to compete on the world market. In early 2003, the World Trade Organization disallowed the export program and the dairy industry is now concentrating on increasing the domestic market.

Farm Location:

Most of Manitoba's dairy farms are located east and south of Winnipeg, close to where the majority of the province's consumers live. About one-third of Manitoba's dairy herds are located in the Eastern Region, 32.6% in the Central Region, 15.4% in the Interlake, 14.6% in the Southwest Region and 4.0% in the Northwest.

Production:

Manitoba has Canada's fifth largest dairy cow herd with 4.5% of the nation's dairy cows and 0.4% of total North American dairy cows in 2008. About 94-95% of all dairy cows in Manitoba are Holsteins. The remainder is comprised of breeds, such as Jersey, Brown Swiss, Guernsey and Ayrshire. Manitoba has some of Canada's top dairy herd genetics. Through the process of embryo transfer, dairy producers are able to share their dairy genetics across the province. Manitoba Holstein genetics, both embryos and semen, are exported to several other countries.



According to Statistics Canada, total dairy cow numbers in Manitoba declined fairly steadily from 92,000 head on January 1, 1977 to 40,500 head on January 1, 2002, a decrease of 3% a year on average over the 25 years. However, dairy cow numbers increased to 45,000 head on January 1, 2006 and have remained close to that level ever since. The actual number of dairy cows producing milk within the supply management (quota) system was approximately 33,750 head on January 1, 2009. The number of commercial milk and cream shippers has declined from 583 in 2002 to 408 in 2008. They sold 322.6 million litres of milk and cream in 2008, 8.1% more than a year earlier.

Dairy producers continue to modernize their facilities, expand herd size and improve overall herd health and productivity per cow. The productivity of Manitoba dairy cows has increased significantly since 1977, when 3.1 kl of milk and cream were sold per cow per year compared to 9.6 kl per cow in 2008.

Producer Pricing:

Multiple Component Pricing (MCP), implemented in Manitoba on January 1, 1993, provides greater equity in milk pricing for both producers and processors. It is a more market-responsive pricing method than the previous system, which was based on butterfat only and did not reflect the growing trend towards consumption of low-fat dairy products. Producers are paid for the market value of all the components in the milk shipped, i.e. on the kilograms of butterfat, protein and other solids in the milk. The content is calculated from milk samples taken on the farm and analyzed at the milk testing laboratory, MFC Testing and Research Inc. The total amount that producers receive is based on both domestic and world market revenue.

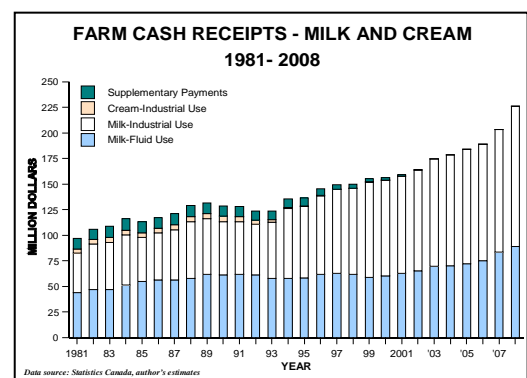
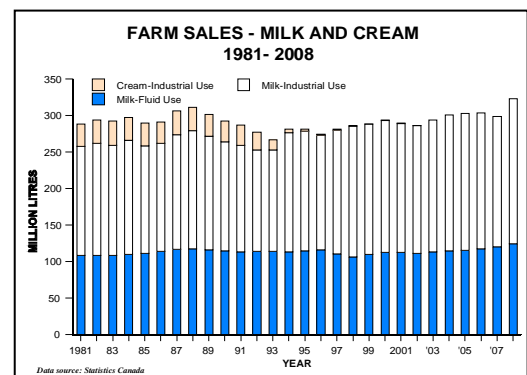
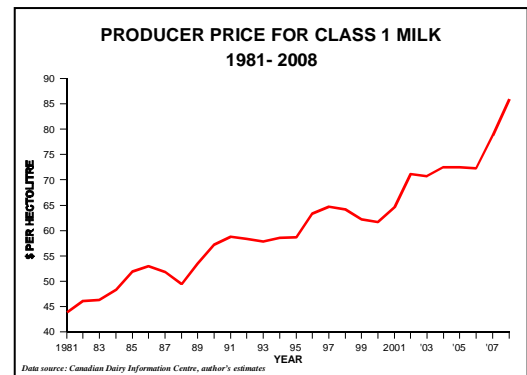
The producer price of Class 1 milk was \$85.92/hl as of November 2008, up from \$78.83/hl a year earlier and about 20% above the 2002 level.

Milk and Cream Sales:

Cash receipts from milk and cream sold by producers rose by 11.3% from \$203.1 million in 2007 to \$226.0 million in 2008, 4.8% of the total farm cash receipts for the province. About 40% of dairy cash receipts came from sales of milk for fluid use, while about 60% were from sales for industrial milk use. There are no longer government subsidy payments for dairy producers, the last of which was paid in 2002.

Dairy Processing:

Manitoba's dairy processing industry comprises three fluid milk plants, seven industrial plants, two repackaging plants for cheese and milk powder and two research and development facilities. The distribution of dairy products involves the employment of hundreds of Manitobans.



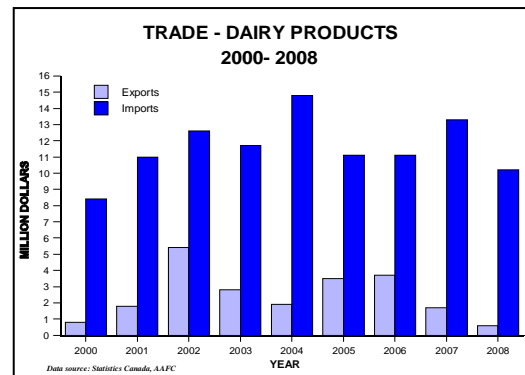
The fluid milk plants are Lucerne Foods Ltd. and Parmalat Dairy and Bakery Inc, both in Winnipeg, and Dairyworld Foods in Brandon. Manitoba has four cheese plants located in New Bothwell

(Bothwell Cheese Inc.), in Grunthal (Medo-Land Dairy Products), in Winkler (Saputo Food, Ltd., which purchased the Armstrong Cheese Company Ltd. Plant in 2000) and a small operation run by Trappist monks, Cistercian Abbey, in Holland. There is one ice cream plant, Lucerne Foods Ltd. in Winnipeg. There is also a creamery/powdered milk plant, Parmalat Foods Inc., located at St. Claude and a creamery, Notre Dame Creamery Ltd., at Notre Dame. The repackaging plants are Lucerne Foods Ltd. (cheese) and Medallion Milk Co. Ltd. (milk powder) located in Winnipeg. There are also two research and development facilities licensed to process dairy products, the University of Manitoba in Winnipeg and the Food Development Centre in Portage la Prairie.

Dairy products produced in the province in 2008, included fluid milk (85.1 MI), cream (3.8 MI), butter, ice-cream, specialty cheeses (12.7 kt) and frozen yogurt. Milk production in 2008 was down by 6.4% from the 2007 level. Specialty cheese production in 2008 fell by 7.3% from the record 13.7 kt set the year before, but was up by 56.8% from 2002. A small amount of Cheddar cheese was produced in the province in 2007, but production ceased in 2008.

Trade:

Milk and cream products, ice-cream, cheese, albumin, casein and whey, valued at \$10.2 million in 2008, were imported from countries such as the United States, New Zealand, Denmark, France and Italy, while Manitoba exported dairy products, mainly milk powder and whey products, valued at \$0.6 million in 2008. Traditionally, about one fifth of the butter produced in the province is exported in products such as cookies.



EGGS

Industry composition:

The industry includes hatchery-supply breeding flocks, hatcheries, commercial and other pullet-growing operations, feed production, egg production operations, commercial grading stations and farmer graders and further processors. There is a high degree of organization, co-operation and co-ordination from hatchery through to egg processing.

Regulatory system and quota allocation:

Egg producers regulate the number of eggs produced in the province, both through Manitoba Egg Producers (MEP), established in the early 1970s, and the Canadian Egg Marketing Agency (CEMA), now known as Egg Farmers of Canada (EFC). To estimate the volume of shell eggs required for the table market, EFC calculates the annual national table egg disappearance and, using predetermined factors, decides whether an increase/decrease in quota is required. Upon determining the product requirement, EFC establishes a quota allocation for each province. MEP is responsible for allocating quota for table eggs to Manitoba producers, which permits each producer to raise more than 499 hens. Quotas are not the property of an individual producer, but are owned by MEP. When the province reduced the quota exemption level from 499 to 99 hens in 1985, producers who had been producing up to 499 hens were issued designated small non-registered certificates. A producer can have up to 99 laying hens without needing a laying hen quota or a designated small non-registered certificate.

MEP ensures high quality shell eggs are available at all times of the year at stable prices.

Processors receive most of their egg supply through a contractual agreement with EFC. A national program, Eggs for Processing (EFP), enables MEP to enter into agreements with processors and

allows Manitoba egg producers to expand their flocks to provide eggs to supply growing processed market requirements. In issuing EFP permits for processed eggs, MEP works with producers to meet the needs of consumers and processors.

Farm Location:

Egg production is concentrated in south-eastern Manitoba with about four-fifths of production taking place within a 100-km radius of Winnipeg.

Production:

The most common type of hen for egg production is the White Leghorn, which is a small, light bird that has been developed into a much more productive layer than its ancestors. Each stage of the hen's development cycle requires specialized care and attention. *Hatchery-supply breeding flocks* supply eggs to the *hatcheries*, where chicks are hatched. Pullet chicks are raised in *pullet barns* for about 19 weeks and then transferred to *laying hen barns*. The average laying hen produces about 300 eggs a year. Hens begin egg production at five to six months (19 weeks) of age and continue to lay eggs for at least 12 months. Proper lighting, a well-balanced diet, fresh water and comfortable surroundings are essential for hen health and production. A hen's diet consists of grains, protein, vitamins and plenty of fresh water. Hens are commonly kept in cages, most often in small groups of three to six. Eggs automatically roll out for collection and are gathered twice a day. They are packed and refrigerated on the farm, ready for delivery to the grading station.

Ten hatchery-supply breeding flocks in the province, with 92,000 hens, supplied 9.6 million eggs to the two Manitoba hatcheries in 2008. The hatcheries set 9.3 million eggs and hatched 7.0 million chicks in 2008. Almost 2.4 million pullet chicks were placed in 12 commercial and 75 other pullet-growing operations in Manitoba, while about 1.2 million were sold out-of-province.

In 2008, the 158 registered egg producers in the province had over 2.2 million layers producing under regular quota, 0.5 million layers under special market development quota and 0.05 million layers under Eggs for Processing quota. About 300 unregistered producers (permitted to have 100-499 layers) had a total of 90,000-100,000 layers.

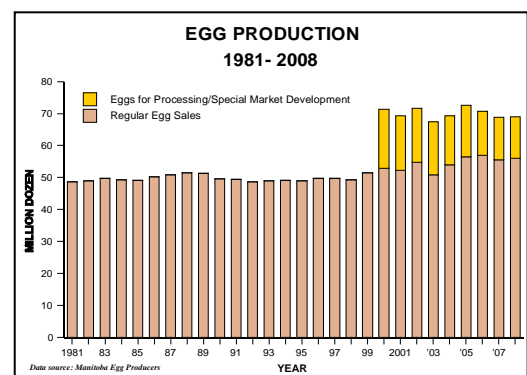
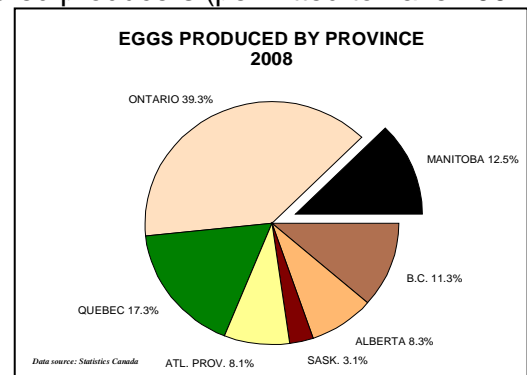
Manitoba produced about 10.7% of regular eggs sold in Canada in 2008 and 12.5% of all eggs produced.

Types of Eggs and Egg Products:

There are two egg markets in Manitoba, table or shell eggs and processed eggs. Some egg producers supply specialty eggs to offer consumers a greater choice. These eggs may be slightly different in nutrient value than regular eggs or they may come from hens housed or fed in a special way. The different types include Omega-3 enhanced eggs, vitamin-enhanced eggs, organic eggs, vegetarian eggs, free-run eggs and free-range eggs. Processed product includes processed eggs, liquid egg products, liquid albumen, low fat, yolk-replaced egg product, dried whole eggs and dried albumen

Grading:

Eggs are graded in federally-registered egg grading stations to ensure they are handled and packed in a sanitary environment. Regulations in place to protect



consumers require that eggs from federally-registered egg grading stations that are graded as Canada A (consumer grade eggs) must be clean and free of leaks, cracks or other defects that could present food safety problems. In grading eggs, the factors of interior quality, weight, cleanliness and shell construction are considered. These factors are related to safety, wholesomeness and quality. At the grading station, eggs are received, washed, candled, weighed and packed into containers with the applicable federal grade name.

The two commercial grading stations and 26 registered farmer graders in the province graded 54.52 million dozen eggs in 2008. About 70% of all graded eggs were A Large, X-Large and Jumbo. Registered producers marketed about 1.44 million dozen eggs privately. Eggs produced under special market development (SMD) quota totalled 11.84 million dozen and there were 1.15 million dozen eggs produced under the Eggs for Processing (EFP) program in 2008. These eggs were valued at about \$8 million. Of total Manitoba egg sales (excluding hatching eggs), 25.10 million dozen of regular egg sales and 12.99 million dozen of the eggs sold under EFP and SMD went to local processors and 0.16 million dozen to processors in the rest of Canada. About 30.86 million dozen were retailed as table eggs to consumers in Manitoba and other provinces. When needed, eggs are brought into Manitoba from other provinces for use by local processors.

Sales:

Manitoba regular egg sales (registered and non-registered graded production and private sales) rose by 0.7% from 55.56 million dozen in 2007 to 55.96 million dozen in 2008.

Total Manitoba farm sales of eggs for consumption increased slightly to 69.0 million dozen in 2008 at a value of \$85.4 million.

Prices

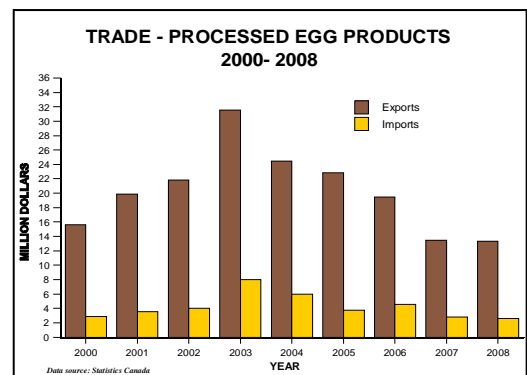
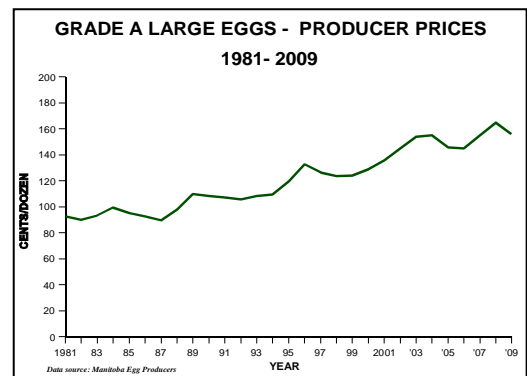
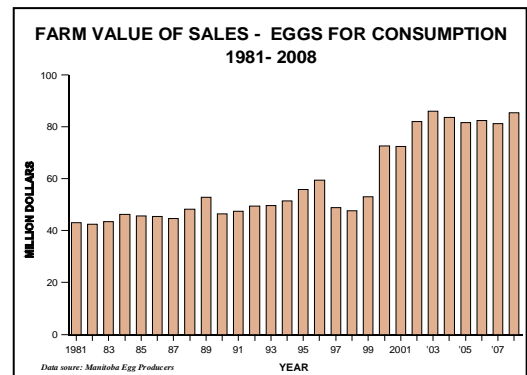
The prices Manitoba producers receive for their eggs are determined in part by a formula based on the average cost of production over a given time period. Due to increasing farm costs, annual average Grade A large egg prices were 10 cents/dozen higher in 2008 than 2007. Average farm prices rose by 13.1% from \$1.46/dozen in 2005 to \$1.65/dozen in 2008. For the same years for Grade A eggs, consumers paid an average of \$1.86/dozen and \$2.06/dozen respectively.

Processing:

Inovatech Egg Products Inc., the largest egg processor in Canada, and other major Manitoba egg processors, Burnbrae Farms Ltd. and Trilogy Egg Products, Inc., develop and produce numerous innovative, value-added products from egg white, yolk and shell for the food and pharmaceutical industries.

Processed Egg Product Trade:

Manitoba's egg processors exported egg products valued at about \$13.30 million in 2008, close to the value of exports a year earlier, but 57.9% below the record 2003 level. More than half of exported egg product goes to



Japan. About \$2.63 million of processed egg products, mostly egg albumin and yolks, were imported from the United States in 2008, down slightly from 2007, but only one-third of the level in 2003.

BROILER CHICKENS

Industry composition:

The industry includes broiler chicken hatchery-supply breeding flocks, registered hatcheries, registered and non-registered broiler chicken production operations, feed production, slaughter and processing plants and further processors.

Regulatory system and quota allocation:

The quota system is used to allocate production of Canadian hatching eggs and broiler chickens to each province. The Canadian Chicken Marketing Agency (CCMA), or Chicken Farmers of Canada (CFC) as it is now known, was established in 1978 to determine annual production levels of meat chicken in Canada. CFC, processors, further processors and members of the restaurant trade from across the country meet every eight weeks to determine anticipated market requirements and set production levels accordingly. Hatching egg and broiler chicken production in Manitoba is regulated by Manitoba Chicken Producers (MCP), which is a farmer-run organization established in 1968, whose main responsibility is to ensure that Manitoba farmers produce sufficient hatching eggs and meat chickens to meet the needs of the marketplace. Farmers require a quota for hatching egg and meat chicken production. MCP allocates quota (which has no value), sets production levels and monitors production on each farm. Currently, the only way to obtain quota in Manitoba is to buy a farm with existing quota, participate in a retirement quota exchange, or apply for quota through a future expansion program. Any non-registered chicken production marketed through a federally or provincially-inspected plant is limited to 999 birds per producer, per facility, annually.

Due to the national nature of many chicken contracts with both retailers and national or regional restaurant chains, there are limited differential growth opportunities for Manitoba. Most growth continues to be accessed via national allocation increases. There is potential for growth to supply export markets.

Farm Location:

Although the majority of broiler chicken farms are located in the south-eastern corner of the province near Winnipeg, production also occurs near other urban centres. Over 28% of all farms with broiler chickens (registered and unregistered) are in the Eastern region, 23.5% in the Central region, 22.5% in the Southwest Region, 13.5% in the Northwest and 12.5% in the Interlake.

Production:

Hatchery supply breeders: There are 24 Manitoba hatchery supply breeder operations responsible for breeding hens to produce fertilized eggs, which are sent to the four hatcheries in the province. The breeder operations had 34 flocks with a total 205,800 hens in 2008. The average size for a breeder farm is 8,500 hens producing 1.4 million eggs annually. The smallest farm produces about 0.5 million eggs every year and the largest produces 3 million eggs.

Broiler hatching eggs: In 2008, the Manitoba hatcheries set 39.2 million hatching eggs, of which 33.0 million eggs came from local hatchery supply breeding flocks and 6.2 million eggs from other provinces and the United States. The imported eggs were down by 5.3% from the year before. The average hatchability of Manitoba broiler hatching eggs was 78.8% in 2008. Imported egg hatchability was 79.3%. Hatching egg producer payments are based on the number of saleable chicks. Producers received 43.9 cents for every saleable chick in 2008, up from 40.2 cents in 2007.

Broiler chickens: Chickens are raised indoors where they are protected from the weather and predators and where they have the freedom to move, eat and drink at will.

Manitoba produced 4.2% of all broiler chicken meat sold in Canada in 2008, a share larger than that of the province's population, which was only 3.6% of the national total. Most chickens are ready to market when they weigh 1.6-2.3 kg., which takes 31-38 days. This weight of chicken is called a "broiler". Approximately 99.5% of chicken produced in Manitoba falls into the broiler weight category.

There were 119 registered broiler chicken producers in Manitoba in 2008, which produced 29.3 million birds. In addition, there were about 0.2 million broiler chickens on more than 500 other farms in the province, most of which were destined for on-farm consumption. The average farm in 2008 produced about 50,000 kg of chicken every seven weeks. The largest farm produces over 610,000 kg of chicken every seven weeks, while the smallest farm produces 30,000 kg.

Sales:

Sales of registered broiler chickens totalled 29.46 million in 2008, slightly below the 2007 level. There was also non-registered production of 100,000 chickens, most of which were roasters (over 2.6 kilograms live weight). Most of the non-registered chickens are slaughtered on a custom-kill basis.

Total Manitoba broiler chicken sales were valued at close to \$82.1 million in 2008, up by 12.5% from 2007 and 34.4% higher than in 2002.

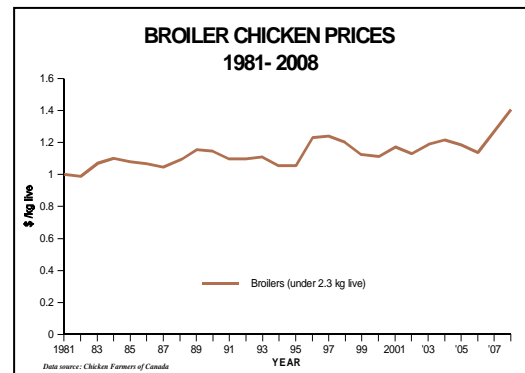
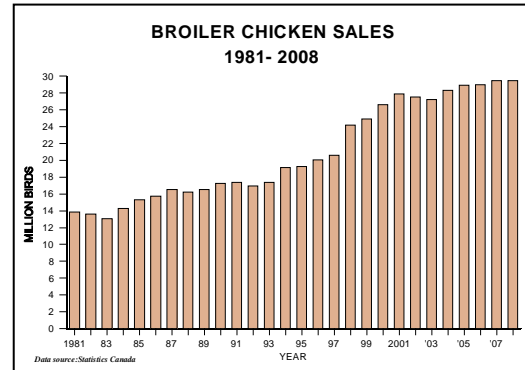
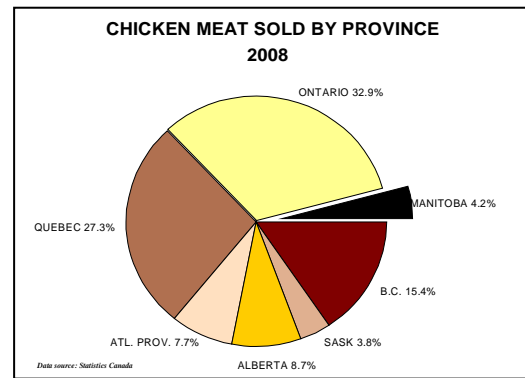
Prices:

The prices Manitoba producers receive for their broiler chickens are determined in part by a formula based on the average cost of production over a given time period. Due to increasing farm costs, the annual average producer price for a broiler (1.6-2.3 kg live) rose by 10.6% from \$1.27/kg in 2007 to \$1.405/kg in 2008. Prices in 2008 were 23.7% above those in 2006.

Manitoba broiler chicken producers have a competitive advantage over many other areas in Canada.

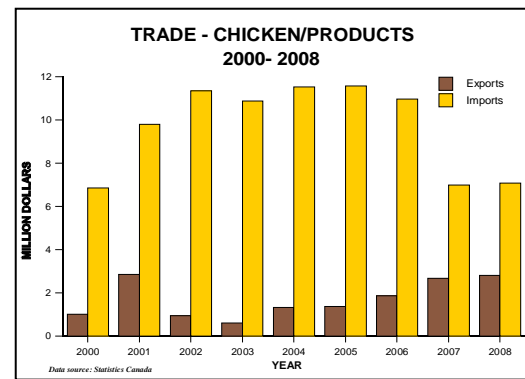
Processing:

There were two major plants in Manitoba, which slaughtered and processed the majority of the registered chickens marketed in the province in 2008, Granny's Poultry Co-operative (Man) Ltd. and Dunn-Rite Food Products, Ltd., as well as one secondary processor, Prairie Produce, Inc. The 43.6 million kg of eviscerated chicken processed in 2008 was slightly higher than in 2007, but up by 12.4% from the 2002 level.



Trade:

Inter-provincial trade in chicken involves the sale of whole chickens, chicken parts and "canners". About 1.90 million kg of chicken and chicken products, valued at \$7.07 million, were imported directly into Manitoba from the United States in 2008. Manitoba exported 2.78 million kg of chicken and chicken products valued at \$2.80 million in 2008, up slightly from 2007, but almost double the quantity exported in 2002.



TURKEYS

Industry composition:

The industry includes registered turkey hatchery-supply breeding flocks, hatcheries, registered and non-registered turkey production operations, feed production, slaughter and processing plants and further processors.

Regulatory system and quota allocation:

The quota system is used to allocate production of Canadian turkey to each province. The Canadian Turkey Marketing Agency (CTMA), established in 1973, now known as Turkey Farmers of Canada (TFC), in consultation with the Turkey Market Advisory Committee establishes annual quotas six to nine months ahead of the production year. Manitoba Turkey Producers (MTP) is responsible for dividing Manitoba's share of the national quota among the province's registered commercial turkey farms. The market allotment is allocated to producers for the marketing year by category and period. Each period is four months. The producer allotments are sometimes adjusted if the amount of turkey in storage changes. At all times, a province must stay within the provincial allocation from TFC. Manitoba's share of national production was almost 7% in 2008. In Manitoba, quotas belong to MTP and there is no value for quota. Anyone can buy a turkey farm and moveable buildings and equipment. Quota sold on the Retirement and Basic Allotment Reallocation Program (Quota Exchange) is made available to all registered producers on an equal share basis.

The maximum allotment for an individual producer is 600,000 kg per year and the minimum basic allotment is 60,000 kg per year. Any non-registered producer can market up to 99 turkeys per year. Over-production by a registered producer is subtracted from the following year's market allotment and the producer is charged a penalty levy for each kilogram over their market allotment.

Manitoba producers are allowed to produce turkey over quota if that processed product is exported. For exported turkey meat, MTP receives export re-grow credits for the eviscerated product sold. Manitoba typically produces an additional 10% over its total provincial turkey quota for export sales. Domestic turkey consumption has been relatively stable for the past twenty years at 4-5 kg per person, but as turkey is a nutritious alternative to other meats, there is also potential to increase domestic consumption. The winter tom bonus program provides much-needed tom turkeys during the winter months.

Farm Location:

A major portion of turkey production occurs in south-eastern Manitoba with large concentrations along the Trans-Canada highway to Portage la Prairie and south of Teulon up to Riverton and Arborg.

Production:

Turkeys are raised year-round in Manitoba with a commercial farm producing an average of over 10,000 turkeys three times a year. Commercial turkey and hatchery supply breeder farms are primarily family owned and operated. Smaller producers tend to market one flock per year, but no more than two flocks per year. Medium producers tend to market 2-3 flocks per year. Larger producers market 3-5 flocks per year and in all three periods.

Hatchery supply breeders: There are eight turkey hatchery supply breeder operations responsible for breeding hens to produce fertilized eggs, which are sent to the only hatchery in the province. The breeder farms had ten flocks with a total 85,100 hens in 2008 and supplied 6.3 million eggs to the hatchery.

Hatchery: At the hatchery, the eggs are hatched into viable baby poults, which, at a day-old, are shipped to commercial turkey farms. The hatchery set 9.8 million eggs in 2008 and hatched and sold 7.4 million poults. Of these, 2.2 million poults were placed on Manitoba turkey farms, the remainder being sold to other provinces or exported. Manitoba imported about 2.15 million hatching eggs from other provinces and 1.35 million hatching eggs from the United States in 2008.

Commercial producers: On arrival at the turkey farms, the poults are placed and raised in specially designed, environmentally-controlled barns that provide protection from predators, disease and bad weather. Manitoba turkeys are not kept in cages and are free to roam on floors that are covered with bedding. Some turkeys are grown in semi-controlled housing or on range. The period from the poults arrival in the barns until five to six weeks of age is called brooding. The growing cycle is the period the birds take to reach their desired market weight, which is 11-12 weeks of age (broilers), 13-15 weeks (hens) and 16-18 weeks of age (toms), at which time they are transported to the processor. The efficiency of turkey production in Manitoba has greatly improved over the past twenty years.

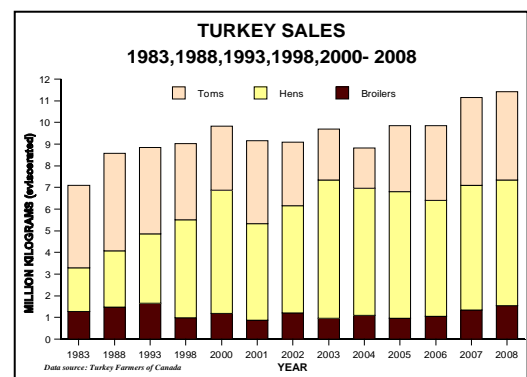
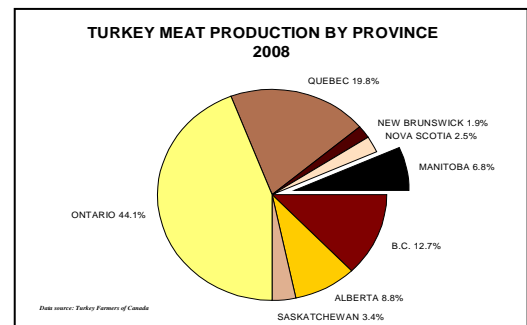
In 2008, 52 registered commercial turkey operations and over 100 non-registered turkey producers produced about 1.65 million birds, an increase of 2.4% from the previous year and about one-fourteenth of total Canadian production.

Manitoba has one of the lowest costs of production figures for turkey in Canada.

Sales:

Hens are usually grown for the whole bird market, while toms are mostly grown for the further processed market with some sold as whole birds.

Turkey sales in 2008 totalled 1.64 million birds, producing 12.2 million kg (eviscerated weight) of turkey meat. Sales increased by 2.4% from 2007 due to more broilers and light toms being marketed. Of the turkeys sold in 2008, 12.8% were broilers (<6.2 kg live weight), 28.6% were light hens (6.2-8.5 kg), 19.0% were heavy hens (8.5-10.8 kg), 15.8% were light toms (10.8-13.3 kg), 17.7% were heavy toms (13.3+ kg) and 6.2% were mature breeder turkeys.



Total farm cash receipts from turkey production in 2008 totalled to \$25.6 million, up by 15.3% from the previous year and almost 48% higher than in 2004.

Prices:

The prices Manitoba producers receive for their turkeys are determined in part by a formula based on the average cost of production over a given time period. Due to increasing farm costs, the annual average producer price for broiler turkeys (<6.2 kg live) rose from \$1.63/kg in 2007 to almost \$1.83/kg in 2008. Prices in 2008 were 22.0% above those in 2006. Light tom prices went up by 12.0% from over \$1.62/kg in 2007 to almost \$1.81/kg in 2008.

Processing:

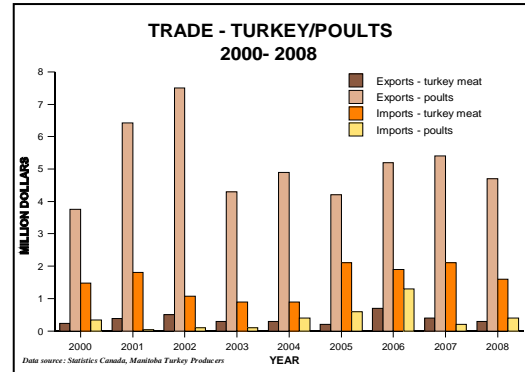
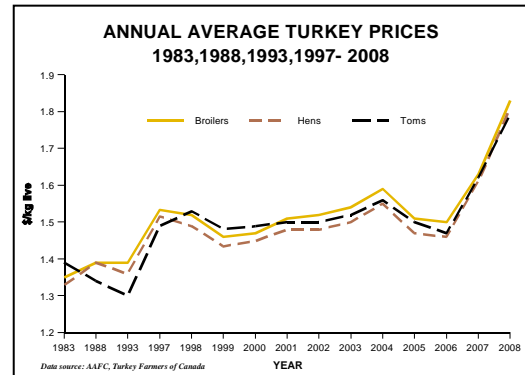
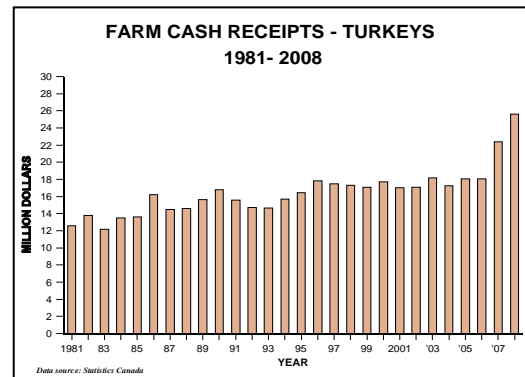
Manitoba had one turkey slaughter and processing plant in 2008, Granny's Poultry Co-operative, Ltd., which slaughtered all registered birds marketed in the province. There was also one main secondary processor of turkey meat in 2008, Prairie Produce Inc.

Over 12.2 million kg of fresh and frozen turkey and turkey products were produced in 2008, 2.3% more than in 2007 and 28.2% above the 2004 level.

Trade:

Manitoba is involved in active trade in hatching eggs, poults and turkey meat. The trade in hatching eggs and poults is with the United States, Saskatchewan, Ontario, Quebec, British Columbia and Alberta. In 2008, there were 0.27 million Manitoba hatching eggs and 2.28 million poults sold to other provinces, while 1.34 million eggs and 0.024 million poults were brought into Manitoba from other provinces.

Almost 0.57 million kg of turkey meat and processed products, valued at \$1.6 million, were imported from the United States in 2008. Manitoba exported 0.62 million kg of turkey meat valued at \$0.3 million to various countries, in addition to exporting 2.9 million poults valued at \$4.7 million to the United States. Manitoba imported 1.35 million hatching eggs as well as 0.4 million poults, valued at \$0.38 million, from the United States in 2008.



MANITOBA DAIRY INDUSTRY STATISTICS

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
NUMBER OF DAIRY FARMS:	583	555	530	495	455	425	408
Milk shippers	577	550	526	492	454	425	408
Cream shippers	6	5	4	3	1	0	0
DAIRY CATTLE ON FARMS ('000) JAN 1:							
All milk cows	42.0	40.5	42.0	44.0	45.0	44.5	44.0
% of Canada	3.9	3.8	4.0	4.2	4.4	4.5	4.5
Cows in supply management		34.5					
Dairy replacement heifers > 1 yr	18.5	18.0	20.0	18.0	19.0	18.5	19.5
EST. PRICE OF MILK (Class 1 \$/hl):	71.2	70.8	72.5	72.5	72.3	78.8	85.9
FARM SALES-MILK/CREAM (000 kl):	286.3	289.4	300.5	302.6	303.6	298.5	322.6
Fluid use	110.8		114.5	115.1	117.3	120.0	123.9
Industrial use:	175.5		186.0	187.5	186.3	178.5	198.8
FARM CASH RECEIPTS (\$ million):	163.9	174.4	178.8	184.0	188.8	203.1	226.0
% of Canada	4.3	4.9	4.6	4.8	5.1	4.7	4.8
DAIRY PRODUCT PROCESSING:							
Fluid milk plants (No.)	3	3	3	3	3	3	3
Industrial milk plants (No.)	12						9
Milk transporters (No.)	14						13
COMMERCIAL SALES ('000 kl):							
Fluid Milk:	94.7		95.4	94.1	99.3	90.9	85.1
Standard milk			11.4	11.0	11.5	10.8	9.7
2% milk:			41.2	40.2	42.3	39.4	36.3
1% milk			28.9	28.4	30.8	27.2	26.4
Skim milk			13.9	14.5	14.7	13.5	12.7
Cereal and whipping cream	3.8		4.4	5.3	4.1	4.0	3.8
PROCESSED DAIRY PRODUCTS:							
Ice-cream ('000 kl)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Butter ('000 tonnes)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cheddar cheese ('000 tonnes)	5.9	6.9	6.6	4.2	2.3	0.5	0.0
Specialty cheese ('000 tonnes)	8.1	7.5	8.5	7.7	10.2	13.7	12.7
CONSUMER PRICE 4L 2% MILK (\$):			3.29	3.44	3.48	3.60	3.90
EXPORTS OF DAIRY PROD. - tonnes	2,306	1,102	536	1,316	1,833	680	287
- \$ million	5.4	2.8	1.9	3.5	3.7	1.7	0.6
IMPORTS OF DAIRY PROD. - tonnes	10,486	10,660	11,715	11,487	11,498	16,964	9,543
- \$ million	12.6	11.7	14.8	11.1	11.1	13.3	10.2
MANITOBA ANNUAL PER CAPITA CONSUMPTION:							
All dairy prod (milk solid equiv, kg)	23.45	23.21	23.51	23.30	23.35	23.45	23.10
Fluid milk and cream (litres)	85.17	84.47	85.19	84.71	87.86	79.85	76.90

MANITOBA EGG INDUSTRY STATISTICS

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
HATCHERY SUPPLY BREED. STOCK:								
Flocks	8	14	12	17	12	15	10	
Hens ('000)	99	124	104	141	95	148	92	
PROVINCIAL HATCHERIES:								
	3	3	3	3	2	2	2	
Eggs set (million)	18.1	18.8	19.2	13.6	11.2	10.1	9.3	
Manitoba eggs set or sold (million)	18.0	16.8	20.0	13.5	11.3	10.4	9.6	
All chicks hatched (million)	14.4	14.4	14.9	10.7	8.9	7.5	7.0	
MB chicks hatched/sold (million)	6.9	7.1	7.3	5.1	4.3	3.5	3.3	
Pullet chicks placed in MB (million)	3.1	3.5	3.1	2.9	2.5	2.4	2.4	
PULLET GROWING OPERATIONS:								
Commercial	15	14	13	12	12	11	12	
Other	78	77	78	75	76	75	75	
Pullets sold (million)	3.1	3.5	3.1	2.9	2.5	2.4	2.4	
EGG PRODUCTION OPERATIONS:								
	172	166	164	163	160	159	158	
LAYERS ON FARMS - JULY 1 ('000):								
Hens (incl. unregistered)	3,158	3,092	3,052	3,086	3,011	2,980	2,987	2,850
% of Canada	12.2	12.0	12.4	12.0	11.7	11.5	11.5	
Hens (quota - regular)	2,199	2,159	2,155	2,168	2,193	2,220	2,221	
Hens (for special market dev. eggs)	500	500	500	500	500	500	500	
Hens (for processing eggs)	258	202	152	153	92	52	52	
FARM SALES OF EGGS FOR CONSUMPTION:								
Egg sales (million dozen)	71.7	67.4	69.3	72.7	70.7	68.8	69.0	
Value of eggs (\$ million):	82.1	86.1	83.7	81.6	82.4	81.3	85.4	
AVERAGE GRADE A LARGE EGG PRICE (\$/dozen):								
Producer	1.45	1.54	1.55	1.46	1.49	1.55	1.65	1.56
Consumer	1.63	1.74	1.81	1.86	1.88	1.95	2.06	1.97
REGULAR EGG SALES (million dozen)								
	54.75	50.78	54.03	56.50	56.90	55.56	55.96	
% of Canada	11.1	10.9	11.2	10.9	11.0	10.6	10.7	
Graded eggs - regist. producers	50.36	50.78	49.39	52.36	53.18	52.89	53.72	
Graded eggs - non-reg. producers	1.32	0.99	0.79	1.60	1.40	0.83	0.80	
Private sales	3.07	2.54	3.85	2.54	2.32	1.84	1.44	
EGG GRADING ('000):								
No. of Commercial Grading Stations	3	3	2	2	2	2	2	2
No. of Farmer Graders	33	29	28	28	26	26	26	25
DISPOSITION OF PROCESSED EGGS (million dozen):								
Eggs for Proc./special market dev.	16.90	16.58	15.31	16.16	13.80	13.23	12.99	
Industrial Product Program	26.03	25.74	22.21	26.33	25.90	23.54	25.10	
EXPORTS OF EGGS/EGG PRODUCTS:								
Value of shell eggs- table (\$ million)	0.000	0.000	0.000	0.001	0.006	0.002	0.000	
Value of egg products (\$ million)	21.80	31.56	24.44	22.85	19.45	13.47	13.30	
IMPORTS OF EGGS/EGG PRODUCTS:								
Value of shell eggs- table (\$ million)	1.40	1.19	0.40	0.36	0.46	1.16	0.57	
Value of egg products (\$ million)	4.04	8.02	5.98	3.74	4.59	2.82	2.63	
CDN. PER CAPITA CONSUMPTION:								
Eggs (incl. prod) (doz fresh equiv)	15.4	15.5	15.0	15.3	15.4	14.6	14.6	

MANITOBA BROILER CHICKEN INDUSTRY STATISTICS

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
REG. BR. HATCHING EGG FARMS:	29	29	29	29	26	26	24
HATCHERY SUPPLY BREEDING STOCK:							
Flocks	39	39	39	43	41	43	34
Hens ('000)	218.0	209.1	203.9	233.3	223.0	228.3	205.8
Eggs produced (million)	30.6	28.9	31.2	31.8	32.5	32.3	33.0
PROVINCIAL HATCHERIES (NO):	5	5	5	5	5	5	4
Total eggs set (million)	37.0	35.7	38.6	38.0	38.0	38.5	39.2
Total Manitoba eggs set (million)	30.7	28.9	31.2	32.4	32.5	32.2	32.8
Chicks hatched , sold (million)	29.7	29.6	31.2	30.9	30.3	31.2	30.9
Chicks placed in MB (million)	29.3	29.1	30.4	30.2	29.3	30.1	29.6
BROILER CHICK PRICES (c/chick):	38.0	38.0	38.3	39.2	38.5	40.2	43.9
REG. BROILER CHICKEN FARMS:	124	119	118	118	117	119	119
TOTAL BROILER PRODUCTION:							
Number of birds (000)	28,641	27,567	28,303	28,931	28,794	29,342	29,336
TOTAL CHICKEN SALES:							
Broilers and roasters (000)	28,592	27,522	28,456	29,082	28,961	29,477	29,459
% of Canada	4.6	4.5	4.6	4.6	4.7	4.6	4.6
BROILER CHICKEN PRICES (\$ /kg):							
Broilers (1.6-2.3 kg live)	1.130	1.187	1.214	1.184	1.136	1.270	1.435
FARM CASH RECEIPTS (\$ million):							
Broilers and roasters	61.1	64.0	67.1	66.7	64.2	73.0	82.1
% of Canada	4.2	4.2	4.2	4.1	4.1	4.2	4.1
Hatching eggs	11.5	9.0	11.1	9.1	10.7	11.3	10.4
CHICKEN PROCESSING ('000):							
Number of Slaughter Plants	2	3	3	3	3	3	4
Chicken Processed (million kg ev)	38.8	38.7	40.5	41.2	41.9	43.1	43.6
EXPORTS OF CHICKEN/PRODUCT:							
Quantity (tonnes)	1,437	834	1,512	1,588	2,973	2,729	2,776
Value (\$'000)	926	605	1,319	1,371	1,849	2,656	2,798
IMPORTS OF CHICKEN/PRODUCT:							
Quantity (tonnes)	2,696	3,192	2,561	3,017	3,171	2,062	1,902
Value (\$'000)	11,354	10,867	11,533	11,577	10,957	6,988	7,072
CDN. PER CAPITA CONSUMPTION:							
Chicken (eviscerated kg)	30.7	30.7	31.1	31.4	31.7	31.7	31.7

MANITOBA TURKEY INDUSTRY STATISTICS

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
REG'D. TURKEY BREEDER FARMS:	8	8	8	8	8	8	8
HATCHERY SUPPLY BREEDING STOCK:							
Flocks (No.)	8	9	9	11	9	9	10
Hens ('000)	82.6	69.6	66.8	77.4	72.0	68.2	85.1
PROVINCIAL HATCHERIES:	1	1	1	1	1	1	1
Eggs set (million)	9.2	7.6	8.5	7.5	9.3	8.9	9.8
MB eggs set and sold (million)	7.2	7.6	9.0	7.4	7.4	8.3	6.3
Poults hatched and sold (million)	7.1	5.6	6.5	5.9	7.1	7.9	7.4
Poults placed in Manitoba (million)	1.7	1.7	1.7	1.8	1.8	2.1	2.2
REG'D. COMM. TURKEY FARMS:	58	58	58	57	56	55	52
TURKEY SALES (million birds)	1.37	1.48	1.37	1.43	1.41	1.60	1.64
% of Canada	7.0	7.5	7.0	7.0	6.7	7.4	7.2
TURKEY PRICES (live grade A \$/kg):							
Broilers (under 6.2 kg)	1.52	1.54	1.59	1.51	1.50	1.63	1.83
Light hens (6.2-8.5 kg)	1.48	1.50	1.55	1.47	1.46	1.61	1.81
Heavy hens (8.5-10.8 kg)	1.50	1.52	1.57	1.48	1.47	1.61	1.81
Light toms (10.8-13.3 kg)	1.50	1.51	1.56	1.50	1.47	1.62	1.81
Heavy toms ungraded (> 13.3 kg)	1.48	1.49	1.54	1.47	1.44	1.59	1.78
FARM CASH RECEIPTS (\$ million):	17.1	18.2	17.3	18.1	18.0	22.2	25.6
TURKEY PROCESSING:							
Number of processing plants	2	2	2	2	2	2	2
Turkey processed (million kg evis.)	9.8	10.4	9.5	10.5	10.6	11.9	12.2
% of Canada	6.7	7.0	6.6	6.8	6.5	7.1	6.8
TURKEY PROCESSED (million kg eviscerated):							
Broilers (under 5 kg)	1.2	1.0	1.1	1.0	1.0	1.3	1.6
Light hens (5-7 kg)	2.9	4.2	3.5	3.8	3.2	3.9	3.5
Heavy hens (7-9 kg)	2.1	2.2	2.4	2.1	2.2	1.9	2.3
Light toms (9-11 kg)	2.2	1.9	1.5	2.1	1.6	1.8	1.9
Heavy toms (> 11 kg)	0.7	0.4	0.3	1.0	1.8	2.2	2.2
Mature breeder turkeys	0.6	0.7	0.7	0.7	0.8	0.7	0.8
EXPORTS OF TURKEY MEAT/PRODUCTS:							
Turkey meat (tonnes)	951	404	590	403	1,267	823	622
Turkey meat (\$ million)	0.5	0.3	0.3	0.2	0.7	0.4	0.3
Poults (million)	3.1	2.1	2.8	2.4	3.1	3.5	2.9
Poults (\$ million)	7.5	4.3	4.9	4.2	5.2	5.4	4.7
IMPORTS OF TURKEY MEAT/PRODUCTS:							
Turkey meat (tonnes) (from U.S.)	227	270	221	739	759	815	573
Turkey meat (\$ million)	1.1	0.9	0.9	2.1	1.9	2.1	1.6
Poults (million)	0.1	0.2	0.5	0.8	0.5	0.3	0.4
Poults (\$ million)	0.1	0.1	0.4	0.6	1.3	0.2	0.4
CANADIAN. PER CAPITA CONSUMPTION:							
Turkey (eviscerated kg)	4.1	4.2	4.4	4.5	4.4	4.5	4.7

