



MANITOBA SUPPLY-MANAGED COMMODITIES 2010

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 Farmers
Manitoba Turkey Farmers
Statistics Canada
Turkey Farmers of Canada
United States Department of Commerce*

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MANITOBA'S SUPPLY-MANAGED COMMODITIES, 2010

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

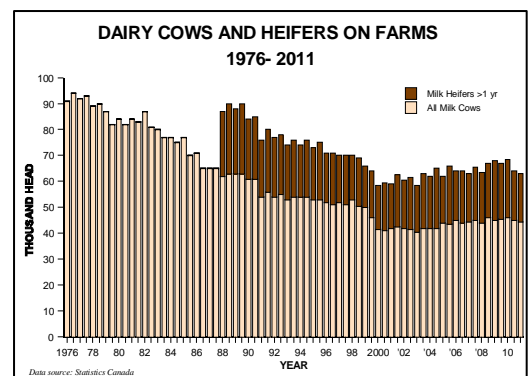
From August 1, 1995, there was a system in place (Special Classes) whereby processors, who wanted to access export markets for various types of cheese and other dairy products, were able to obtain permits to purchase milk at competitive prices to enable them to compete on the world market. In early 2003, 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, almost one-third in the Central Region, 15% in the Interlake, 15% in the Southwest Region and 4% in the Northwest.

Production:

Manitoba has Canada's fifth largest dairy cow herd with 4.5% of the nation's dairy cows and heifers and 0.4% of total North American dairy cows in 2010. 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 been between 500-1,000 head above or below that level ever since. The herd on January 1, 2011 numbered 44,500 cows. The actual number of dairy cows producing milk within the supply management (quota) system was approximately 33,250 head on January 1, 2010. The number of commercial milk and cream shippers has declined from 583 in 2002 to 355 in 2010. They sold 310.5 million litres of milk and cream in 2010, 1.7% less 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 an average of 3.1 kl of milk and cream were sold per cow per year compared to 9.3 kl per cow in 2010.

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.

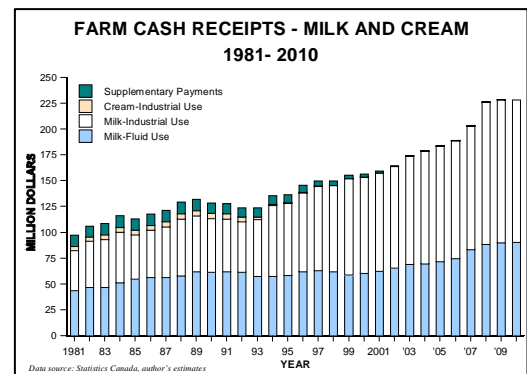
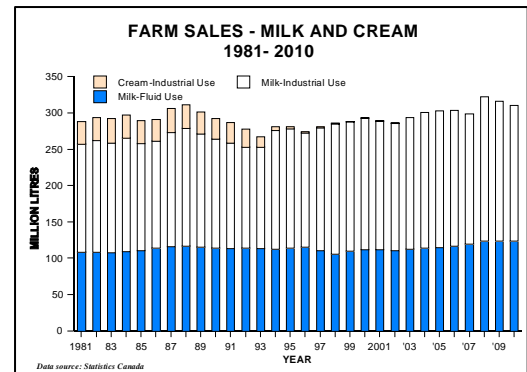
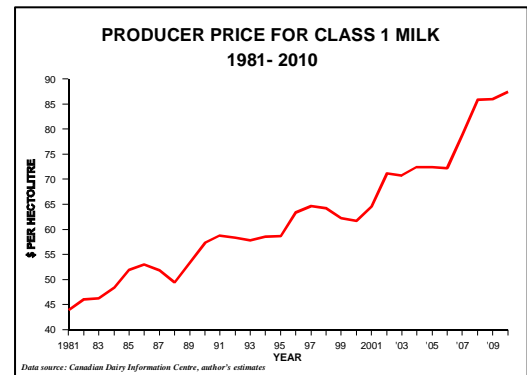
The producer price of Class 1 milk averaged about \$87.5/hl in 2010, up by 1.7% from \$86.0/hl in 2009 and almost 24% above the 2003 level.

Milk and Cream Sales:

Cash receipts from milk and cream sold by producers fell slightly from \$228.5 million in 2009 to \$228.1 million in 2010, 4.7% 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.



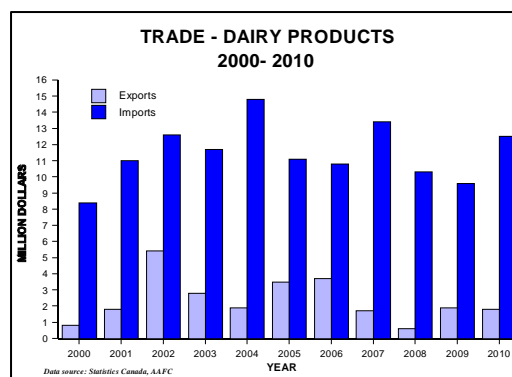
The fluid milk plants are *Lucerne Foods Ltd.* and *Parmalat Dairy and Bakery Inc.*, both in Winnipeg,

and *Dairyworld Foods* in Brandon. Manitoba has four cheese plants located in New Bothwell (*Bothwell Cheese Inc.*), in Grunthal (*Parmalat Canada Medo-Land Dairy Products*), in Winkler (*Saputo Dairy Products*, 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 Canada 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 2010, included fluid milk (88.9 MI), cream (3.8 MI), butter, ice-cream, specialty cheeses (approx.11 kilo tonnes) and frozen yogurt. In 2010, milk production was up by 10.2% from the 2009 level. Specialty cheese production in 2010 was down from 12.4 kt in 2009 and the record of 13.7 kt set in 2007, but was up by almost 50% from 2003. Although 6.9 kt of Cheddar cheese was produced in 2003, only small amounts were produced in 2007-2010.

Trade:

Milk and cream products, ice-cream, cheese, albumin, casein and whey, valued at \$12.5 million in 2010, 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 \$1.8 million in 2010. Traditionally, about one fifth of the butter produced in the province has been 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 Farmers (MEF), 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. MEF is responsible for allocating quota for table eggs to registered Manitoba producers. Quotas are not the property of an individual producer, but are owned by MEF. 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 single, non-registered, producer can have up to 99 laying hens without needing a laying hen quota or a designated small non-registered certificate.

MEF 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 MEF to enter into agreements with processors and allows Manitoba egg producers to expand their flocks above their quota to provide eggs to supply growing processed market requirements. In issuing EFP permits for processed eggs, MEF works with producers to meet the needs of processors and their customers.

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 320 eggs a year. Hens begin egg production at 19 weeks of age and continue to lay eggs for at least 52 weeks. Proper lighting, a well-balanced diet, fresh water, a clean environment and adherence to rigorous bio-security protocol are essential for hen health and production. A hen's diet consists of grains, protein, vitamins and plenty of fresh water. In Manitoba, laying hens are housed in a variety of different ways including conventional and enriched cages, free-run in a barn, and free-range with access to the outdoors (weather permitting). Eggs automatically roll out for collection and are gathered twice a day; in newer operations this process is highly automated. They are placed on trays, packed and refrigerated on the farm, ready for delivery to the grading station.

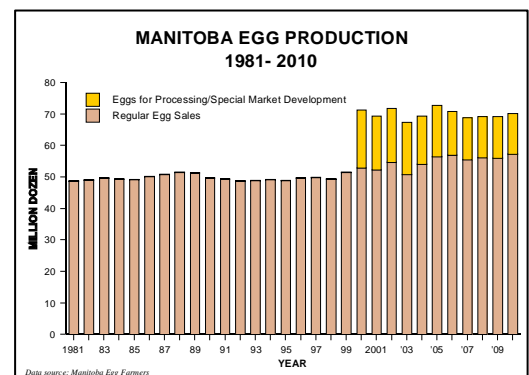
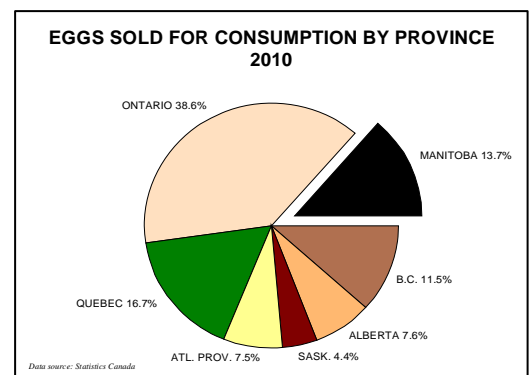
Eleven hatchery-supply breeding flocks with 110,560 hens supplied 10.3 million hatching eggs to the two Manitoba hatcheries and for export in 2010. Of these flocks, three with 26,500 hens shipped hatching eggs out of the country. The hatcheries set 10.2 million eggs and hatched 7.6 million chicks in 2010. About 2.5 million pullet chicks were placed in 10 commercial and 76 pullet-growing operations (also having layers) in Manitoba, while about 1.3 million chicks were sold out-of-province.

In 2010, the 159 registered egg producers in the province had almost 2.28 million layers producing under regular quota, 0.5 million layers under special market development quota and 0.07 million layers under Eggs for Processing quota. Fewer than 100 non-registered producers (permitted to have 100-499 layers) had a total of 94,000 layers.

Manitoba produced about 10.2% of regular eggs sold in Canada in 2010 and, according to *Statistics Canada*, 13.7% of eggs sold for consumption.

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:

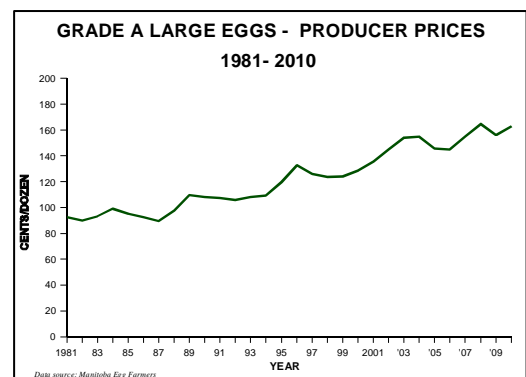
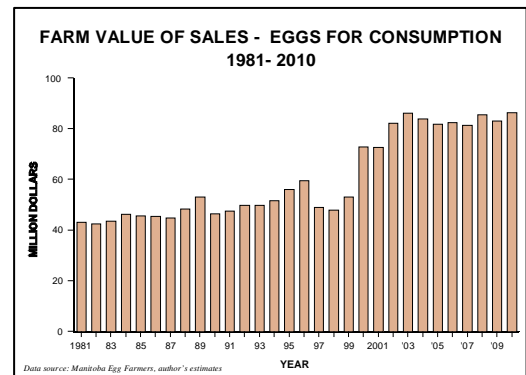
Eggs are graded in federally-registered and inspected egg grading stations to ensure they are handled and packed in a sanitary environment. Regulations in place to protect consumers require that eggs from federally-registered egg grading stations that are graded as Canada A (consumer grade eggs) must 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 25 registered farmer graders in the province graded 56.09 million dozen eggs in 2010. About 70% of all graded eggs are A Large, X-Large and Jumbo.

Sales:

According to *Manitoba Egg Farmers*, total Manitoba farm sales of eggs for consumption increased slightly to 70.14 million dozen in 2010 at a value of about \$86.2 million.

Manitoba regular egg sales (registered and non-registered graded production and private sales) rose by 2.4% from 55.94 million dozen in 2009 to 57.30 million dozen in 2010. About 32 million dozen were retailed as table eggs to consumers in Manitoba and other provinces. Registered producers marketed about 1.21 million dozen eggs privately. Eggs produced under special market development (SMD) quota and under the Eggs for Processing (EFP) program totalled 12.84 million dozen in 2010, down from 13.21 million dozen in 2009. These eggs were valued at about \$6 million. Of total Manitoba egg sales (excluding hatching eggs), 25.27 million dozen of regular egg sales and 12.84 million dozen of the eggs sold under EFP and SMD went to Manitoba processors, with a small number going to processors in the rest of Canada.



Prices

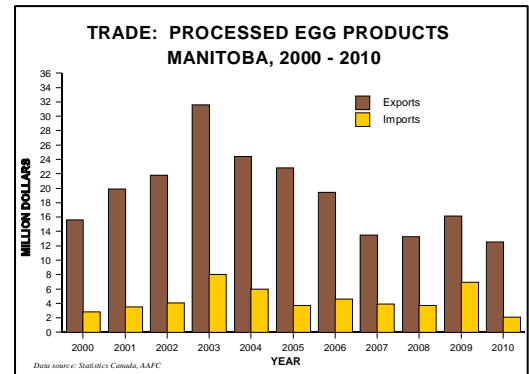
The prices Manitoba producers receive for their eggs are determined in part by a formula based on the average cost of production over a given time period. The annual average price for Grade A Large, X-Large or Jumbo eggs, at \$1.63/dozen in 2010, was \$0.07/dozen higher than in 2009.

Processing:

Inovatech Egg Products, a division of *Michael Foods Canada*, the largest egg processor in Canada, and Manitoba's other egg processor, *Burnbrae Farms Ltd.*, 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 \$12.55 million in 2010, down by 22.2% from the value of exports a year earlier and 60.2% below the record 2003 level. More than half of exported egg product goes to Japan. About \$2.10 million of processed egg products, mostly egg albumin, egg preparations and yolks, were imported in 2010, mainly from the United States, only 30.3% of the 2009 value and 26.2% of the value in 2003. Almost \$0.52 million of shell eggs for both table and processing use were imported in 2010, down from \$1.33 million in 2009.



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 40 flocks with a total 217,100 hens in 2010. The average size for a breeder farm is about 9,000 hens producing 1.3 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 2010, the Manitoba hatcheries set 41.1 million hatching eggs, of which 31.4 million eggs came from local hatchery supply breeding flocks and almost 9.7 million eggs from other provinces and the United States. The imported eggs were up by 7.2% from the year before. The average hatchability of Manitoba broiler hatching eggs was 80% in 2010. Imported egg hatchability was 80.9%. Hatching egg producer payments are based on the number of saleable chicks. Producers received 44.5 cents per saleable chick in 2010, down slightly from 44.8 cents in 2009.

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 2010, a share larger than that of the province's population, which was only 3.7% of the national total.

Most chickens are ready to market when they weigh between 1.6 and 2.3 kg, which takes 31-38 days. This weight of chicken is called a "broiler". Roughly 99.5% of chicken produced in Manitoba falls into the broiler weight category.

There were 118 registered broiler chicken producers in Manitoba in 2010. In addition, there were more than 500 other farms in the province, which produced chickens mostly for farm consumption. The average registered farm in 2010 produced almost 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.

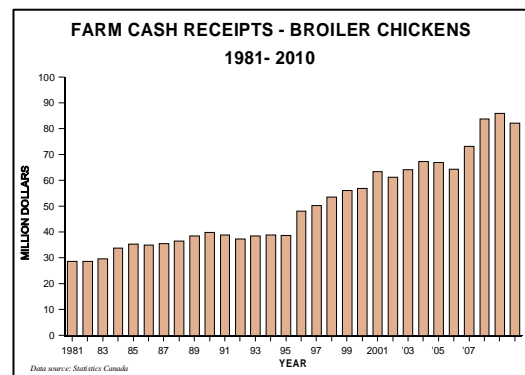
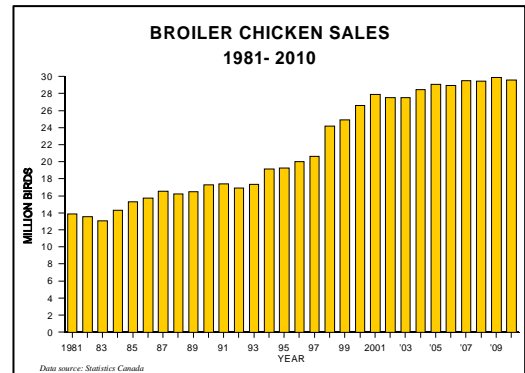
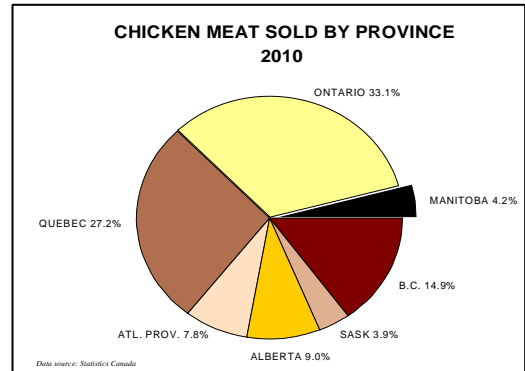
Sales:

Sales of registered broiler chickens totalled 29.50 million birds in 2010, slightly below the 2009 level. There was also non-registered production of about 80,000 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 chicken sales were valued at close to \$82.1 million in 2010, down by 4.4% from 2009, but 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 from \$1.27/kg in 2007 to \$1.405/kg in 2008 and \$1.44/kg in 2009, but fell to \$1.41/kg in 2010. Prices in 2010 were 23.7% above those in 2006. Manitoba broiler chicken producers have a competitive advantage over many other areas in Canada.



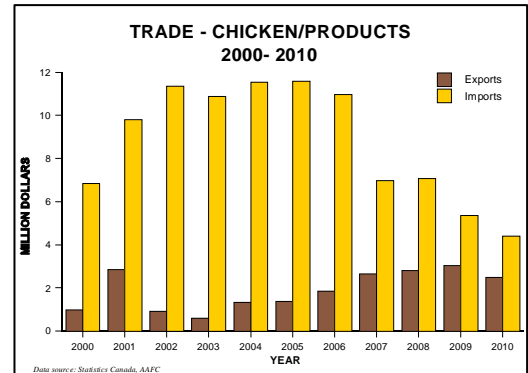
Processing:

There were two major plants in Manitoba, which slaughtered and processed the majority of the registered chickens marketed in the province in 2010, Granny's Poultry Co-operative (Manitoba) Ltd. and Dunn-Rite Food Products, Ltd., as well as one secondary processor, Prairie Produce, Inc. The 42.5 million kg of eviscerated chicken processed in 2010 was similar to the 2008 and 2009 level, but up by 9.8% from the 2003 level.

Trade:

Inter-provincial trade in chicken involves the sale of whole chickens, chicken parts and "canners". About 0.96 million kg of chicken and chicken products, valued at \$4.40 million, were imported directly into Manitoba from the United States in 2010.

Manitoba exported 2.58 million kg of chicken and chicken products valued at \$2.49 million in 2010, down by 15.0% from 2009 and three times the quantity exported in 2003.



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.

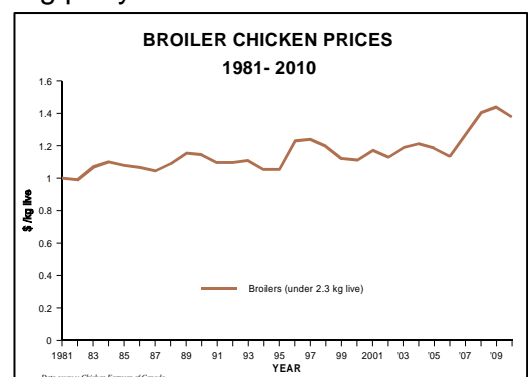
Regulatory system and quota allocation:

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 about 7% in 2010. 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 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.

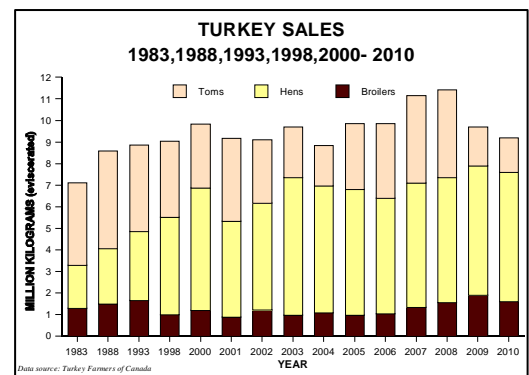
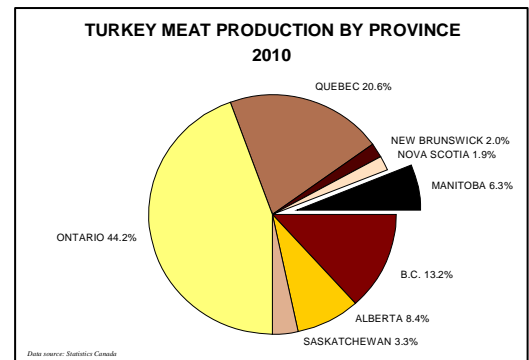
Hatchery supply breeders: There are eight turkey hatchery supply breeder operations responsible for breeding hens to produce fertilized eggs, which are sent to the only hatchery in the province. The breeder farms had eleven flocks with a total 82,000 hens in 2010 and supplied 6.4 million eggs to the 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 8.0 million eggs in 2010 and hatched and sold 7.2 million poults. Of these, 2.3 million poults were placed on Manitoba turkey farms, the remainder being sold to other provinces or exported. Manitoba imported net 0.9 million hatching eggs from other provinces and 0.7 million hatching eggs from the United States in 2010.

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 2010, 51 registered commercial turkey operations and over 100 non-registered turkey producers produced about 1.49 million birds, a decrease of 4.5% from the previous year and about 7% of total Canadian production.

Manitoba has one of the lowest costs of production 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 2010 totalled 1.49 million birds, producing 10.1 million kg (eviscerated weight) of turkey meat. Meat sales fell by 3.8% from 2009 partly due to fewer heavy hens being marketed.

Of the turkey meat processed in 2010, 15.8% were broilers (<5 kg evis.), 39.6% were light hens (5-7 kg evis.), 19.8% were heavy hens (7-9 kg evis.), 13.9% were light toms (9-11 kg evis.), 2.0% were heavy toms (11+ kg evis.) and 7.9% were mature breeder turkeys.

Total farm cash receipts from turkey production in 2010 totalled to \$19.8 million, down by 10.0% from the previous year, but 16.5% higher than the low level in 2001.

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 and in part by the pricing in other provinces. Due to increasing farm costs, the annual average producer price for broiler turkeys (<6.2 kg live) rose from \$1.82/kg in 2008 to \$1.83/kg in 2009, but decreased to \$1.74/kg in 2010 when costs fell. However, prices in 2010 were still 16.0% above those in 2006. Prices for hens (6.2-10.8 kg live) went up from \$1.61/kg in 2007 to \$1.81/kg in 2008 and 2009, but fell to \$1.72/kg in 2010. Light tom prices increased from \$1.62/kg in 2007 to \$1.81/kg in 2009, declining to \$1.71/kg in 2010.

Processing:

Manitoba had one turkey slaughter and processing plant in 2010, 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 2010, Prairie Produce Inc.

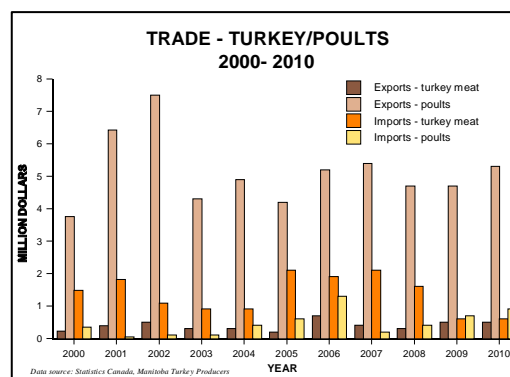
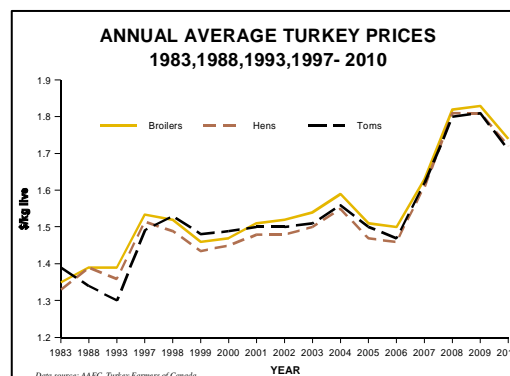
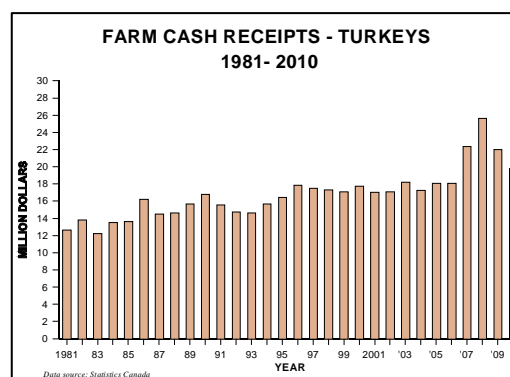
About 10.1 million kg of fresh and frozen turkey and turkey products were produced in 2010, 3.8% below the 2009 level, but 6.3% above the relatively low 2004 level.

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, Quebec, British Columbia and Alberta. In 2010, there were 1.03 million Manitoba hatching eggs and 2.15 million poults sold to other provinces, while 0.11 million eggs and 0.011 million poults were brought into Manitoba from other provinces.

Manitoba exported 0.30 million kg of turkey meat valued at \$0.5 million to various countries in addition to exporting 3.3 million poults valued at \$5.3 million to the United States.

In 2010, almost 0.17 million kg of turkey meat and processed products, valued at \$0.6 million, and 0.7 million poults, valued at \$0.9 million, were shipped from the United States to Manitoba.



MANITOBA DAIRY INDUSTRY STATISTICS

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
NUMBER OF DAIRY FARMS AUG 1:	555	530	495	455	425	410	388	355
Milk shippers	550	526	492	454	425	410	388	355
Cream shippers	5	4	3	1	0	0	0	0
DAIRY CATTLE ON FARMS ('000) JAN 1:								
All milk cows	40.5	42.0	44.0	45.0	44.5	44.0	45.0	46.0
% of Canada	3.8	4.0	4.2	4.4	4.5	4.5	4.6	4.7
Cows in supply management	34.5						33.8	33.3
Dairy replacement heifers > 1 yr	18.0	20.0	18.0	19.0	18.5	19.5	23.0	22.5
PRICE OF MILK (Class 1 \$/hl):	70.8	72.5	72.5	72.3	78.8	85.9	86.0	87.5
FARM SALES-MILK/CREAM (000 kl):	289.4	300.5	302.6	303.6	298.5	322.6	316.0	310.5
Fluid use		114.5	115.1	117.3	120.0	123.9	124.2	124.3
Industrial use:		186.0	187.5	186.3	178.5	198.8	191.8	186.3
FARM CASH RECEIPTS (\$ million):	174.4	178.8	184.0	188.8	203.1	226.0	228.5	228.1
% of Canada	4.9	4.6	4.8	5.1	4.7	4.8	4.2	4.2
DAIRY PRODUCT PROCESSING:								
Fluid milk plants (No.)	3	3	3	3	3	3	3	
Industrial milk plants (No.)						9	9	
Milk transporters (No.)						13	13	
COMMERCIAL SALES ('000 kl):								
Fluid Milk:		95.4	94.1	99.3	90.9	85.1	80.7	88.9
Standard milk		11.4	11.0	11.5	10.8	9.7	9.2	9.5
2% milk:		41.2	40.2	42.3	39.4	36.3	33.7	35.6
1% milk		28.9	28.4	30.8	27.2	26.4	26.0	31.4
Skim milk		13.9	14.5	14.7	13.5	12.7	11.8	12.4
Cereal and whipping cream		4.4	5.3	4.1	4.0	3.8	3.9	3.8
PROCESSED DAIRY PRODUCTS:								
Ice-cream ('000 kl)	N/A	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	N/A
Cheddar cheese ('000 tonnes)	6.9	6.6	4.2	2.3	0.5	0.0	0.0	0.0
Specialty cheese ('000 tonnes)	7.5	8.5	7.7	10.2	13.7	12.7	12.4	11.0 ^E
CONSUMER PRICE: 4 litre 2% milk (\$)		3.29	3.44	3.48	3.60	3.90	4.41	4.17
Cheddar cheese (\$/kg)				14.38	14.90	15.04	15.27	15.52
EXPORTS OF DAIRY PROD. - tonnes	1,102	536	1,317	1,833	685	287	907	579
- \$ million	2.8	1.9	3.5	3.7	1.7	0.6	1.9	1.8
IMPORTS OF DAIRY PROD. - tonnes	10,660	11,715	11,474	11,478	16,917	9,516	11,232	11,012
- \$ million	11.7	14.8	11.1	10.8	13.4	10.3	9.6	12.5
ANNUAL PER CAPITA CONSUMPTION:								
All dairy prod (milk solid equiv. kg)	23.21	23.51	23.35	23.29	23.43	22.84	22.18	24.91
Canada: Fluid milk (litres)	85.28	85.59	83.96	83.54	83.01	81.92	81.27	77.98
Cream (litres)	7.95	8.26	8.37	8.60	8.72	8.45	8.41	8.21
Manitoba: Fluid milk (litres) ^P	86	87	86	90	82	77	72	78
Cream (litres) ^P	5	5	6	5	5	4	4	4

MANITOBA EGG INDUSTRY STATISTICS

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
HATCHERY SUPPLY BREEDING STOCK:								
Flocks	14	12	17	12	15	10	13	11
Hens ('000)	124	104	141	95	148	92	114.5	110.6
PROVINCIAL HATCHERIES:								
	3	3	3	2	2	2	2	2
Eggs set (million)	18.8	19.2	13.6	11.2	10.1	9.3	9.7	10.2
Manitoba eggs set or sold (million)	16.8	20.0	13.5	11.3	10.4	9.5	9.9	10.3
All chicks hatched (million)	14.4	14.9	10.7	8.9	7.5	7.0	7.3	7.6
MB chicks hatched/sold (million)	7.1	7.3	5.1	4.3	3.5	3.3	3.5	3.8
Pullet chicks placed in MB (million)	3.5	3.1	2.9	2.5	2.4	2.4	2.4	2.5
PULLET GROWING OPERATIONS:								
Commercial	14	13	12	12	11	12	10	10
Other	77	78	75	76	75	75	75	76
Pullets sold (million)	3.5	3.1	2.9	2.5	2.4	2.4	2.4	2.5
EGG PRODUCTION OPERATIONS:								
	166	164	163	160	159	158	158	159
LAYERS ON FARMS - JULY 1 ('000):								
Hens (incl. unregistered)	3,092	3,052	3,086	3,011	2,980	2,958	2,983	2,941
<i>% of Canada</i>	<i>12.0</i>	<i>12.4</i>	<i>12.0</i>	<i>11.7</i>	<i>11.5</i>	<i>11.4</i>	<i>11.4</i>	<i>11.1</i>
Hens (quota - regular)	2,159	2,155	2,168	2,193	2,220	2,221	2,277	2,278
Hens (for special market dev. eggs)	500	500	500	500	500	500	500	500
Hens (for processing eggs)	202	152	153	92	52	52	45	69
FARM SALES OF EGGS FOR CONSUMPTION:								
Egg sales (million dozen) ^R	67.4	69.3	72.7	70.7	68.8	69.1	69.2	70.1
Value of eggs (\$ million):	86.1	83.7	81.6	82.4	81.3	85.4	83.0	86.2
AVERAGE GRADE A LARGE EGG PRICE (\$/dozen):								
Producer	1.54	1.55	1.46	1.49	1.55	1.65	1.56	1.63
Consumer	1.74	1.81	1.86	1.88	1.95	2.06	1.97	2.19
REGULAR EGG SALES (million dozen)								
	50.78	54.03	56.50	56.90	55.56	56.08	55.94	57.3
<i>% of Canada</i>	<i>10.9</i>	<i>11.2</i>	<i>10.9</i>	<i>11.0</i>	<i>10.6</i>	<i>10.7</i>	<i>10.2</i>	<i>10.2</i>
Graded eggs - registered producers ^a	50.78	49.39	52.36	53.18	52.89	53.72	54.21	55.3
Graded eggs - non-reg. producers	0.99	0.79	1.60	1.40	0.83	0.80	0.81	0.79
Private sales	2.54	3.85	2.54	2.32	1.84	1.56	0.92	1.21
EGG GRADING ('000):								
No. of Commercial Grading Stations	3	2	2	2	2	2	2	2
No. of Farmer Graders	29	28	28	26	26	26	25	25
DISPOSITION OF PROCESSED EGGS (million dozen):								
Eggs for Proc./special market dev.	16.58	15.31	16.16	13.80	13.23	12.99	13.21	12.84
Industrial Product Program (incl. ^a)	25.74	22.21	26.33	25.90	23.54	25.10	23.05	25.27
EXPORTS OF EGGS/EGG PRODUCTS:								
Value of shell eggs- table (\$ million)	0.000	0.000	0.001	0.006	0.002	0.000	0.000	0.000
Value of egg products (\$ million)	31.56	24.44	22.85	19.45	13.47	13.30	16.13	12.55
IMPORTS OF EGGS/EGG PRODUCTS^R:								
Value of shell eggs- table (\$ million)	1.19	0.40	0.36	0.46	1.16	0.57	1.33	0.52
Value of egg products (\$ million)	8.02	5.98	4.59	5.41	3.90	3.71	6.93	2.10
CANADIAN PER CAPITA CONSUMPTION:								
Eggs (incl. proc) (dozen fresh equiv) ^R	15.5	15.0	15.7	16.2	15.5	16.2	16.1	16.3

MANITOBA BROILER CHICKEN INDUSTRY STATISTICS

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
REG. BR. HATCHING EGG FARMS:	29	29	29	26	26	24	24	24
HATCHERY SUPPLY BREEDING STOCK:								
Flocks	39	39	43	41	43	34	35	40
Hens ('000)	209.1	203.9	233.3	223.0	228.3	205.8	207.5	217.1
Eggs produced (million)	28.9	31.2	32.6	32.5	32.3	33.1	31.6	31.4
PROVINCIAL HATCHERIES (NO):	5	5	5	5	5	4	4	4
Total eggs set (million)	35.7	38.6	38.0	38.0	38.5	39.2	40.6	41.1
Total Manitoba eggs set (million)	28.9	31.2	32.4	32.5	32.2	33.1	32.1	31.4
Chicks hatched, sold (million)	29.6	31.2	30.9	30.3	31.2	30.9	32.6	32.8
Chicks placed in MB (million)	29.1	30.4	30.2	29.3	30.1	30.6	31.3	31.1
BROILER CHICK PRICES (c/chick):	38.0	38.3	39.2	38.5	40.2	43.9	44.8	44.5
REG. BROILER CHICKEN FARMS:	119	118	118	117	119	119	118	118
TOTAL BROILER PRODUCTION:								
Number of birds (million)	27.57	28.30	28.93	28.79	29.34	29.34	29.76	29.50
TOTAL CHICKEN SALES:								
Broilers and roasters (million)	27.52	28.46	29.08	28.96	29.48	29.46	29.90	29.58
<i>% of Canada</i>	4.5	4.6	4.6	4.7	4.6	4.6	4.7	4.6
BROILER CHICKEN PRICES (\$ /kg):								
Broilers (1.4-2.7 kg live)	1.19	1.21	1.18	1.14	1.27	1.41	1.44	1.41
FARM CASH RECEIPTS (\$ million):								
Broilers and roasters	64.0	67.1	66.7	64.2	73.0	83.6	85.9	82.1
<i>% of Canada</i>	4.2	4.2	4.1	4.1	4.2	4.2	4.2	4.2
Hatcheries (chicks/poults)	9.0	11.1	9.1	10.7	11.3	10.4	10.7	11.6
CHICKEN PROCESSING ('000):^R								
Number of slaughter plants	3	3	3	3	3	3	3	3
Chicken processed (million kg ev)	38.7	40.5	41.2	41.9	43.1	42.4	42.4	42.5
<i>% of Canada</i>	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
EXPORTS:								
Quantity of chicken/prod. (tonnes)	834	1,512	1,588	2,973	2,729	2,776	3,032	2,578
Value of chicken/prod. (\$ million)	0.60	1.32	1.37	1.85	2.66	2.80	3.03	2.49
Broiler chicks (millions)	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.00
IMPORTS:								
Quantity of chicken/prod. (tonnes)	3,192	2,561	3,017	3,171	2,062	1,902	1,206	964
Value of chicken/prod. (\$ million)	10.87	11.53	11.58	10.96	6.96	7.07	5.35	4.40
Broiler chicks (millions)	0.08	0.17	0.29	0.25	0.51	0.59	0.43	0.44
CANADIAN PER CAPITA CONSUMPTION:								
Chicken (eviscerated kg)	30.7	31.1	31.4	31.7	31.7	31.7	31.4	31.1

MANITOBA TURKEY INDUSTRY STATISTICS

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
REG'D. TURKEY BREEDER FARMS:	8	8	8	8	8	8	8	8
HATCHERY SUPPLY BREEDING STOCK:								
Flocks (No.)	9	9	11	9	9	10	11	10
Hens ('000)	69.6	66.8	77.4	72.0	68.2	85.1	81.4	82.0
PROVINCIAL HATCHERIES:	1	1	1	1	1	1	1	1
Eggs set (million)	7.6	8.5	7.5	9.3	9.8	8.9	8.6	8.0
MB eggs set and sold (million)	7.6	9.0	7.4	7.4	8.3	6.3	7.0	6.4
Poults hatched and sold (million)	5.6	6.5	5.9	7.1	7.9	7.4	6.9	7.2
Poults placed in Manitoba (million)	1.7	1.7	1.8	1.8	2.1	2.6	2.1	2.3
REG'D. COMM. TURKEY FARMS:	58	58	57	56	55	52	51	51
TURKEY SALES (million birds)	1.48	1.37	1.43	1.41	1.60	1.64	1.56	1.49
<i>% of Canada</i>	<i>7.5</i>	<i>7.0</i>	<i>7.0</i>	<i>6.7</i>	<i>7.4</i>	<i>7.2</i>	<i>7.2</i>	<i>7.3</i>
TURKEY PRICES (live grade A \$/kg):								
Broilers (under 6.2 kg)	1.54	1.59	1.51	1.50	1.63	1.82	1.83	1.74
Light hens (6.2-8.5 kg)	1.50	1.55	1.47	1.46	1.61	1.81	1.81	1.72
Heavy hens (8.5-10.8 kg)	1.52	1.57	1.48	1.47	1.61	1.81	1.81	1.72
Light toms (10.8-13.3 kg)	1.51	1.56	1.50	1.47	1.62	1.80	1.81	1.71
Heavy toms ungraded (> 13.3 kg)	1.49	1.54	1.47	1.44	1.59	1.77	1.78	1.68
FARM CASH RECEIPTS (\$ million):	18.2	17.3	18.1	18.0	22.4	25.7	22.0	19.8
TURKEY PROCESSING:								
Number of processing plants	2	2	2	2	2	2	2	2
Turkey processed (million kg evis.)	10.4	9.5	10.5	10.6	11.9	12.2	10.5	10.1
<i>% of Canada</i>	<i>7.0</i>	<i>6.6</i>	<i>6.8</i>	<i>6.5</i>	<i>7.1</i>	<i>6.8</i>	<i>6.3</i>	<i>6.3</i>
TURKEY PROCESSED (million kg eviscerated):								
Broilers (under 5 kg)	1.0	1.1	1.0	1.0	1.3	1.6	1.9	1.6
Light hens (5-7 kg)	4.2	3.5	3.8	3.2	3.9	3.5	3.5	4.0
Heavy hens (7-9 kg)	2.2	2.4	2.1	2.2	1.9	2.3	2.5	2.0
Light toms (9-11 kg)	1.9	1.5	2.1	1.6	1.8	1.9	1.7	1.4
Heavy toms (> 11 kg)	0.4	0.3	1.0	1.8	2.2	2.2	0.1	0.2
Mature breeder turkeys	0.7	0.7	0.7	0.8	0.7	0.8	0.8	0.8
EXPORTS OF TURKEY MEAT/PRODUCTS:								
Turkey meat (tonnes)	404	590	403	1,267	823	622	439	304
Turkey meat (\$ million)	0.3	0.3	0.2	0.7	0.4	0.3	0.5	0.5
Poults (million)	2.1	2.8	2.4	3.1	3.5	2.9	2.6	3.3
Poults (\$ million)	4.3	4.9	4.2	5.2	5.4	4.7	4.7	5.3
IMPORTS OF TURKEY MEAT/PRODUCTS:								
Turkey meat (tonnes) (from U.S.)	270	221	739	760	813	573	170	165
Turkey meat (\$ million)	0.9	0.9	2.1	1.9	2.1	1.6	0.6	0.6
Poults (million)	0.2	0.5	0.8	0.5	0.3	0.4	0.7	0.7
Poults (\$ million)	0.1	0.4	0.6	1.3	0.2	0.4	0.7	0.9

CANADIAN. PER CAPITA CONSUMPTION:

Turkey (eviscerated kg)	4.2	4.4	4.5	4.5	4.5	4.7	4.6	4.4
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