

PORK



NEWS

ONTARIO PORK

JULY 2008

Ontario Pork Producers Marketing Board, 655 Southgate Drive, Guelph, Ontario N1G 5G6 Tel: 519-767-4600 Fax: 519-829-1769

BOARD NEWS

Strategic Direction

Strategic Planning Day - Results

At the end of an extremely productive strategic planning policy day, Ontario Pork received clear endorsement from about 150 elected producer representatives in attendance to proceed with developing details around their strategic direction. Ontario Pork councilors, county presidents and secretaries, delegates and alternates sat down to 18 tables of 10 participants each to participate in four hours of focused discussions.

Participants came prepared to work, listened to one another respectfully and openly shared ideas in a very constructive manner. Now, Ontario Pork's board of directors has 18 policy statements that will provide further direction and detail about how they should proceed to take their strategic direction to the next stage of development. The next step is to begin the process of drilling down into the details required to successfully implement the direction and build a comprehensive strategic plan by November.

The board received a strong vote of confidence and thanks those who participated for coming to the table with open minds and the motivation to do what's right for the entire industry. Ontario Pork believes this direction, which will allow for a carefully-managed approach to licensing producers as agents to sell their own market hogs, will provide the expanded opportunities some members are looking for while maintaining the regulatory authority demanded by others. A strong code of conduct will be developed to clearly establish the rights, regulations and obligations of licensed agents. This code of conduct will provide the framework for maintaining several services key to delivering such critical core elements as mandatory price reporting, food safety, traceability, government lobbying, the environment and others.

After implementation of this first step, the board will evaluate results and use the information gained, to determine how the licensed agent approach could be further expanded beyond producers selling their own hogs.

 * CIVIC HOLIDAY SHIPMENTS *
 * The Ontario Pork office will be CLOSED Monday, August 4, 2008 to observe *
 * this holiday. *
 * Therefore, an approximate 20% shipment reduction to these plants will be *
 * necessary the week of August 4-8, 2008. *
 * This holiday does not apply to Quebec or the U.S. therefore shipments to *
 * these plants will not be affected. *
 * Please adjust your shipping schedules accordingly and make all necessary *
 * arrangements with your transporters in the upcoming weeks. *
 * If you have further questions please call the Ontario Pork Logistics Depart- *
 * ment at 1-800-873-0363. *

WHAT'S INSIDE	
◆ Input Swine Costs	2-4
◆ Pork Congress Stats	5
◆ Weekend Warrior BBQ	5
◆ CNE Volunteers	5
◆ Perth County Golf Tournament	5

A Look At Swine Input Costs

Ontario versus the U.S.

Prepared by Ken McEwan

University of Guelph, Ridgetown Campus

Background

Marketing fees, feed, swine medicines, and A.I. costs are important farm inputs for they often represent about 65% of the cash operating expenses on a modern, commercial swine farm in Ontario. This means the efficient use and cost of these inputs can have significant impact on the costs of production for raising a market hog. In the last several years some of these farm inputs have been in the lime light because they have become a competitiveness and trade issue. Ontario producers and indeed Canadian farmers as a whole often feel disadvantaged because of possible higher input costs (e.g. corn and soybean meal) and fewer swine medicine product registrations for farms. Frequently it is argued that U.S. farmers have access to new products used in swine production more quickly than Ontario producers and that grain prices are lower in the U.S. making the costs to raise a pig lower. This discrepancy in prices between Canada and the U.S. is not unique to swine farms. Canadian grain producers have often felt disadvantaged because of fewer new chemical registrations and higher prices. In fact, this discrepancy in prices between Canada and the U.S. was recognized in the early 1990's and a Task Force on Competitiveness in the Agri-Food Industry was established.

The Ontario Swine Farm Input Cost project was developed to help shed some light on the nature and extent of Ontario/U.S. price differences and advance the issue. The benefits of price monitoring normally include: improve market price information, increase knowledge of seasonal fluctuations, and assist in the prescribing of policies to government.

Purpose

Many Ontario swine farmers have raised concern about prices paid for some farm inputs including marketing fees, feed, swine medicines, and etc. The main purpose of this price survey is to gain insights into potential price differences between Ontario and the U.S.. Specifically, the project is to compare Ontario and U.S. input prices and determine which products are potentially lower, similar, or higher in price.

Methodology

The study collects cash retail prices on farm inputs that commercial farmers pay when purchasing a supply of inputs including: feed, swine medicines, boar semen, trucking, contract costs and labour. A survey instrument was constructed with the assistance of various industry partners including producers, veterinarians, academics, feed suppliers and etc.. A letter of introduction and the survey form was distributed to all Ontario and U.S. participants through email on April 21, 2008. The letter requested a reply by April 25, 2008. Follow-up phone calls were made during May. Once the data was received the information was compiled and averages calculated for the various inputs.

The study has several limitations including small sample sizes, potential for U.S. products converted to Canadian equivalency incorrectly, survey participants misinterpreting the various questions, errors in data entry and etc.. Hence the survey results should be viewed as preliminary and not conclusive. The data for the U.S. was obtained from suppliers within the mid-west where the majority of U.S. hog production occurs.

Survey Results

The results of the surveys are displayed in Table 1. All U.S. prices have been converted to Canadian dollars assuming an exchange rate of par

(i.e. \$1Cdn = \$1US). U.S. products that were priced in Imperial units have been converted to the Ontario unit size equivalent. For example, a product priced per Ton in the U.S. survey has been converted to a price per Tonne using a factor of 1.102 (i.e. 2204 lbs/tonne divided by 2000 lbs/ton = 1.102) to allow for easier comparison.

From reviewing the results in Table 1, the following comments can be made. Firstly, they illustrate a very mixed bag with some products being lower priced in Ontario while others are higher. There does not appear to be a consistent pricing pattern within product categories, because some products are lower priced in Ontario while others are not. Initially it would seem that hog marketing fees, soybean meal, some feed medications, some pharmaceuticals, contract barn space and labour are all higher priced in Ontario relative to the U.S.. However, there are several products lower priced in Ontario including the main feedstuff of corn. It should be noted that while hog marketing fees appear higher in Ontario than the U.S., the U.S. figure does not provide the same level of service (e.g. logistics, settlement, lobbying, and etc.) as available in Ontario.

The second observation from reviewing the results is that input suppliers on both sides of the border had trouble providing price quotes for some of the various products or services contained within the survey instrument. For example, a price quote was supplied for the trucking of feed on the U.S. side on a per ton basis, but none was available for Ontario. Another example would be prices for vitamins and minerals. In the U.S., feed suppliers were able to provide prices while Ontario did not. It is unclear why Ontario was unable to provide some prices, but possible reasons include pricing policy, volatile and thin markets, and etc.

RESEARCH CORNER

A Look At Swine Input Costs

Concluding Comments

Comparing farm input prices on both sides of the Canada/U.S. border is often complicated because of different product registrations, differences in product sizes and concentrations, and etc. These results while preliminary, do show that Ontario does not always have a price disadvantage in the products surveyed. In order to validate survey results however, there is a need to continue this research to gain better insights into potential price differences.

Section	Product	Unit Size	Ontario		U.S.		% Difference
			Avg Price	Std Dev	Avg Price in Cdn \$	Std Dev	ON vs US
1	Marketing fees	\$/hog	\$1.75		\$0.60 ¹		
2	Feed						
	Corn (No. 2)	\$/Tonne	\$215.00	\$7.81	\$224.60	\$2.27	-4.3%
	Soybean Meal (46.5% to 48%)	\$/Tonne	\$415.33	\$10.97	\$398.85	\$9.53	4.1%
	Vitamins/Minerals/Other						
	Dicalcium Phosphate (21%P)	\$/Tonne			\$860.22	\$126.05	
	Limestone	\$/Tonne			\$45.73	\$13.25	
	Salt	\$/Tonne			\$206.63	\$19.48	
	Lysine – HCL	\$/kg	\$2.75	\$0.35	\$2.60	\$0.06	5.8%
	In-Feed Medications						
	CTC 50	\$/kg			\$3.31	\$0.31	
	Lincomix 44 Premix	\$/kg	\$9.14	\$1.36			
	Tylan 40 Premix	\$/kg	\$16.24	\$1.20	\$13.24	\$0.08	22.7%
	Feed Delivery						
	Loaded truck rate (i.e. 40 tonnes) 1 tonne when delivering within 50 km of plant	\$/Tonne			\$10.19	\$1.17	
3	Pharmaceuticals						
	Circovirus						
	Ingelvac CircoFLEX	\$/100ml bottle	\$181.29	\$2.00	\$177.50	\$2.50	2.1%
	Intervet Circumvent PCV2	\$/500ml bottle	\$226.73	\$3.94			
	Parvo/Lepto/Erysipela						
	Farrowsure B	\$/50 dose	\$66.01	\$6.18			
	Sowvac Complete E	\$/25 dose	\$33.76	\$2.76			
	PLE	\$/20 dose	\$19.77	\$0.02			
	E. Coli						
	Litterguard	\$/50 dose	\$66.56	\$6.03			
	Prosystem Pilimune	\$/25 dose	\$23.35	\$2.30			
	Kolivax	\$/25 dose	\$33.97	\$7.05			

A Look At Swine Input Costs

Section	Product	Unit Size	Ontario		U.S.		% Differ- ON vs US
			Avg Price	Std Dev	Avg Price in Cdn \$	Std Dev	
	Mycoplasma						
	Myco Silencer Once	\$/100ml bottle	\$31.72	\$0.51	\$32.08	\$3.68	-1.1%
	Respisure One	\$/50 dose	\$24.19	\$6.83	\$27.53	\$4.16	-12.1%
	M+ Pac	\$/100ml bottle	\$23.76	\$1.68	\$31.30	\$0.83	-24.1%
	Ingelvac M. hyo	\$/50 dose	\$25.51	\$3.23	\$22.57	\$0.93	13.0%
	Suvaxyn MH One	\$/50 dose	\$31.45	\$1.44	\$23.55	\$0.47	33.5%
	Respisure	\$/50 dose	\$13.26	\$2.89	\$13.72	\$0.16	-3.4%
	Suvaxyn MH	\$/50 dose	\$19.58	\$4.50			
	Dewormers						
	Atgard C	\$/4kg	\$269.22	\$18.99	\$179.42	\$4.08	50.1%
	Safeguard 20% Premix	\$/5kg	\$1,249.77	\$67.98			
	Pro-Banminth Premix	\$/25kg	\$671.08	\$98.88			
	Other						
	Potassium penicillin, water soluble	\$/500,000,0 00 I.U.	\$18.45	\$2.42			
	Excenel RTU	\$/100ml bottle	\$90.72	\$5.44	\$69.02	\$1.45	31.4%
4	Other Farm Inputs						
	Boar Semen	\$/1 generic dose	\$5.70	\$0.61	\$7.25	\$0.35	-21.4%
	Contract Sow Farrowing Space	\$/sow			\$20.00	\$0.00	
	Contract Nursery Space	\$/pig	\$6.04	\$0.98	\$5.29	\$0.44	14.2%
	Contract Finishing Space	\$/pig	\$15.02	\$4.48	\$12.84	\$1.06	17.0%
	Labour – entry level	\$/hr	\$11.10	\$0.50	\$10.25	\$2.47	8.3%

Note: Exchange rate – assume par \$1Cdn = \$1US

Avg = average of reported values

Std Dev = standard deviation of sample

Values were reported when meaningful sample size was available (i.e. 3 or more observations including some publicly available sources of information to supplement survey results). If sample size was insufficient then there was no value reported (i.e. left blank).

¹ Pork checkoff rate is \$0.40 per \$US100 of hog value i.e \$US150 x 0.004 = \$US0.60. Checkoff fees in the U.S. can only be used for promotion and research. It is not used for hog marketing, logistics, settlement, lobbying and etc. Also, state association fees are about \$US20/ person and County membership fees vary from \$US25 to \$US45 per person. Source: <http://www.iowapork.org/membership.html>

Disclaimer/Liability Waiver

The farm input values reported above are to be used solely to enhance the general knowledge of farm level pricing in Ontario. The values presented are not meant to be representative of any firm, industry stakeholder, or geographic region. The values are not to be reformatted, published, or sold. The reported values are not to be used to settle potential business arrangements. The authors of this report cannot be held liable in any way for the accuracy and potential misuse of the reported values.

**Ontario Pork's
Board of Directors**

ZONE A

- District 1.....*Bill Wymenga*
(519) 676-5059
bill_rfs@ciaccess.com
- District 2..... *Mary Ann Hendriks*
(519) 247-3623
maryann.hendriks@ontariopork.on.ca
- District 3.....*Teresa Van Raay*
(519) 237-3255
vanraay@hay.net
- District 4..... *Phil Anwender*
(519) 271-7055
phil.anwender@ontariopork.on.ca
- District 5..... *Jasper Vanderbas*
(519) 462-2866
jvanderbas@explornet.com
- District 6..... *Stewart Cressman*
(519) 696-3119
cressman@sympatico.ca
- Zone A..... *Clare Schlegel*
(519) 662-6122
clare@sugarfield.ca

ZONE B

- District 7..... *Curtiss Littlejohn*
(519) 620-8384
curtiss.littlejohn@ontariopork.on.ca
- District 8..... *Steve Illick*
(519) 942-2228
steve.illick@ontariopork.on.ca
- District 9*Barb Zettler*
(519) 392-6549
z5farm@wightman.ca
- District 10..... *Beth Clark*
(705) 721-0623
hamlandfarms@hotmail.com
- District 11*Oliver Haan*
(613) 396-6622
oliver.haan@ontariopork.on.ca
- District 12*Marion Myers*
(613) 874-2673
marion.myers@bellnet.ca
- Zone B*Wilma Jeffray*
(519) 392-8102
wilma.jeffray@ontariopork.on.ca

EVENTS

Pork Congress - Statistics

The 35th annual Pork Congress took place in Stratford on June 18th and 19th, 2008. The theme for this years show-case, 'A New Home-coming', has especially appropriate as the Congress enjoyed a venue in the Stratford Agricultural and Recreational Complex.

Despite the new location, attendance to the event was down from previous years. This year counted only 1,065 tickets sold a significant drop from 1,505 last year and 1,637 in 2005.

The 2009 Pork Congress will take kick off on June 13 with the Junior Barrow Competition. Other events will take place on June 24th and 25th with a few changes:

- The Video Dance has been discontinued.
- Only one day passes will be sold.

Strategic planning for the Congress continues and the Annual General Meeting will take place this coming October.

Pork Congress - BBQ Results

Annual Weekend Warrior BBQ Competition Results

Seven teams entered. \$250 for 1st place and \$100 for 2nd place.

Congratulations to all the winners and thanks to all the competitors for participating and, making it a fun day .

Chops/ – 1st Phibro Animal Health
Steaks 2nd Mike Callaghan

Ribs – 1st Saucy Sisters from OFA
2nd Mike Callaghan

Many thanks to our supporters – Dwyer Manufacturing from Dublin and Luckhart Transport from Sebringville.

Ground Pork – 1st Perth County Pork Producers
2nd Ellice Optimists

Thanks Andrew, Daryl and Elizabeth for judging – hope you enjoyed the day as well.

Farmers Meet Your Customers at the CNE!

Ontario's pork producers will once again host the pig barn at the Canadian National Exhibition (CNE) as part of the Model Farm.

The pig barn, and particularly the farrowing unit, is one of the most popular attractions at the CNE, and is seen by over a million people, mostly urban dwellers, during the two weeks of the show.

We need your help to staff the display. If you have never volunteered before, now is your chance. It's a great learning opportunity for your whole family to meet with hundreds of thousands of consumers who have never met a farmer or seen a live pig. If your children are old enough, bring them along and they can help out too (and have fun!). Encourage your fellow producers to help and car pool together.

The CNE runs from August 15 to September 1, 2008. Please join us to work at the farm exhibit. We will provide you with admission and an honorarium to help cover your costs. Please contact Ron and Sharon Douglas at (519) 327-8558 to volunteer.

The 2008 Perth County Pork Producers Golf Tournament

Wednesday August 13, 2008 10:00 a.m. Shotgun Start
Mitchell Golf and Country Club
\$280 per foursome (Golf cart included)

For more information please contact John Kolkman
Email: kolkman@cyg.net
Phone: 519-347-2713