Manitoba Joint Federal / Provincial Avian Influenza Working Group

Name, Title
Branch or Organization
Market Recovery Sub-committee

Date
Recovery Working Group

☐ Goal

- Review the programs and resources available to assist the poultry industry in managing the market and income issues created by an avian influenza outbreak in Manitoba.
Recovery Working Group

- Activities
  - Statistics and market information
  - Reviewed the present income support and compensation packages
  - Reviewed the methods of meeting market supply and demand during the 2004 outbreak and investigated their applicability to Manitoba
South East Manitoba

☐ R.M.’s of Franklin, De Salaberry, Hanover, La Broquerie, Ste. Anne, Taché, Ritchot

☐ 40% of commercial flocks
   ■ 200 flocks and 4 million birds

☐ 10% of backyard flocks
   ■ 250 flocks
Cost of General Cull

- One million infected farms
- Three million healthy birds depopulated
- $30 million lost farm income
- 1,000 processing, hatchery, mill jobs
- Disruption of markets
Imports

Filling Gaps in Supply and Demand
Why Imports?

☐ Keep processors and graders supplied with birds and eggs. Maintain volumes, employment & market share.

☐ Source hatching eggs needed to restock poultry farms.

☐ Likely used to fill 100% of gap in supply.
How Co-ordinate Imports?

- Process in B.C. in 2004 worked well and serves as model for Manitoba
Imports

☐ Export and Import Controls Bureau, Foreign Affairs & International Trade

☐ Formed egg- and chicken-sector committees
  - National poultry agencies, provincial poultry boards, CPEPC, graders and processors in Control Area, provincial government
Imports

- Fast-track supplemental imports
  - Above normal, tariff-exempt imports
  - Approval of federal Minister required
  - Only given to federally registered processors or graders in Control Area
  - Only given on basis of need

- Consensus
  - Industry supplied data on production losses and market demand.
Imports

- Process could last 1 to 1 ½ years for table egg and hatching egg markets
Exports

- Countries will ban exports of birds, meat, and eggs from Manitoba and perhaps all of Canada
Exports

- Most companies and sectors in Manitoba rely on exports for less than 5% of sales
Sectors and Companies Affected by Export Bans

- Egg Processors
  - Two plants in Winnipeg
- Turkey Breeders
  - One hatchery & eight breeder farms
- Leghorn hatcheries
  - Two hatcheries & six farms
- Live, market weight turkeys
  - Four farms
- Live, market weight geese
  - Six farms
- Goose processor
Interprovincial Trade

- 50% or more of product leaves Manitoba
  - Turkey and Leghorn hatcheries
  - Table egg industry
- Disruption could trigger cull of healthy flocks
Interprovincial Trade

- Control Areas
- Testing to reassure customers
Control Areas

- Largest zone around infected farms.
- No live birds out.
- No product outside of Canada.
- Market factors a major consideration.
Control Area

☐ Problems

- Cannot get chicks, poults or pullets to uninfected farms outside of Area
- Cannot market to processing plants or graders outside of Area.

☐ May want Saskatchewan to be part of our “club.”
Control Areas – Manitoba industry recommendations

- Small is best (one or few farms). Otherwise, all of Manitoba or beyond.

- Representation on Control Area Committee:
  - producer boards
  - chicken & turkey processors
  - exporters (egg processing & goose growers)
  - turkey hatchery
  - leghorn hatchery
  - egg grader
Testing to Reassure Markets

- MAFRI beef specialists
  - biosecurity
  - blood testing pigs
  - swabbing poultry
- Industry training
  - swabbing poultry
Swabbing Chickens
Non-Farmers: Worksharing

- Manitoba
  - Over 1,000 non-farm jobs rely directly on the poultry industry.
  - Processors and graders worry about losing experienced workers – even if only laid off for a few weeks.
  - Services Canada: Supplement wages so people can work part-time and still stay in industry.
Compensation
Compensation

- Health of Animals Act payments
  - 30% of farm losses
  - 0% of off-farm losses
- Extreme downtimes
Typical Breeder Flock Cycle

January
Breeder Barn: Old Flock

March
Grower Barn: Young flock
Marketed: Stewing Hens

June
Breeder Barn: Start laying eggs

January
Grower Barn: Young flock

March
Marketed: Stewing Hens

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Breeder Flock Cycle after Eradication and Cull

January  March  June  January  March  June  September

General cull: stand down

Delay due to General cull: Next flock

Lost hatching egg production: Need imports

Next pay cheque
Compensation Today

- CAIS is the only established program that will provide any relief above the Health of Animals Act.
- Federal and Provincial Governments in consultation with Industry are working on new programs:
  - Livestock Insurance
  - Agricultural Disaster Relief Framework
CAIS Compensation

- Assistance to help manage reduction in farm’s income (based on margin decline)
- Margin = Farm Sales – Input Costs
- Maximum Assistance = 70% of decline
- Apply to participate - April 30th Deadline
- Producer pays participation cost = .45% of past margin ($450 per $100k)
CAIS Example for AI Loss

- 15,000 Layers - Flock depopulated mid year – has no sales for one half of year
  - Reference Margin = $150,000
  - Program Year Margin = $75,000

- CAIS payment = $51,000
- Total margin = $126,000

- Margin decline after CAIS = $24,000
Compensation – CAIS Issues affecting payments to Poultry Producers

- Poultry producers’ participation is low – 20% of Mb. poultry farms in CAIS
- CAIS only pays on supply managed poultry if margin drops 30% or more
- Payment is based on whole farm income; commodities can offset each other on diversified farms
- Losses split between fiscal years trigger lower payout
CAIS Issues noted by Farmers

☐ High annual accounting fees
☐ Program is complex
☐ Payment level uncertainty
☐ Payments aren’t timely
CAIS

- Improvements underway
  - Inventory calculation change
  - Targeted advance
  - Structural change calculation under review
  - Administrative Changes
    - Harmonized form with Income Tax
    - Online calculator
Why Important?

- Impact on healthy flocks
- Health of Animals Act compensation
  - 30% of farm losses
  - 0% of off-farm losses
- Downtime
  - Up to 1 ½ years without income
- Interprovincial trade & exports
  - Control Areas, Market testing