

**MANITOBA  
CATTLE  
PRODUCERS  
ASSOCIATION**



ANNUAL REPORT  
**2010**



# Message From The President

Welcome to our 2010 Annual General Meeting. I thank everyone for taking the time to attend! Your voice greatly contributes to the shaping of our industry, and when we come together and work united, we make more than a difference, we make an impact!

Major Jay Fox

This year marks the 32nd AGM of the Manitoba Cattle Producers Association and I wish to thank our Board of Directors, Executive, Committees, Staff and of course our Sponsors and Tradeshow Participants for making this event possible! There is much 'new' this year – not the least of which is holding our AGM earlier in the year and then doing so conjunctively with the Manitoba Livestock Expo. We are excited about our aptly named 'Prime Beef Event' and trust it will be thoroughly enjoyed by all!

The policies and direction of the Manitoba Cattle Producers Association is determined by the Board of Directors and is dependant on the collective and individual expertise and commitment of each of the members and their representation of the membership. Thank you to our directors for their hard work and dedication in fulfilling their respective roles. These roles are demanding and require tremendous commitment and we are grateful for your extraordinary contributions. In 2010, the third and final terms of two directors expire. The service and contribution of Art Jonasson and Martin Unrau are gratefully acknowledged. Both of these directors personified the professionalism, commitment and support so valuable in a director role. These individuals brought a wealth of experience, energy and integrity to their positions and their legacy is in an organization that is stronger for having had the benefit of their wisdom. The end of their specific roles as directors, does not mark the end of their support and/or active involvement in an industry they are both truly passionate about however. Their wisdom will undoubtedly be called upon in the future should the need arise. This holds especially true with Martin Unrau, as he continues with his role as Vice President of the CCA.

The year has once again proven to be both an extremely busy and intense year in the cattle industry. With that said, the MCPA continues to assertively and persistently address and work on the number of important issues our industry is currently dealing with at both the federal and provincial levels. Allow me to touch on a few of those issues in my report – others will be more specifically addressed in the individual committee reports here following:

This year brought with it particular hardship due to extreme moisture and flooding conditions.

Manitoba again experienced above normal rainfall, some areas facing their third year in a row of excessive moisture. The MCPA began early discussions with the Manitoba Agriculture Minister to address our concerns with excess moisture. MCPA has continued to lobby the government for financial support on an individual case-by-case basis. Meaning, producers in Manitoba who

have experienced high moisture problems and can prove they have faced hardship, would be eligible to qualify for financial assistance. In July, MCPA submitted 3 priority requests to the Government, a request for per head payment, as well as a Freight Assistance Program and Tax Deferral options. We are in regular discussions and hope to see something come to fruition very soon with regard to a much-needed flooding assistance program.

Developing a Cattle Insurance Program for our producers has been a high priority in our lobbying efforts. Our proposal was submitted to the Provincial and Federal Government, as well as to the CCA. Key components of our proposal include: market-based, affordability, bankability, user-friendly, value-added approach, and rural stability. These 6 factors are essential for an insurance program to work both provincially and nationally.



Developing a Cattle Insurance Program for our producers has been a high priority in our lobbying efforts.

The TB issue is an issue that must find its resolve. There is a direct financial impact on producers, as the disease is costing producers' 3-5 cents per pound for heifers being discounted in Manitoba. A Senior Level Task Team was formed at our request to Minister Ritz. The committee is in the process of constructing an eradication strategy. Once the strategy has been received by MCPA, we will analyze it to ensure the strategy is measurable, and indeed includes a commitment from the governments to eradicate the disease in the RMEA.

We are pleased to see the wolf workshops and trapping workshops put in place recently and as a result, the interaction between producers and conservation. Being able to educate our producers to manage the problem within the law, and therefore be able to have the tools and understanding to humanely hunt and trap wolves is a huge victory. This helps us to manage our risk and that is our key

role: to be able to allow the producer the ability to manage and not hinder them in their management.

In that vein, the issue of Premise ID also comes to mind. We are working hard to make certain that the various government levels are not bringing forward ideas or movements that are going to hinder our production. We must recognize the number of people working on the farm, so very clearly, the less workload the better. Ultimately, we want our producers to have the ability to raise the best product possible, with as minimal input costs from their own farm.

MCPA is lobbying to ensure a modernized Crown Lands Policy that will best share our public lands in an environmentally sustainable manner. We are encouraging the government to put a biosecurity program in place, through legislation amendments, to include informed access to crown lands. The Crown Lands Committee has lobbied for informed access based on four public and private hazards on agricultural crown lands: Environmental Hazards, Public Safety Hazards, Biosecurity Hazards, and Economic/Financial Hazards.

All in all, we continue to have many irons in the fire. We continue to work diligently and continue to make progress on each file. There is a big swing in markets right now – but cattle prices are strengthening, and all indications are the markets will continue to strengthen.

It is fitting at this time to take this opportunity to express our appreciation to our Minister of Agriculture, Food and Rural Initiatives – Minister Stan Struthers and his senior staff. Board members and myself, along with our General Manager, have met several times throughout the year to discuss the many ongoing and serious issues that not only our industry faces from a broader perspective, but which our producers are dealing with in their daily realities. These continue to be difficult times and we have been appreciative that we can conduct these meetings and speak with an openness and candor that corresponds with the severity of the issues. With that said, we acknowledge that it is a privilege that we can meet and experience a good working relationship with our government officials. We greatly look forward to working with the province in that same spirit on a go forward basis, and it remains our aim to work toward resolution to the number of issues we face by committing to achieve synergies through ongoing communication and dialogue.

I now wish to underscore the incredible contributions made by our General Manager, Sheila Mowat and our staff. Their hard work, diligence, professionalism and commitment are unrivalled. It is through their extraordinary efforts that we are able to operate efficiently and effectively in each segment of MCPA's operations. They have worked tirelessly to meet the ongoing pressures and demands of their roles and in so doing have demonstrated a dedication to the industry that has gone 'above and beyond'. A sincere thank you to each of you.

Internal operations and various committee work have experienced much progress this past year. Though more details will be provided in the individual reports, I would like to touch momentarily on the work of the Communications committee over this past year. We have made some very exciting progress in the development of a comprehensive brand and communications strategy that will allow us to firmly establish brand awareness and effectively communicate our message to our wide and varied audience. Our audience of today, especially our urban audience, has greatly changed over time, especially with respect to their knowledge, understanding and the direct benefits received as a result of our industry. Equal of consideration is the fact that they are receiving misleading information that taints their view of our industry. We must consider the far-reaching impact of our audience as it stands today and communicate our message accordingly. The committee and board went through an intensive strategic process and have, as a result, defined and developed a new brand campaign that will be introduced to all of you at this AGM and launched shortly hereafter. We are excited about the leadership we can provide in the

crafting and disseminating of a message that can be easily understood and embraced by all, i.e., the real benefits of beef to every Manitoban. We greatly look forward to the launch and fulfillment of our new brand campaign.

Finally, to our producers I also extend thanks for your continued support and input into the operations of the MCPA and the industry as a whole, as demonstrated also by the attendance at our District Meetings this fall and our AGM. It has not been an easy road and there are no easy solutions to the myriad of complex issues facing Manitoba's beef industry - there continues to be much work to do. But it is clear that everyone remains committed to Manitoba's cattle industry. And it is in that spirit of unity, that we encourage every beef producer to stand - so that we can jointly deal with and overcome the issues we face today, and in so doing, together work toward securing a lasting legacy in a thriving beef industry in Manitoba for the benefit of our families and for all Manitobans, for generations to come.

It has been my privilege to serve as President of the MCPA over the course of this last year.

We sincerely hope you enjoy our 2010 Prime Beef Event!

Sincerely,



**MAJOR JAY FOX**

*President*

Manitoba Cattle Producers Association

# Message From The General Manager



We are the 'go to' between producers and government and as such are involved in any issue, which could potentially affect the cattle industry on the municipal, provincial and federal level.

Sheila Mowat

Well, it's that time again - time for our Annual General Meeting, which we are also fittingly referring to this year as our 'Prime Beef Event'! We have taken steps in a new direction this year and have made many changes, which we anticipate are in the best interests of the cattle industry. In working toward this event with that goal in mind – the best interest of our producers - we worked very hard to ensure we have something for everyone at this year's event, so we are certainly hoping for a good turn out!

We are very pleased that we were able to engage an excellent keynote speaker line-up, whom individually and collectively will be covering topics of interest that will appeal to a wide variety of producers and stakeholders in our industry. We have also worked hard to fill the hallways with trade show participants whom too will offer something relevant and of interest to cattle producers. Not the least of which to mention is our sponsors – all of whom deserve recognition and accolades for being true champions of our industry – thank you for your generous support!

We were very pleased by the great turnout of producers at this year's fall district meetings, and as such have a good line up of resolutions to be debated by our members, in order to determine the direction the MCPA will take in numerous issues that affect our industry.

Our industry did face another challenging year, and we at the MCPA continue to work diligently and tirelessly for the betterment and benefit of the cattle industry on every issue. Numerous meetings have been held with both the provincial and federal governments to bring forward solutions and

## MCPA Staff



**AUDREY TREICHEL**  
Communications



**LAUREN STONE**  
Policy Analyst



**JUDI PERISTY**  
Executive Assistant



**DEB WALGER**  
Bookkeeper



**KAREN EMILSON**  
Cattle Country  
Editor



**TARA FULTON**  
Field Representative

recommendations on solutions, in order to keep producers adversely affected by moisture still in the business. Mother nature has dealt us an extreme hand this year and we need to keep those producers in disastrous situations on the landscape. There are positive signs for our industry moving forward in the next couple of years – we just need to help sustain producers through this period of extreme challenge, and get on the other side of this disaster so that they can start experiencing some optimism for the first time in a number of years. We have also been working hard on long term solutions such as cattle insurance, hay and pasture insurance and also actively looking for solutions to the predator problems faced in this province.

It is mind boggling the amount of issues that affect our industry and the number of issues the MCPA is asked to participate in, and also provide commentary and input, as representatives of the cattle industry. We are the 'go to' between producers and government and as such are involved in any issue, which could potentially affect the cattle industry on the municipal, provincial and federal level. With our representatives on national organizations, we also participate and delve into issues affecting our industry outside of Canadian borders as well. We work tirelessly toward each and every issue, focusing on what role we can play and how we can positively affect the outcome for the betterment of our producers on the landscape.

At the MCPA office we have settled into our new office space, conveniently located at the North West side of the city. Directors are able to come in for meetings, have parking space and are able to avoid the chaos of downtown traffic. Staff are also able to perform their duties in adequate working space without feeling confined. It is also very nice to have our board meetings right in our office space, where everything needed to conduct an effective meeting is easily accessible and available, and therefore does not impede or hinder productivity at our meetings.

We have space to accommodate everyone, along with the essentials needed to operate our provincial organization effectively and efficiently.

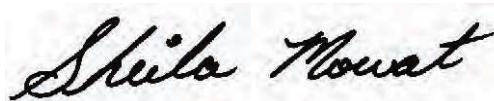
We have had one change in staffing this year. Audrey Treichel joined our team in the role of Communications and we have been very pleased with her contributions. Audrey brings 20 years' experience in the marketing, branding and communications industry and as you will see Friday morning, is helping us to take our industry in a direction that will change the perception, strength and awareness of our industry in our province. We are the largest commodity group in Manitoba - it is time our audience knows it and recognizes the 'diamond in the rough' that our industry represents to this province.

The producers in this province should feel very proud that their provincial organization is being looked after by hard working, dedicated staff that have the best interests of the industry at heart. Each and every one is invested to make certain it is looked after and are willing to fight for the industry when required.

So, with that said, I hope everyone settles into a chair and takes the time to hear our speakers, makes certain they have a seat at the President's Banquet for a good beef supper with all the fixings, and also then takes the opportunity to walk it off and visit the numerous trade show participants whom have products to help you with your operation.

Have a good time at our 'Prime Beef Event'!

Sincerely,



**SHEILA MOWAT**

*General Manager*

Manitoba Cattle Producers Association

# Board of Directors 2010



**TED ARTZ**  
District 1



**GREG JOHNSON**  
District 2



**BRAD MCDONALD**  
District 3



**DONALD WINNICKY**  
District 4



**MARTIN UNRAU**  
District 5



**TREVOR ATCHISON**  
District 6



**RAY ARMBRUSTER**  
District 7



**GLEN CAMPBELL**  
District 8



**MAC MCRAE**  
District 9



**THERESA ZUK**  
District 10



**ART JONASSON**  
District 11



**MAJOR JAY FOX**  
District 12



**KIM CRANDALL**  
District 13



**DANE GUIGNION**  
District 14

## Executive Committee

**Major Jay Fox**  
President

**Don Winnicky**  
Second Vice-President

**Greg Johnson**  
Secretary

**Ray Armbruster**  
First Vice-President

**Dane Guignon**  
Treasurer

**Sheila Mowat**  
General Manager

# Committee Reports

## ANIMAL HEALTH COMMITTEE

Ray Armbruster – Chair  
Kim Crandall – Vice Chair  
Don Winnicky  
Glen Campbell  
Greg Johnson  
Martin Unrau

It has been a busy year for the MCPA Animal Health Committee. We have dealt with many issues; some are ongoing and some are new and emerging. Vigorous animal health and disease management are key components for profitability and sustainability of our industry. Both in-herd for productivity are essential to maintain trade and non-restrictive market access.

The Provincial Government has amended the Animal Care Act. They have increased fines and industry (such as auction mart dealers), are required to report and refuse unfit animals. MCPA has lobbied and recommended government to have a thorough consultation with MCPA, auction marts, and key industry players to establish guidelines and procedures before implementing new legislation. As this legislation has already been ratified and the act is in force, the need for consultation is essential.

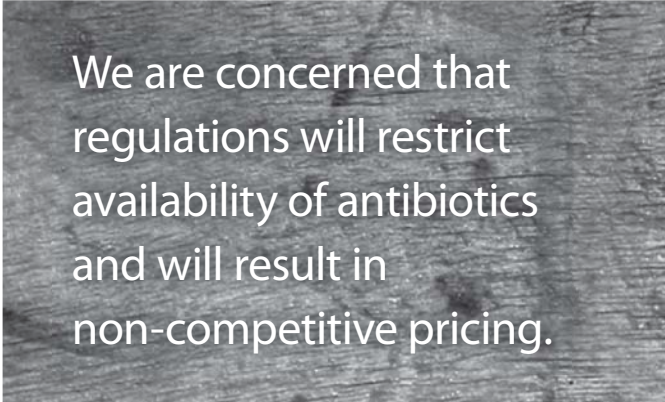
Another issue the committee has recently been dealing with is Provincial Government regulations to control the distribution, sale, and use of drug antibiotics. This is for non-veterinarian use, such as farm supply outlets. The recommendation came from the Clean Environment Commission Report

submitted to the government. The MCPA is in the process of ongoing consultation. We are concerned that regulations will restrict availability of antibiotics and will result in non-competitive pricing. These regulations will have little impact on the problem of antibiotic over-use and resistance of antibiotics.

With the increase in predator population and cattle deaths due to predation, this has been one of the top five issues the MCPA has been dealing with for a number of years. While producers have seen this increase, it has been difficult to convince government agencies to recognize or acknowledge it. The losses are larger than what livestock claims would indicate. Evidence, such as an ear tag or one bone, is not adequate enough to submit a claim for compensation. Additionally, the long process and insufficient compensation provided to producers results in a decrease in predator claims filed. MCPA has lobbied for resources to be allocated for a more vigorous Predator Removal and Control Program alongside with adequate compensation. We have supported workshops for producers and trappers to work together to deal with the problems.

The Animal Health Committee has also been involved with the issue of Anaplasmosis. After two large Anaplasmosis investigations in Manitoba in the last two years, with over 13,000 animal tests and 590

animals confirmed positive - there has never been a confirmed source. The Federal Government Industry Working Group was struck last year to examine the possibility of bringing regulatory change to Anaplasmosis from its current status as reportable, to non-reportable, or something in between. We are waiting for these reports. MCPA's position is to maintain Anaplasmosis as reportable. As well, we have been lobbying the provincial government to provide surveillance and monitoring on other vectors such as wildlife.



TB is the largest single issue on animal disease and the impacts on our industry, both within the RMEA and across the province. We are pleased with the success the MCPA has had through its lobbying efforts, and the assistance of CCA, where both levels of government have reaffirmed their commitment to the eradication of TB in the RMEA in both livestock and wildlife. Details of the plan and strategy are still in the development and approval stage, and it has been indicated to the MCPA that they will be available in early 2011.

In the meantime, all stakeholders and government agencies must vigorously continue to meet their obligations and responsibilities to obtain the goals and objectives of eradication. We recognize the negative economic impacts on producers in Manitoba, but especially in the RMEA, where the latest testing figures indicate a loss of producers and cattle at 4 times the provincial and national average. Our position is for government to maintain a mustering fee for producers, and to assist producers that are impacted with market loss and quarantines. MCPA is providing \$1.00 towards mustering and this is reviewed and approved on an annual basis. MCPA is also financially supporting a TB Research Project for the development and validating of a one-time blood test for TB.

Lastly, I would like to thank the committee, the Board, and the MCPA staff for all their hard work this year. We face a lot of challenges, and have accomplished a lot this year. We look forward to continuing our momentum for more positive results for the cattle industry.

Respectfully submitted,

**RAY ARMBRUSTER**

*Animal Health Committee Chair*

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## **ANNUAL MEETING COMMITTEE**

Don Winnicky – Chair  
Theresa Zuk – Vice Chair  
Mac McRae  
Trevor Atchison

On behalf of the Committee and the Board of Directors, we welcome you to the 32nd Annual General Meeting & Conference, held in conjunction with the Manitoba Livestock Expo, under

the fitting banner name - "The Prime Beef Event of the Year". This year, we accepted a resolution that was passed on the floor of last year's AGM –to hold our annual meeting jointly with the Livestock Expo and we are very excited about what has been planned, how things have come together and the value of what we can bring to our producers in an event such as this!

Friday kicks off the start of MCPA's annual general meeting with an address from our President, following with an exciting presentation from communications and moving from there into other AGM business. We then look forward to hearing from an excellent producer panel line up discussing the topic of 'innovative successes'. The panel includes Kevin Woods, Don Guilford, Dean Gamache and Don Green. At this time, we also wish to thank Kevin Hursh for moderating this event.

On Saturday, our AGM will once again offer informative sessions with keynote speakers sharing their knowledge and expertise in a variety of industry issues. The beef industry has to adapt with the changing times. It is our hope to answer some of these questions through bringing in, listening to and having open discussion with these types of speakers from whom we can all learn and benefit. Our Keynote Speakers include Steve Kay, Marian Chan and Steve Verheul. Be sure to look at your AGM program for full details on these speakers and the topics they will be covering. Saturday is also the day we've scheduled our Resolutions Debate – your voice will help shape the future direction of these industry issues so we greatly look forward to seeing you there.

Entertainment on the Friday night

includes our President's Banquet, which is always a real treat and a great opportunity to network with other producers and industry folk. We are also very excited to hold the inaugural Grant Moffat Beef Breeds Auction at our Prime Beef Event this year. We have included the Auction Brochure in your registration packages, which contains everything you need to know.

In closing, thank you to the Annual Meeting Committee and the MCPA office staff in organizing the 32nd Annual General Meeting. Organizing an event such as this is no small feat and takes considerable time and effort to make it a success! Your efforts are greatly appreciated!

A very special thank you to the many generous sponsors and tradeshow participants of our Prime Beef Event! You are champions of our industry and your support is gratefully acknowledged!

Respectfully submitted,

**DON WINNICKY**

*Annual Meeting Committee Chair*

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## **APF COMMITTEE**

Martin Unrau – Chair  
Brad McDonald – Vice Chair  
Dane Guignon  
Art Jonasson  
Ray Armbruster

Over the past year, the two areas of focus for this committee have been the Hay and Pasture Insurance and the Cattle Insurance Programs. Conjointly the committee is working on changes in all areas of BRM programming. These programs are indicative of what MCPA would like to see included in the next BRM Program

agreement starting in April 2013.

The Hay and Pasture Insurance Program is currently at the pilot stage, with thirty participating producers enrolled. The MCPA will be meeting with MASC after the year is finished to evaluate the benefits and disadvantages of the program, and make the necessary changes so the Hay and Pasture Program is economical, effective, and available to all producers.

Developing a Cattle Insurance Program for our producers has been a high priority in our lobbying efforts. While creating a proposal, we assessed the Alberta Price Insurance Program, and considered options that would not be trade countervailable. MCPA developed a Cattle Insurance Proposal for all sectors of our industry, which includes cow/calf, backgrounder or grasser, and finisher. We are getting some traction in Manitoba with Minister Struthers and also Minister Ritz at the Federal level. MCPA directors actively lobbied cattle board members at the Canadian Cattlemen's Association (CCA) Semi-Annual General Meeting for a motion to approve an insurance program where premiums are cost-shared with the government. The motion passed at the board table.

In closing, I would like to thank the APF Committee members for all their hard work this year. The MCPA and the APF Committee will continue to lobby for a Hay and Pasture Insurance and a Cattle Insurance Program for our producers, as well as continue to focus on improving BRM Programming for the 2013 Provincial-Federal Agreement.

Respectfully submitted,

**MARTIN UNRAU**  
*APF Committee Chair*

## COMMUNICATIONS COMMITTEE

Don Winnicky – Chair  
Ted Artz– Vice Chair  
Kim Crandall  
Martin Unrau  
Theresa Zuk  
Trevor Atchison

2010 has brought with it much advancement in our communications department. We are very pleased to welcome Audrey Treichel into Communications. Audrey comes to us with 20 years experience in marketing/brand and communications, which includes running one of the largest marketing and design companies in Winnipeg. She has proven her extensive experience and expertise since her hire in January. Working conjunctively and closely with our Communications Committee over the course of this past year, we are prepared to launch and deliver upon a full communications strategy.

We began the year, reviewing communications from more of a holistic perspective in terms of our understanding of brand, marketing, communications, advertising and promotion. Upon garnering a further understanding of communications, we embarked upon the strategic process of developing our brand strategy, brand identity and outlining our brand management and brand experience tools.

Upon review of the communications work performed to date, it also became clear that through a strategic analysis and strategy, definitive benchmarks and business measurement (in terms of tracking communications success), would be more clearly defined and built into all

future communications work, inclusive of deliverable time frames and return on investment.

We began our strategic process by performing an external analysis (political, economical, social and technical landscape). We ascertained necessary outcomes through conducting an exhaustive internal analysis and determined our:

- SWOT (Strengths, Weaknesses, Opportunities, Threats)
- Goals and Specific objectives
- Market and landscape determination, inclusive of target audience (assessment of demographics, psychographics, complexity of audience {government/producer/pubic}, influencing factors, etc.)
- Key messages
- Marketing mix and saturation (implementation), and
- Measurement/ROI

This strategic process enabled us to develop a full road map of specific deliverables. A sound brand strategy will ultimately give birth to a unifying concept with key messages, voice and tone that resonates with all stakeholders. This proved to be true through our strategic process. The essence and truth of our brand has been identified and has now been crafted and designed so that the audience can make meaning.

How our brand is perceived affects its success – image and perception drive value with an audience. But without an image that resonates with its audience, there is no perception. As we all know full well through the brands we are loyal to, brand is what the audience says it is. Branding therefore is about a desire to lead and seize every opportunity to express

why the target audience should care about our brand and therefore we must keep investing in the health and future of our brand. Our strategic process has outlined for us how to do that and we have taken that mandate seriously.

Our mandate is enormous. Our brand is our reputation amongst a complex audience that has changed and is perpetually changing. It is who we are and one of our most valuable organizational assets. Our future success is dependant on a strong brand identity and will help build brand equity through increased recognition, awareness and loyalty; preserving our reputation and upholding our core values. Loyalty to our brand will be achieved



How our brand is perceived affects its success – image and perception drive value with an audience.

therefore through our commitment to ensure the integrity of our brand is maintained.

We must seize every opportunity to communicate our brand value, as it is a precious asset. We are excited to further discuss our brand strategy and launch and our new brand identity at this AGM.

Recently, we unveiled a video palindrome geared toward our specific producer audience with the message intended to encourage a uniting of our industry. The video message was extremely impacting in the crafted style of the message delivery and has since been launched on YouTube.

Though intended for an industry audience only, it has garnered great activity on YouTube in a very short period of time and has received much industry attention and accolades. Ag in the Classroom requested to use the video as a tool in some of their educational forums, which have subsequently been reviewed and approved by the MCPA. This video was not designed or intended for educational or other purposes per se, and is therefore not to be considered an exhaustive message unless used conjunctively with supplementary tools. Should the video be used for any other purpose or audience other than its primary intent, consent must be granted by the MCPA.

Further enhancements to our website

and IT protocols have also been upgraded, including Twitter account establishment, SEO, an analytics account that fully assesses web

traffic to our site in terms of unique visitors, page visits, length of time on specific pages, etc. This will help us ascertain and develop further upgrades moving forward that are meaningful in terms of web activity usage. Among our specific initiatives as a result of our strategy, a 'lite' version of our website will be created moving forward that will be more user friendly for our dial up users.

Over the past year, the foodManitoba Group continued forging their way into history with the launch of the 21st season of their signature program. Great Tastes of Manitoba is the longest running cooking show in Canada and the top rated cooking show in

this provincial market. It ranks in the top 50 best programs for Adults 35+ (All of Manitoba), coming in at #35 above Ellen and Oprah. It provides the opportunity for consumers to not only utilize local products in everyday meals, but also learn about the agriculture industry in Manitoba. In addition to this program, the group also collaborated on a Nutrition Supplement that was distributed in the Winnipeg Free Press reaching over 200,000 Manitobans with a message about nutritious, local foods produced from the farms and fields of Manitoba.

MCPA continues to actively participate in an extensive number of tradeshow, conferences and events. Our presence at these functions is extremely valuable. As part of our strategic deliverables, our tradeshow booths and activities are also going to reflect our new brand messaging so we have much to look forward to in terms of impact at these shows in the year ahead.

Of course, all other standard communications vehicles are utilized in terms of news releases, etc. to all industry and media contacts, with media relationships being consistently further developed. This too will remain a key component to the fulfillment of our communications strategy moving forward.

In closing, the communications committee is well positioned to fulfill its brand strategy in the coming year. We are energized by our progress to date and dedicated to ensuring that our strategic goals are reached and surpassed moving forward in the year ahead!

Respectfully submitted,

**DON WINNICKY**

*Communications Committee Chair*

## CROWN LANDS COMMITTEE

Kim Crandall – Chair  
Dane Guignon – Vice Chair  
Art Jonasson

Agricultural Crown Lands are an important component of many cattle operations in Manitoba. The issue of finding an appropriate balance between the public's right of access to Crown Lands leased for agricultural purposes and the right of the producer to protect their investment continues to be a priority at the MCPA. Therefore, the MCPA has been lobbying for informed access. In meetings with various government agencies, the Crown Lands Committee has submitted a proposal on informed access based on four public and private hazards on agricultural Crown Lands. This proposal explains the importance of informed access for the safety of the general public and the environmental sustainability of the agricultural lands, as well as, the biosecurity hazards and economic hazards that exist without this type of informed access.

Over the past year, the Crown Lands Committee has also met with the Crown Lands Department to discuss the issue of rate increases, and the ability to use improvements on Crown Lands as collateral on loans through MASC. Once the surveys and land assessments were completed, there was a slight increase in our rates. The issue of rate increases is important because Crown Land rates must be within certain parameters. If they are not, this could be considered unfair and the possibility of a trade challenge by our competitors exists. The assessment of Crown Land rates has been challenged before and proven that it is a fair and accurate assessment.

The Crown Lands Committee brought forward a proposal to allow producers to use the costs of improvements on Crown Lands as collateral. This has potential to work if the loan is done through MASC. In the upcoming year, the committee will evaluate how this can work through a banking institution. The proposal is in the development stages, and we will be meeting with the government in the near future to outline a plan and the process for implementation.

In closing, I would like to thank the committee members for their work this year. We will continue to lobby the Provincial Government to put a Biosecurity program in place, through legislation amendments to include informed access to Crown Lands.

Respectfully submitted,

### **KIM CRANDALL**

*Crown Lands Committee Chair*

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## ENVIRONMENT COMMITTEE

Art Jonasson – Chair  
Glen Campbell – Vice Chair  
Greg Johnson  
Ray Armbruster  
Mac McRae

The Environment Committee has been working on a variety of issues this past year to ensure the cattle industry plays an important role in policy-making for an environmentally sustainable economy. The top issues we have been working on are an EG&S Program, a Wetland Policy, and Straw Burning Solutions.

MCPA has been working with our province on an Ecological Goods and Services Knowledge Group comprised of government stakeholders to develop an incentives-based program for producers in Manitoba. We

have also participated in additional EG&S meetings with other industry stakeholders, such as the Conservation Districts Association and Keystone Agriculture Producers. The MCPA looks forward to moving ahead with these committees toward the development of an EG&S Program. The Environment Committee also participates on the boards of Manitoba Habitat Heritage Corporation, Manitoba Forage Council, and the KAP Advisory Board for Growing Forward. Our participation on these committees ensures that the cattle producers' voices are heard.

Over the past months, MCPA had the opportunity to participate in a public consultation process for the development of a Manitoba Wetland Policy. Through this process, the Environment Committee developed an MCPA Wetland Policy to present to government with our recommendations for policy and implementation.

The MCPA Environment Committee has been encouraging producers to nominate neighbours for the MCPA Environmental Stewardship Award. The winner will represent our province at the national TESA competition. The committee has worked on the nomination form for the national program, and is hoping this will move forward in the near future.

The issue of stubble burning has become an intensifying issue which affects a cross-section of industry and the public. The MCPA developed an alternative to burning straw, in conjunction with a freight assistance program. We met with Manitoba Conservation senior staff, Minister Struthers, Minister Wowchuk, and Premier Selinger to present the proposal to solve the straw burning problem, while encouraging

producers to use straw for feed. We are currently working on this file with government.

A recent issue from this past summer was flooding in the Shoal Lake region. MCPA is supporting the Shoal Lake Action Group and their request for action from the Provincial Government. We hope this will be resolved shortly and producers will be treated fairly.

Lastly, Nutrient Regulations will be on the Environment Committee's radar for the upcoming year, as amendments to the Livestock Manure and Mortalities Management Regulation to include Phosphorus in manure application criteria will be implemented in 2013. The committee will continue to work to relay the needs and interests of cattle producers with respect to manure management issues in the province.

I would like to express gratitude to all the committee members for their hard work on these issues which will continue to move our industry forward to an environmentally sustainable future.

Respectfully submitted,  
**ART JONASSON**  
*Environment Committee Chair*

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## FINANCE COMMITTEE

Dane Guignion – Chair  
Art Jonasson – Vice Chair  
Don Winnicky  
Martin Unrau  
Theresa Zuk

The Finance Committee is pleased to submit to the MCPA's membership the audited financial statements for the fiscal year ending June 30, 2010. Those financial statements can be found within this Annual Report.

Once again, the committee's main task this year was outlining the financial budget for the year.

Recently, the board passed a motion with regard to the 5% of annual check-off income. This will be budgeted for the industry development fund and calculated based on the previous fiscal year's net check-off fees collected.

Another change to the budget this year deals with CCA legal assessments. The CCA maintains a legal fund in order to be able to deal with expenses related to trade challenges. The CCA has requested additional funds from the member Provincial Associations to ensure there is adequate dollars in place to fight the WTO and COOL Trade Challenge. The additional funds requested from Manitoba this past year were \$69,554, of which approximately half will be held in the reserve as payable.

MCPA has taken the initiative to create and implement a communications and marketing strategy for the association. This strategy will be undertaken over the next year and a half. With this new strategy, budgeting will be measurable and quantifiable to ensure that dollars are utilized to the maximum benefit.

Finally, a big thank-you to the members of the committee and our staff for all their hard work this year.

Respectfully submitted,  
**DANE GUIGNION**  
*Finance Committee Chair*

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## PRODUCTION MANAGEMENT COMMITTEE

Trevor Atchison – Chair  
Brad McDonald – Vice Chair  
Glen Campbell

Kim Crandall  
Martin Unrau  
Ted Artz

Continuing challenges, combined with new ones - along with a few successes - kept the Production Management committee busy this year. I would like to commend the committee for their thoughts and input to the issues at hand. Over the year, the committee has focused on flooding, veterinary drug usage, brand inspection, and traceability. MCPA continues to be a member of the National Cattle Feeders Association, and we work with the national committee on issues of commonality.

An ongoing issue as it develops is traceability. The magnitude of traceability is extensive and includes every cattle producer, every Provincial jurisdiction, and the Federal Government. With all these entities, the implementation of traceability has its difficulties. Traceability has three pillars: Premise ID, Animal ID, and Animal Tracking. Several meetings have been held with MAFRI staff and the Minister regarding Premise ID, which was placed under Provincial jurisdiction by the Federal Government. The Province has recently launched a \$400,000 database, which will house Premise IDs for all livestock producers in Manitoba. The system has capabilities for planning and monitoring the spread of a disease from premise to premise. Unfortunately, at this time, the system is not linked to CCIA's. The CCIA database is recognized by the OIE for the individual animal tracking ID system. Therefore, MCPA is not in favour of the system in Manitoba until it is compatible with CCIA. Additionally, the Minister implemented a regulation

under the Animal Disease Act, requiring all producers to submit their Premise IDs, in which non-compliance is punishable by a fine.

MCPA continues its involvement with the Provincial Beef Steering Committee. Participants discuss where Growing Forward dollars should be spent and the committee considers research proposals that directly benefit producers. Traceability and the Verified Beef Program also fall under this committee. Through due diligence, the goal of MCPA and this committee is to keep the delivery of VBP as cost-effective and simple as possible.

The flooding issue required a lot of time and focus from the committee over the past summer months. To date, the MCPA is still waiting for financial support from the governments for producers. The MCPA has spent time gathering details of the extent of hardship faced by all producers in the province, including cow/calf, backgrounds, and feedlots, and assessed the avenues of support needed by each sector.

Recently, the committee gathered research to inform producers about brand inspection. Many contacts were made, and the information is available to each producer to help them understand the positive and negative implications that a brand inspection program will have in Manitoba.

An issue overlapping with the Animal Health Committee is the sale of veterinary pharmaceuticals. MAFRI has indicated the Provincial Government is looking to place tighter standards on where veterinary pharmaceuticals can be sold and who is licensed to sell them. The two committees will be working on this issue in the

upcoming months.

A welcome addition to the Production Management Committee and MCPA is Tara Fulton, our Field Representative. Tara has travelled the province to present at our fall district meetings, worked with staff to secure sponsorship for the AGM, and helps producers with Age Verification at various auction marts across the province. She also updates producers on the activities and positions of the MCPA, as well as bringing producers' concerns to the MCPA Board. Please contact Tara for assistance on Age Verification or any other aspect of MCPA activities.

In closing, I would like to recognize the commitment made by the committee members to the tasks set before us this year. All the issues have not been solved, but most have moved in a direction that the industry can work with, and the MCPA will continue to focus on solving these issues.

Respectfully submitted,

**TREVOR ATCHISON**

*Production Management  
Committee Chair*

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**FEEDLOT COMMITTEE**

Martin Unrau – Chair  
Brad McDonald – Vice Chair  
Theresa Zuk  
Larry Schweitzer

**Sub Committee of Production  
Management**

The feeding industry has had a tough year. Due to excess moisture from flooding, many feedlots across the province were not able to get their feed together. MCPA has continued to lobby the government for financial support on an individual case-by-case

basis. Meaning, feedlot producers in Manitoba who have experienced high moisture problems and can prove they have faced hardship, would be eligible to qualify for financial assistance.

Over the summer, the committee presented at the Feeder Meetings. MCPA feels it is very important to connect with the feedlots more often to ensure their comments and concerns and the various issues they deal with are heard. The MCPA is more than happy to set up meetings with feedlots to consult on the issues MCPA is committed to, and to get some feedback on other issues feedlots may be dealing with.

MCPA had consultation with other feedlots regarding AgriStability programming. This summer, flooded fields resulted in a loss of dirt with manure through cleaning pens. The costs to fill the pens are almost as much as the manure hauling bills. Assistance needs to be adequate enough to cover these costs through AgriStability programs. This remains a concern for the MCPA.

The Feedlot Committee is working with the APF Committee to implement an insurance program for all sectors of the cattle industry, including feedlots.

Additionally, the MCPA committee has worked and will continue to work on Nutrient Management Regulations. Current manure application practice is nitrogen-based; however, with increasing concerns of rising phosphorus levels throughout the province, the government has amended the LMMMR to include Phosphorus in manure application criteria. In June 2010, the government announced changes to the LMMMR to include all operations to be fully compliant with phosphorus threshold

requirements by November 10, 2013, the ban on winter application manure extended to all operations effective November 10, 2013, and lastly, the prohibition of winter application of composted manure and composted mortalities.

The committee is dedicated to solving these issues and putting in place programs that are simple and cost-effective for feedlots across Manitoba.

Respectfully submitted,

**MARTIN UNRAU**

*Feedlot Committee Chair*

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## **VERIFIED BEEF PRODUCTION PROGRAM**

Mac McRae – Chair

Trevor Atchison – Vice Chair

Brad McDonald

Ray Armbruster

Theresa Zuk

### **Building Confidence in Canadian Beef**

The Verified Beef program continues to be very active in training producers across Canada and Manitoba on the food safety practices for our industry. This HACCP based program focuses producers on reducing the chemical, biological and physical risks related to beef production at the farm level.

The VBP program is supported by Growing Forward program funds made available by the shared efforts of the Federal and Provincial Governments.

Our provincial coordinator, Betty Green, has conducted 27 workshops so far this year with several more meetings planned before the new year. We have approximately 2000 producers who have completed their training, many of them moving

toward audited completion as a VBP registered operation. To date, we have 151 registered operations with several in progress. This year alone, over 100 producers have joined the VBP registered producer list.

Growing Forward, Food Safety for Farms provides registered cattlemen with rebates of 90% to a maximum of \$2000 on purchases of eligible equipment. The equipment list includes handling systems with headgates and neck extenders, RFID tag readers, individual animal scales, medicated feed scales, animal health software, electronic thermometers and pressure washers.

If you are interested in participating in the program or learning more about the VBP workshops, contact Betty Green or visit her at the VBP booth.

Respectfully submitted,

**MAC MCRAE**

*Verified Beef Committee Chair*

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## **RESEARCH COMMITTEE**

Glen Campbell – Chair

Greg Johnson – Vice Chair

Mac McRae

Ted Artz

Theresa Zuk

Trevor Atchison

The MCPA is involved in numerous research projects with the University of Manitoba, Manitoba Government, and other industry research partners. Last year, MCPA developed our top research priorities and presented them to our research partners to develop proposals and projects that meet our needs in the cattle industry in Manitoba. In all of our research endeavours, it cannot be stressed enough that with regard to all

environmental issues, we must have and be able to rely on scientific based research, which carries the scientific data to confirm the value of cattle on the landscape, especially when more and more stringent environmental regulations are put on the industry.

### **Solid Cattle Manure as a Nutrient Source**

One of the research projects we are involved in is the study on Solid Cattle Manure as a Nutrient Source. This project is led by Don Flaten at the University of Manitoba, Department of Soil Science. Cattle manure is a good source of several plant nutrients, however, little is known about the availability of nutrients from solid manure. Research in the field of solid manure will help prepare producers for regulations pertaining to livestock manure. Three years of field trials have already been completed, and the final results of the research will be completed by March 31, 2011.

### **Development of an Algorithm for Fertilizer Equivalence of Different Manures**

MCPA is also involved in the study of the Development of an Algorithm for Fertilizer Equivalence of Different Manures. This study will evaluate nutrient release from different animal manures, and will determine the effect of soil temperature and moisture on manure nutrient release. It will examine the interactions between soil properties and manure characteristics, and how they influence manure nutrient release. Throughout the research process, they will develop a user-friendly computer or web-based model to estimate the fertilizer equivalence of livestock manure that can be used by cattle producers in Manitoba.

## **Assessment of Grasslands in Manitoba**

The University of Manitoba is doing a life cycle analysis, and MCPA is involved in the Assessment of the Value of Grasslands in Manitoba. This project will develop a strategy for forage and grassland management through an examination of the multifunctionality of forage productivity and sustainability, including nutrient management, biodiversity, erosion and water management, and agri-tourism. This study will also develop a profile or baseline of both land management and forage production/utilization practices in Manitoba, and will develop low cost feeding strategies utilizing forages. This data will be used to assess the multifunctional value of Manitoba grasslands and wetland areas in terms of their ability to sequester carbon, enhance biodiversity, and reduce water erosion.

## **Farm Management and Marketing Strategies in the Canadian Beef Sector**

Farm Management and Marketing Strategies in the Canadian Beef Sector is an economic analysis to examine the cattle basis in Western Canada overtime, and to extract patterns of behavior that can contribute to improved forecasts. This study will develop basis forecasting models and consider marketing strategies, including hedging rules, based on the market information available.

## **Brandon Research Station Tri-Party Agreement**

MCPA signed a 4 year agreement with the Brandon Research Station to conduct various research projects over this period of time. The agreement includes the development of novel

forage-based backgrounding, finishing, and beef production systems, which reduce economic and environmental input costs. Another research project is to determine the impact of supplementing forage beef cows during wintering months with DDGs on animal productivity, nutrient excretion, and on the economic viability of feeding DDGs to beef cows. The agreement also includes the development of sequential grazing systems comprising high quality perennial forages and swath grazed annual forages to produce forage finished beef with fatty acid profiles. Due to weather conditions of conducting this research, the project was amended. For the upcoming year, the research team will conduct a Meat Quality Analysis of rib eyes from steers from the Time of Calving project and an analysis of the long-term Manitoba Beef Production Systems data. This involves a trained taste panel evaluation of meat samples to determine the impact of time of calving and finishing system on beef taste and tenderness, an analysis of meat composition, including moisture, protein, and fat, and lastly, fatty acid profiles and an economic analysis of production systems and meat quality.

## **Microbial-Based Diagnostics for Johne's Disease**

In conjunction with two other projects at the University of Calgary and University of Saskatchewan, MCPA is participating in the study on Microbial Based Diagnostics for Johne's disease in cattle. Manitoba's contribution is to evaluate the micro biome of the digestive tract with next generation sequencing technology and gut microbial ecology, and how other microorganisms accompany the MAP infection. It will characterize key

samples from these two projects, and identify other microorganisms that may be involved in the co-infection. It is anticipated that this co-infecting microorganisms would be easier to multiply and become the basis for a new diagnostic.

## **Integrated Crop/Livestock Systems**

The MCPA has recently given a letter of support to the Zero Till research project involving integrating livestock and cropping systems in a zero tillage production system. Integrated management of two systems is said to be beneficial to both the livestock and cropping systems individually, and is a key component for achieving long-term sustainability. This project will focus on three areas, improved perennial pasture production, alfalfa production and grazing, and annual forage polyculture cover crop production and grazing.

## **Residual Feed Intake**

The University of Manitoba submitted a research proposal to the MCPA on Residual Feed Intake. This project is currently being considered by the MCPA to determine if it meets our research priorities. One of our research priorities is to develop options so producers can retain and sell calves at the 8-9 weight range rather than 4-5 weight range, and to achieve these weights as cheaply as possible. Another research priority is to develop innovations to improve feed efficiency utilization, with the intent to reduce cost per pound of gain. The Residual Feed Intake proposal could meet these two research priorities with further development.

Respectfully submitted,

**GLEN CAMPBELL**

*Research Committee Chair*



# Beef Cattle Research Council



Currently, 5 cents of every National Check-off dollar collected in Manitoba is allocated to the Beef Cattle Research Council. A recent report Evaluating the Economic Benefits From the Canadian Beef Check-Off indicated that every National Check-Off dollar invested in marketing and research earned \$9 for Canadian cattle producers. It also noted that there was a considerable underinvestment in research.

Increasing the resources allocated to research would increase the benefits of the National Check-off to Canadian cattle producers. Current BCRC research activities are focused on areas with the greatest potential to improve the competitiveness of Canada's beef industry. These six priority areas (and an estimate of their potential economic importance) are:

## Reduced Production Costs

- 1. Animal Health and Welfare:** Respiratory disease is a leading cause of death and treatment costs in feedlot calves. Reduce the death loss in fall placed feeder calves from 2 per cent to 1.5 per cent would save the Canadian beef industry more than \$10 million annually (over and above treatment and feed savings).
- 2. Forage and Grassland:** Approximately 80 per cent of Canada's beef production occurs while animals consume only forage. Keeping all of Canada's beef cows and replacement heifers on pasture for one more day every winter would save the cow-calf sector \$3.8 million annually.
- 3. Feed Efficiency:** Reducing winter feeding costs by 1 per cent would save Canada's cow-calf sector \$6 million annually, and improving feed:gain by 1 per cent would save Canada's feedlot sector \$10 million annually.
- 4. SRM disposal:** Costs of specified risk material (SRM) disposal have escalated since 2003. Deadstock pickup services for farms and feedlots have increased from \$0 to over \$75 per head. SRM disposal under the enhanced feed ban is costing small abattoirs close to \$30 per head.

## Improved Product Value

- 5. Food Safety:** Saving 1 cent per pound (carcass weight basis) due to reduced food safety recalls would save Canada's beef industry \$21 million per year.
- 6. Beef Quality:** A 1 per cent improvement in the value of cuts from the loin, rib and sirloin would be worth \$27 million per year to Canada's beef industry. A 1 per cent improvement in the value of cuts from the hip, chuck, brisket and shank would be worth \$39 million per year to Canada's beef industry. Reducing the incidence of dark cutters to 1999 levels would save the Canadian beef industry \$13 million annually.

In the past year the BCRC has increased its communication effort so that more producers are aware of the research projects that their check-off is funding. Research articles are circulated through the CCA's Action News, provincial newsletters, and Canadian Cattlemen magazine. We are optimistic that this communication effort will continue to expand in 2011.

More information on BCRC funded research is available at <http://www.cattle.ca/learn-about-the-bcrc>.

### **Verified Beef Production (Quality Starts Here)**



The Verified Beef Production (Quality Starts Here) program is also under the auspices of the BCRC. This supports the industry's vision to have high quality Canadian beef products recognized as the most outstanding by Canadian and world customers. In 2009 in order to save administration costs it was determined that VBP should

report directly to the BCRC committee, instead of the QSH producer sub-committee. Efforts continue to streamline administration and keep costs low, including the revised VBP Producer Manual which received a technical re-review from CFIA in 2009.

VBP reports continued growth in the last year, with the number of beef cattle operations attending workshops now totalling nearly 14,400. This represents an estimated 35-45% of beef cattle production in Canada. Growth in the past year has largely been a result of interest from feedlot operations. In addition there are now nearly 500 cattle operations who have participated in the optional validation audit to become registered with the VBP program.

For more information please visit the national website at [www.verifiedbeef.org](http://www.verifiedbeef.org) or the provincial VBP coordinator at 204-372-6492 or [blgreen@xplornet.com](mailto:blgreen@xplornet.com).

As progressive beef producers are likely to be among the first enrolled and audited on VBP, provincial coordinators may also be a valuable conduit for communicating the importance of research and disseminating relevant research results to the producer community.

Respectfully submitted,

**CHARLIE CHRISTIE**, Chair





# Canadian Cattle Identification Agency



The Canadian Cattle Identification Agency (CCIA) is an industry initiated and industry led organization that manages the Canadian Livestock Tracking System (CLTS) - a trace back system designed and developed for the containment and eradication of animal disease.

In the future, the CCIA seeks to advance the implementation and evolution of the national traceability system through collaborative and ongoing relationships with industry, federal and provincial governments and the Canadian Food Inspection Agency (CFIA). The CCIA is seen as a national leader in the agricultural industry through its role as a traceability advocate and the collaborative partnerships by which it achieves these objectives. As a member of the Industry Government Advisory Committee (IGAC), discussions on traceability and collaborative processes with other service providers, the CCIA is committed to discussing and working together on a multi-species national traceability system. The CCIA will also continue to act as a service provider for bison, sheep and poultry organizations and will offer services to other species.

In early 2010, CCIA was pleased to announce Darcy Eddleston as the new chair of the organization. Darcy has served on several other industry boards and CCIA is confident in his ability to continue leading the board, industry and government forward on traceability. Having completed a three-year term as chair, Steve Primrose will stay on for another year serving as past chair offering guidance and mentorship. Darcy and Steve will be joined on the executive committee by: Rick Wright, vice chair; Terry Kremeniuk, finance chair; Dan Darling and Dr. Pat Burrage, directors at large.

As a national organization, CCIA strives to meet the needs of all Canadian producers including the provision of bilingual services. In 2009, the website was improved to provide English and French messaging. Moving forward on this initiative, the agency also offers call centre support in French with bilingual customer service on the toll free line and the recent launch of a French version of the CLTS.

Through 2009-10, CCIA remained committed to internal and technological restructuring to better serve the needs of our commodity stakeholders. CCIA strives to continually improve producer services and created a new, quick-loading version of the CLTS named CLTS Lite. This site was designed to provide all the same functionality and information to users as the original, but without the extras that usually delay access for rural users with dial-up connections. This dial-up friendly site is stripped of all graphics and logos, allowing users a faster and lighter navigation experience through the site.

Through collaborative activities with industry and governments, the CCIA is moving towards animal movement tracking through the completion of Premises Identification and continuing to assist with Age Verification. Field support services were expanded in partnership with the Saskatchewan Ministry of Agriculture and the Government of Canada to employ three new CCIA Producer Support Representatives (PSRs) to help Saskatchewan livestock producers implement voluntary traceability initiatives. Producer support and industry infrastructure to facilitate value-added initiatives will also continue to be a focus of the CCIA as demonstrated by our partnership with the Canadian Cattlemen's Association (CCA) on the Beef InfoXchange (BIXS) program.

Tag technology and retention issues are continually under review and efforts will be made to keep the public updated as to the status of new technologies and field trials. Tag and Technology Manager, Paul Laronde, continues to establish quality assurance procedures and processes around the technology of Radio Frequency Identification (RFID) tags and readers, as well as investigating other emergent technologies that may provide value to industry sectors. Working with veterinarians, producers and other industry partners will ensure traceability technology can continually improve. CCIA welcomes feedback from all industry partners as we work together to find a solution to common technological issues.

In 2010, the CCIA completed Phase One of the Auction

Market Applied Research Project to determine the costs and benefits for full scale implementation of RFID systems in auction markets. The full report along with key findings can be found on the CCIA website. Project Manager, Donna Henuset is now in the beginning stages of Phase Two of the research project in cooperation with the Livestock Markets Association of Canada (LMAC). Phase Two will focus on the implementation of commercial software to align RFID hardware with business process and test new configurations of hardware. Phase Two plans also include the original nine auction markets as well as three additional buying stations.

Most recently, CCIA and the CFIA announced the de-listing of bar-coded identification dangle tags. As of July 1, 2010 all cattle must now be tagged with an approved RFID tag before moving from their current location or from their farm of origin. RFID technology is required to support the reporting of animal movement, as it enables the capture of animal identification without the previously required line of sight, thus moving the Canadian Cattle industry forward in traceability initiatives.

CCIA continues to provide additional support through the customer service call centre at 1-877-909-2333 (BEEF) and has field representatives throughout Alberta and Saskatchewan.

For more information on the CCIA please visit [www.canadaid.ca](http://www.canadaid.ca).



# Canadian Livestock Tracking System Services

In an ongoing effort to improve services and develop the Canadian Livestock Tracking System (CLTS), the CCIA has enhanced CLTS services to help users work more efficiently and effectively with the site. Some of the new services include:

## **CLTS Lite**

CLTS Lite is a dial-up friendly version of the CLTS. Our Lite version is here to speed up your data entry experience. Features include: all the functionality of the CLTS, graphic-free and quick-loading

## **CLTS MOBO**

CCIA is now offering a mobile version of the CLTS to provide producers with a method of accessing their CLTS accounts while away from home. Producers now have the ability to access and pull up information such as:

- Tag numbers
- Transaction numbers
- Animal information
- Premises information
- Birth certificates

This free feature is compatible with iPhones or other smartphones that run Android 1.6 or higher.

## **The Resource Centre**

CCIA is providing one convenient location for all CLTS user information. All of the tools and resources within the centre are specifically designed to simplify the user's experience.

Get online user support with:

- Online user guide
- Templates
- Tools for information upload
- FAQs
- Current news
- Links and feedback channels

## **Call Centre**

The CCIA is pleased to announce new extended call centre customer service hours for the fall run effective Oct. 1, 2010 and ending on Dec. 31, 2010.

The new call centre hours will be Monday to Friday from 6 a.m. to 8 p.m. MST until the end of December. Customer support for the Canadian Livestock Tracking System (CLTS) can be accessed by phone at 1-877-909-BEEF (2333).

Accommodating and adjusting to high volume periods is just one more modification the CCIA has made to support the various needs of our stakeholders across Canada.



# Beef Information Centre



The Beef Information Centre (BIC) works with key partners and stakeholders to develop effective marketing strategies and programs that benefit and contribute to a strong, viable Canadian beef industry. In co-operation with industry and government funders, BIC focuses resources on building awareness for the Canadian beef brand; achieving growth in the domestic and U.S. markets; and maximizing value through optimization of carcass values.

## **Domestic and Commercial Beef Markets**

### ***Awareness of the Canadian beef brand***

The Canadian beef brand is integral to BIC's marketing initiatives for both consumers and the beef trade. The consumer brand positioning focuses on the nutritional benefits of beef supported by taste and convenience messages; while the trade brand positioning focuses on the Canadian Beef Advantage (CBA) – those tangible attributes that differentiate our product from our competitors. CBA attributes include: producing superior quality beef in a pristine and natural environment; rigorous regulatory and inspection systems; world leading mandatory individual animal identification systems; beef that is recognized for exceptional flavor, tenderness and juiciness; stringent grading system to ensure superior quality and consistency; higher saleable yields that increases profitability; strategic global marketing material and merchandising programs to optimize profitability; a healthful and naturally nutrient-rich choice.

As at October 25, 2010, BIC has worked with 168 industry partners and has signed 94 brand license agreements (including 17 with U.S. partners) with retail, foodservice and processing operations, including: XL Fine Foods; Costco Canada; Canada Safeway; McDonald's; Boston Pizza; Panago Pizza; Freson's IGA; Cargill Meat Solutions; Sobeys; Quiznos.

### **Achieve growth in the domestic and U.S. markets**

The Canadian beef brand consumer marketing campaign ran from March-May 2010, focused in Alberta and the Greater Toronto Area (GTA). The goal of the campaign was to increase awareness of the Canadian beef brand and to increase positive attitudes towards the healthfulness of beef. The campaign targeted beef consumers who eat beef 1-2 times per week with a specific focus on mothers 25-49 years of age who are the family's food decision makers. The campaign reached 95 per cent of the target group who heard or saw the campaign about 27 times, resulting in 100 million impressions.

The campaign drove a strong call to action to purchase Canadian beef by utilizing cross-functional programs at BIC such as a radio contest, public relations campaign, recipe booklets and health professional initiatives, and leveraging external trade partners through grocery store and quick-service restaurant programs.

Campaign results: Awareness of the Canadian beef brand mark increased significantly following the consumer brand campaign – in the GTA, 30 per cent awareness was achieved, 15 per cent higher than before the campaign and seven per cent higher than post 2009 campaign. In Alberta, 20 per cent awareness was achieved. Consumer perception of the healthfulness of beef was nine per cent higher in both the GTA and Alberta among consumers aware of the campaign compared to those not aware of the campaign. Several key beef attributes were higher among consumers aware of the campaign including, “Beef is an important part of a healthy eating plan” (11 per cent higher in Alberta and five per cent higher in the GTA); “Ground beef is nutritious” (nine per cent higher in Alberta); “Canadian beef is a nutritious and healthy product” (10 per cent higher in Alberta).

Public relations initiatives targeting food and lifestyle media reached over 30 million Canadian consumers with positive beef messaging. Since its January launch, the new Canadian beef Facebook page has attracted over 4,100 fans. BIC’s Make it Beef (MIB) Club initiatives reached over 3.5 million consumers through recipe booklets at retail and leading consumer magazines. The MIB monthly e- newsletter has almost 20,000 subscribers.

BIC protects beef producer interests by working with government in areas such as food safety, nutrition recommendations and labelling. Examples include participation in food industry meetings on sodium reduction, the Heart and Stroke Foundation’s Health Check program, leading the Nutrient Rich Working Group meetings, collaboration with the Dietitians of Canada, the Dairy Farmers of Canada and the Egg Farmers of Canada, and meetings with Health Canada and Agriculture and Agri-Food Canada.

To maintain credibility and strengthen relationships among the health professional community, over 3,250 health professionals receive BIC’s HealthLink newsletter containing nutrition information and positive messages about beef’s contribution to a healthy diet. A subscriber survey found 79 per cent of respondents consider the information to be evidenced-based and 87 per cent consider the information timely. Overall, consumer confidence in Canadian beef remains high with 89 per cent of Canadians expressing confidence in the safety of Canadian beef.

Total disappearance was lower in 2009, but Canadian share

of the domestic market held steady. Overall, the recession resulted in Canadians eating less meat in 2009 – down 1.3 per cent, the lowest since 1997. As expected in difficult economic times, such as the recent recession, the largest declines were seen in higher priced proteins such as beef. Beef also had to contend against large supplies of domestic pork due to international market closures related to the H1N1 outbreak. Average retail beef prices in 2009 increased to \$12.87/kg (\$12.17/kg 2008). Beef demand also increased in 2009, by 3.8 per cent.

### **Maximizing value through optimization of carcass value**

BIC’s work with trade partners (retail, foodservice, processing) resulted in increased beef sales by featuring new beef menu items, introducing branded beef programs at retail and foodservice outlets, and increasing carcass use through new cuts.

BIC provides training to retail operators, distributors, processors, end users and education partners to communicate the CBA and increase use of Canadian beef. In the current year, BIC has worked extensively with leading retailers such as Costco, Canada Safeway and Sobeys.

BIC works with foodservice industry partners to build awareness and comprehension around the brand positioning while leveraging Canadian beef brand attributes, and assisting supply chain alignment where required. BIC educates the foodservice trade through focused seminars, trade shows and editorials; and works directly with national foodservice distributors and chain restaurants to build awareness of the CBA. This year, BIC worked extensively with leading foodservice operators such as McDonald’s, Boston Pizza, abc Family Restaurants, Quiznos, Jack Astors and White Spot.

A key to increasing market size and maintaining a higher share of the domestic market is development of new products and reformulation of existing products to utilize Canadian beef. BIC has worked with industry partners on 11 new product development initiatives; since the inception of the Product Development and Reformulations Partners Program six years ago until the end of the previous fiscal year (2009/10), 111 projects involving fed and commercial beef with a total value of more than \$7.04 million have been managed by BIC. Of that total, approximately \$1.8 million was funded through BIC.

## **U.S. Market**

The United States continues to be the world's largest beef consuming nation and largest importer of beef. It is also Canada's largest export market accounting for 73 per cent of Canada's beef exports. While country of origin labelling (COOL) has impacted beef and cattle trade, BIC works aggressively to mitigate the COOL impact, and increase brand awareness, demand and value.

BIC continues to work with U.S. trade clients to build awareness of the CBA. BIC's approach is alignment with Canada's packers and U.S. distributor partners to communicate key points of differentiation, and provide educational resources and market development support that leverage the CBA. This year, BIC has made presentations to over 300 key U.S. meat trade contacts and reached over 30,000 U.S. meat trade professionals through trade shows.

BIC developed a comprehensive communications package around COOL and is delivering the message to small to mid-sized U.S. retail operations with U.S. packer participation via education seminars in strategic U.S. markets. BIC launched a COOL website ([www.meatcool.info](http://www.meatcool.info)) to communicate details of COOL regulations, and placed trade advertisements about COOL mitigation in leading U.S. trade media publications.

Research reveals 91 per cent of U.S. buyers indicate BIC enabled their organization to better understand the overall quality of Canadian beef; while 92 per cent confirm BIC helped them better understand the overall value of Canadian beef.

The global recession impacted U.S. meat sales, even more so than in Canada. U.S. beef disappearance declined in 2009 by 2.4 per cent, beef demand was down 3.4 per cent and retail prices dropped 1.2 per cent. In 2009, Canada exported 348,000 tonnes to the U.S., a decrease of 10,500 tonnes over 2008. Value of Canadian beef exports to the U.S. in 2009 were \$933 million, a decrease of \$80 million.

## **Strategy to Optimize Demand for Canadian Cattle with U.S. Plants**

Despite COOL, market intelligence suggests opportunities exist for Canadian market development initiatives to positively impact the marketing of beef from Canadian fed cattle exports within the U.S. market. BIC's Live Cattle Strategy involves work with U.S. packers to identify key

customers in target markets and segments, to maintain and enhance demand, and to optimize competitive bidding for Canadian live cattle. Efforts include enhancing the U.S. industry's awareness around quality and safety assurance systems in the Canadian cattle production industry, enhancing understanding of Canadian cattle production systems, increasing understanding of consumer perceptions regarding mixed origin beef products, and development of branded elements to support retailer brand initiatives utilizing B labelled products (multiple countries of origin).

## **In Conclusion**

An environmental scan of check-off programs in Canada and competing jurisdictions, conducted by Dr. John Cranfield at the University of Guelph, evaluated how Canada compares globally to other commodities' check-off investment and addressed key questions around producer return on investment, impact on industry competitiveness and demand for Canadian beef. The study found on average from 2005 to 2008, that every check-off dollar invested in research and marketing activities earned \$9 for Canadian beef producers. This is higher than the check-off return for either Australia (5:1) or the United States (5.5:1). Marketing activities specifically delivered an average return of \$7.55 in producer benefits for every check-off dollar invested.

In 2008/09, over half of BIC's revenue was derived from non check-off sources. BIC's domestic programs are funded solely from producer check-off dollars, while commercial beef and U.S. programs are leveraged 3:1 against Federal and Alberta Legacy funds. BIC can often bring further value to producers by leveraging producer and legacy funds against private industry partner contributions for an overall benefit of 9:1 on partner programs.

Respectfully submitted,

**TREVOR ATCHISON**, BIC Committee

[www.bic.cattle.ca](http://www.bic.cattle.ca)

[www.beefinfo.org](http://www.beefinfo.org)



# Canadian Cattlemen's Association



Our strong currency has tempered price gains for Canadian producers, and we can no longer hide behind a cheap currency to mask inefficiencies in the Canadian production sector. If the Canadian industry is to take full advantage of future opportunities, we must have the most competitive business environment possible.

The abnormal weather on the Prairies that left many areas saturated with water will no doubt be one of the major stories of 2010. Unseeded crops as well as increased mud conditions in feed yards and in some cases pastures have resulted in incredible challenges for producers.

At the same time, stabilizing beef demand combined with contracting North American and global cattle inventories have strengthened market fundamentals leading to higher cattle prices this year. Indeed 2010 may be the first year in many where there could be a measure of profitability in the Canadian cow calf sector.

Continued improvement in market access has helped to increase cut out values and returns to Canadian producers. As the global economy strengthens, beef demand will rise, and with tight supplies, better years for the cattle industry lie ahead. However, we are not complacent and cannot rest on the improvements thus far. The CCA continues to work on critical issues to further promote improvement in our industry.

Our strong currency has tempered price gains for Canadian producers, and we can no longer hide behind a cheap currency to mask inefficiencies in the Canadian production sector. If the Canadian industry is to take full advantage of future opportunities, we must have the most competitive business environment possible.

A key element to our competitiveness is commercially viable market access. As an industry we depend on exports for almost one half of our production. If we are to maximize cut out value, the industry must be able to sell all the various products from each animal into the specific market that maximizes value for each product.

In this regard, the Government is on the right track. Agriculture Minister Gerry Ritz continues to travel on our behalf, and his efforts along with those of International Trade Minister Peter Van Loan and the Prime Minister have led to critical increased access. These efforts must continue as market access gains are still needed in the important beef markets of Japan, Korea, Mexico, Russia, Europe, China and Taiwan. The CCA remains engaged in these important market access files; Canadian carcass value potential will not be fully realized until these markets are fully opened.

We are encouraged by the recent full access agreement in principle with China. The agreement with China is directly attributable to confidence in Canada's strong regulatory controls and the efforts of the Canadian cattle and beef industry to ensure the safety of its beef. Of course, the substantial efforts of the Government of Canada and specifically Minister Ritz to regain trade played a key role. Efforts must continue to hold the Chinese to the agreement, and negotiate in good faith the technical issues that will dictate the terms of that access.

In recent months we have worked closely with Government officials on the WTO dispute over the U.S. Country of Origin Labelling (COOL) law. While it is a challenging case, we believe that the Canadian submission presented a very compelling argument to the panel. Assuming we win the case, a strong advocacy effort will be required in the U.S. by industry and Government to achieve a revision to the U.S. legislation.

Good progress has been achieved in Russia, including access for some boneless OTM products. Remaining work here includes getting additional facilities approved for export since Russia has not yet approved a systems approach.

The Canada-Colombia FTA was ratified by Parliament in June after the last Colombian BSE restrictions on live cattle were removed. Once the Colombian legislature ratifies the agreement we will have preferential access over U.S. beef to that market until the U.S. Congress acts to ratify their agreement.

In August, the Philippine Government agreed to open its markets to Canadian animal-rendered by-products including bone meal, blood meal, poultry meal and fats. Securing key new markets for the bovine by-products goes a long way in helping Canadian producers maximize returns.

Our work to expand the customer base for Canadian beef through the negotiation of a comprehensive economic and trade agreement with the European Union (EU) continues, most recently at the fifth round of Canada- EU free trade negotiations in Ottawa in October. The CCA strongly endorses the negotiation of a comprehensive economic and trade agreement with the EU, which could be the biggest single opportunity for the Canadian cattle and beef industry since the Canada-U.S. FTA.

Another issue of competitiveness is the cost to Canada's beef processing companies to dispose of Specified Risk Materials (SRM). This is related to Canada's strategy to eliminate BSE through its enhanced feed ban.

In our view, this issue will require a multifaceted approach. In the short term, costs of disposal will require continued assistance from government in order to keep the playing field somewhat level with American processors. As such, we were pleased that the 2010 budget included funding to dispose of SRM, and ask that the program be continued in 2011. While only a temporary solution, it buys time for Canadian processors and renderers to implement technologies aimed at reducing SRM volumes and using it in a beneficial manner. The ultimate goal is to harmonize our regulations with those of the U.S.

While we stand by our remarks that 2010 is a better year than most Canadian cattle producers have seen for some time, there are some areas of the country not realizing this situation. Furthermore there is considerable volatility in the market and our currency. Given these gaps and volatility, producers require access to risk management tools that are simple, transparent, and market driven.

The province of Alberta has implemented a price and basis insurance program for producers and it is our view that a similar program should be available to all producers in Canada. The program would provide coverage for fed cattle, heavy feeders and calves, and could assist producers with the management of their price, basis, and currency risk in one easy to use tool.

These issues were among the many points I raised during my presentation to federal and provincial agriculture ministers at the FPT Ministerial Meeting in July. My comments to the Ministers also included the following:

- The FPT Ministerial group's pledge to full traceability by 2011 looms; however it is still not evident that the technology can economically deliver full movement tracking at the speed of commerce. There is also great concern that producers will pick up the ongoing costs. The CCA remains committed to improving and enhancing our traceability system, but we believe timelines and methods must be considered carefully to ensure that we don't simply add another regulatory cost that will leave our producers less competitive.

- AgriRecovery has been activated several times in the past few years. While the program has been very helpful, we believe that triggers should be clearly defined and science-based. This will improve the transparency and predictability of the program, and will enable producers to make timely decisions.
- Cattle producers could face a tough time this fall if millions of acres of farmland go unseeded. The widespread wet conditions on the prairies may result in feed shortages, particularly with respect to feed grains. For the benefit of both grain growers and cattle producers, we asked the Ministers to ensure the crop insurance programs do not provide any disincentive to seed when conditions allow. We also asked that any other program response that may be considered be tailored in the same manner.
- And finally, our longstanding AgriStability recommendations remain outstanding. In our view, AgriStability will work better for all producers by redefining or temporarily eliminating the viability test, increasing negative margin coverage to 70 per cent from 60 per cent, improving reference margin calculations by allowing the best of Olympic or last three years and eliminating caps.

Industry competitiveness will continue to be the CCA's fundamental objective as we move forward.

One factor that will significantly influence the long term competitiveness of the cattle industry is our ability to develop and implement new technologies. The CCA is in the midst of implementing the Beef InfoXchange System or BIXS. This system will facilitate information to be shared up and down the supply chain, providing participants access to data that will allow them to improve production efficiencies and their product.

Research is another important piece in improving industry competitiveness. I was very pleased when Minister Ritz announced more than \$6 million in funding for the Beef Cattle Science Research Cluster in March.

Finding new ways to reduce production costs, as well as new ways to improve product value is the focus of Beef Cattle Research Council (BCRC) research funded by the National Check-off and Agriculture and Agri-Food Canada through Canada's Beef Science Cluster.

This research focuses on improving productivity through better feed efficiency, economical SRM disposal alternatives, improved animal health and welfare, and more productive forage and grasslands. Improved product value is achieved through research focused on improved food safety and improved product quality.

In October, the CCA announced that the Beef Cattle Code of Practice will be updated through the National Farm Animal Care Council (NFACC) code development process.

The CCA views the NFACC code development process as the best option to achieving an outcome-based, science-based Beef Code of Practice supported by all stakeholders. The code renewal process will play an important role in telling consumers how beef cattle are raised in Canada and help producers by reinforcing scientifically-sound management practices and identifying improved methodologies in others.

Of course, attracting young people to the industry is crucial. In August, 20 students were on hand for the ILC Calgary Beef 2010, including students from Brazil, Australia, the U.S. and across Canada. For many students, meeting seasoned cattle industry leaders was the highlight of the event. Participating producers were equally enthused, with many saying they were truly encouraged by the enthusiasm for agriculture being exuded by this eager younger generation.

This same level of enthusiasm is evident in the huge response to the new national youth initiative announced by the CCA. The Cattlemen's Young Leaders (CYL) Development Program was developed to provide industry-specific training and mentorship opportunities to young producers between the ages of 18 and 35. The program is being well-received by both applicants and industry leaders interested in participating.

I share their optimism. I believe we are heading into an exciting time to be involved in the cattle industry. Supplies are tight, market access is improving, and we are beginning to see price fundamentals improve. In order to fully benefit from these future opportunities Canada's cattle producers must have the most competitive industry environment possible. The CCA remains committed to improving the competitiveness of the cattle industry for the benefit of Canadian producers.



# The Canadian Beef Cattle Research, Market Development and Promotion Agency



The Beef Cattle Research Market Development and Promotion Levies Order (Federal Levies Order) enacted in 2005 is truly being applied in all provinces with beef cattle check-offs.

On January 17 2002, the proclamation creating the Agency was enacted under the Farm Products Marketing Agencies Act, Part III. Since then all the provinces with provincial cattle organizations have worked to implement the check-off with the ultimate goal of achieving national treatment. National treatment gives the Agency the ability to enact an import levies order on beef and cattle, a levy that Canadian cattle and beef producers have been paying on exports to the U.S. since 1985.

The check-off is directly associated with Canadian cattle marketings which have been on a downward trend due to reduced cattle inventory and the period of increased live cattle exports to the U.S. as market access expanded to include all classes of cattle post-BSE. Canadian cattle inventories were down 1.3 per cent on January 1, 2010 to 13 million head. Inventories have been steadily declining for five years and are now 13 per cent below the peak in 2005 and three per cent below 2003 (pre-BSE) levels.

When all factors are taken in account, national check-off revenue has experienced a cumulative reduction of approximately 18 per cent or \$1.5 million between 2009 and 2010. The latter part of the fiscal year 2010 (ending June 30) was also the first quarter (April 1 to June 30) that the Alberta check-off was refundable, including the National Check-off. That situation has now been resolved with the National Check-off in Alberta being non-refundable while the Alberta Beef Producers portion will remain refundable.

For 2010/11, the provinces are projecting conservatively accounting for the lower inventory. In the coming year, national check-off revenue will be dependent on a number of factors with profitability for most sectors of the beef cattle industry continuing to be challenged.

A study was undertaken by the Agency on the value of the check-off investments in marketing and research to the Canadian beef cattle industry. The study showed that from 2005 to 2008, the \$1.00 per head invested in marketing and research earned back an average of \$9.00 for Canadian cattle producers. The report and a factsheet are available to explain the detailed findings of the study. The annual report for the Agency will be available later in November.

In closing, the Agency is cautiously optimistic that despite the reduced herd inventory and lower marketings, the implementation of the import levy will bring back a reasonable amount of revenue for investment in marketing and research on behalf of Canadian cattle producers. These dollars are significantly leveraged with government funds. However, the day will come when producers will need to decide to control even more of the investments made by controlling more of the funding. For now however, the Agency is ensuring that the best return on investments are being achieved for cattle producers.

Respectfully submitted,

**MARLIN BEEVER**, Chair

*Canadian Beef Cattle Research, Market Development and Promotion Agency*



# Canada Beef Export Federation



Despite the market interruptions of the last seven years, Canada remains one of the top beef producing and exporting nations in the world. In 2009, it ranked tenth in the world in terms of total global production. In terms of global exports, it ranked third with the inclusion of live exports; on the basis of beef and veal products alone, it ranked seventh following Brazil, Australia, USA, Argentina, India and New Zealand.

## **Global markets hold high promise for Canadian beef exports**

The promise of export prosperity which the global marketplace holds for Canadian beef was amply demonstrated in the first half of 2010. From January to June of this year, Canadian beef exports to key markets in Asia and Mexico increased 50% by volume and 70% by value. Canadian beef exports to Russia also showed a significant increase, up 12% by volume and 70% by value.

Specifically, Canadian beef exports to Mexico increased 34% for a total 25,000 tonnes (\$100.3 million); exports to Japan increased 99% to 4,000 tonnes (\$24.8 million); exports to Hong Kong/Macau increased 86% to 9,200 tonnes (\$37 million); and exports to Taiwan increased 52% for a total 1,900 tonnes (\$8.1 million).

These export results were achieved in the key markets where – for the past two decades – the Canada Beef Export Federation (CBEF) has operated offices of local representation and delivered comprehensive market development programs. Achieving these results in the current global climate of economic turmoil and a rising Canadian dollar serves to significantly underscore the effectiveness of CBEF programs in these key markets.

The export results indicate Canada is shipping a higher-valued mix of products and achieving full international value premiums on its exports in these key markets. By comparison, total Canadian beef exports to the world are up 15.6 % by volume and 18% by value (January - May 2010).

Commercially viable access to key international markets has the ability to add \$85 per head in added value for beef derived from under-30-months (UTM) cattle over what can be generated in Canada. This stands in comparison to the reality that those same products sold in the US are sold at a \$15 per head discount as compared to the domestic market – a total value difference of \$100 when selling in Asia plus Mexico as compared to the US.

## **CBEF strategic business plan focussed on market access & market recovery**

The Canada Beef Export Federation's 2010-2011 Strategic Business Plan, ratified by its general membership at its Semi-Annual Meeting held March 23, 2010, is targeted at the active pursuit of market access and market recovery on behalf

of Canada's cattle and beef industry. The plan calls for the completion of specific market access efforts in Japan, South Korea, Taiwan, Mainland China, Mexico, Russia, the European Union (EU) and other key international markets. It is also designed to deliver augmented market development efforts in those markets that have provided commercially-viable access to Canadian beef – specifically the markets of Japan, Taiwan, Hong Kong and Macau, Mexico, Russia – and now Mainland China.

The Canadian cattle and beef industry has focussed its long-term development targets on increasing and diversifying international markets and sales. In its previous fiscal year, the Federation created a 'New Markets' section within its strategy that targeted programs specifically at Russia, the Middle East and the EU. The current plan continues this strategy and will see Canadian beef represented at the SIAL food show in Paris, the ProdExpo Show in Russia and the Gulfood Show in the United Arab Emirates. As well, Canadian Beef Demand Building Seminars will be held in Russia – and a Russian VIP Beef Awareness Mission will bring key Russian meat industry executives to Canada to foster long-term relationships with Canadian suppliers and the commitment to developing and growing Canadian beef business in Russia.

The strategic market development programs of the 2010-2011 Business Plan continue to be:

- Local Market Representation
- Partner Market Development Program
- VIP Beef Awareness Mission
- Canadian Beef Seminars
- Retail & Food Service Promotions
- Food Shows
- Promotional Materials
- Newsletters and Websites
- Market Research
- Advertising & Public Relations

In its 2009-2010 fiscal year ended March 31, 2010, the Federation completed 542 such individual market development projects. The Federation's Export Members attributed 41 percent of their export sales outside of the US in 2009 to the Federation's program and services – indicating that the Federation was directly responsible for \$143 million in Canadian beef and veal exports in 2009. In terms of return on investment, every dollar invested in the Canada Beef Export Federation resulted in over \$19 in beef exports last year.



### **Current export outlook**

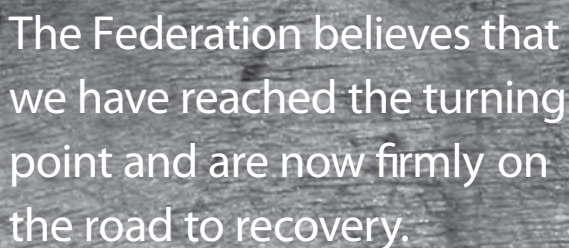
Despite the market interruptions of the last seven years, Canada remains one of the top beef producing and exporting nations in the world. In 2009, it ranked tenth in the world in terms of total global production. In terms of global exports, it ranked third with the inclusion of live exports; on the basis of beef and veal products alone, it ranked seventh following Brazil, Australia, USA, Argentina, India and New Zealand. Canada was also the largest grain-fed beef exporter in the world with the inclusion of live cattle; on the basis of only beef and veal products, it ranked third following the USA and Australia (assuming that at least one-third of Australia's exports are grain fed).

While Canadian beef has experienced a partial trade recovery, our exports are still 139,000 tonnes (\$870 million)

below our pre-BSE highs.

The mood of our industry is reflected in the goals set annually by our Export Members. Their view of the achievable is a reflection of market realities. In 2006, our Export Members set the goal for the year 2015 of exporting 800,000 tonnes, with 384,000 tonnes going to markets outside of the US. By 2010, that 2015 goal had been decreased by 45% to 437,000 tonnes with 137,000 tonnes – a 65% decrease – going to markets outside the US.

With these lowered expectations, our Export Members are telling us that – all other things being equal – they are going to process 350,000 fewer tonnes of beef for export in 2015 than they planned to do just four years earlier. This means that 875,000 fewer head of cattle will be processed in Canada – and either these extra cattle will be exported to the US or our cow herd drops by 950,000 head. As we've seen since 2005, our cow herd and national beef processing capacity have both decreased significantly.



The Federation believes that we have reached the turning point and are now firmly on the road to recovery.

### **Cause for optimism**

The Federation believes that we have reached the turning point and are now firmly on the road to recovery. Since 2006, exports to our key markets in Asia and Mexico have demonstrated strong and steady growth. In 2009, the world financial crisis and H1N1 gave pause to this growth. However in 2010 exports to these markets are rebounding.

The Federation believes that by re-establishing trade with South Korea and China, and expanding access to Japan, Taiwan, Mexico, Russia and the EU, we have the ability to fundamentally change our fortunes. Fixing trade to these seven markets is more important to our industry than the normalization of trade in all other markets outside of the USA put together. Fixing trade to these seven markets has the ability to move our industry from a survival mode

to a renewed focus on expansion and prosperity. This belief is strongly borne out by the export intentions of our Export Members: in our 2010 Export Member Survey, they indicated that their future export growth lies outside of the US and primarily in these markets.

The reopening of Mainland China and the eventual normalization of trade in Canadian beef represents a major step on the road to recovery. Prior to BSE, Canada in 2002 sold a peak \$35 million of bovine tallow to the Mainland China market alone; and \$3.5 million in beef and veal products to the combined markets of Mainland China, Hong Kong and Macau.

The Federation's primary clients believe they will be able to double their current \$65 million in sales to Hong Kong and Macau when the Mainland market fully opens – indicating that an additional \$65 million will move directly to Mainland China – bringing total Canadian beef and veal sales to the combined Mainland China, Hong Kong and Macau markets to approximately \$130 million. On the tallow side, recovering previous export levels in tallow to Mainland China will – based on today's prices – result in sales of approximately \$45 million. Taken together, the Federation expects to see sales of bovine products to the combined markets of Mainland China, Hong Kong and Macau increase by \$110 million to \$175 million when this market access has been normalized.

In summary, it has been an active and productive year for the Canada Beef Export Federation. Canada's beef export volumes have substantially increased and so have their values. We can obtain an extra \$85 per head in the export markets compared to the domestic market or a \$15 discount selling into the United States. CBEF has hosted a record breaking 542 market development activities giving our members a 19:1 return on investment. We are continuing to actively pursue market access normalization in our key Asian and Mexican markets as well as developing new markets in Russia, the European Union and the Middle East. As CBEF enters the 20th year of its existence, the rationale for creating an independent organization based on a partnership between beef producers, beef processors and beef distributors has not lost its validity or effectiveness. As CBEF continues on its mission of beef promotion and market development in our export markets, it will lead to renewed prosperity for the whole Canadian beef industry.



# National Cattle Feeders Association



Since its inception in 2007 the National Cattle Feeders Association (NCFA) has worked diligently on issues of importance to cattle feeders across Canada.

NCFA has made inroads in Ottawa as we continue to raise our profile and articulate the views that are unique to cattle feeders. During this past year the NCFA was actively engaged in a host of activities and national meetings. Here are the highlights:

- Organized a strategic planning exercise and prepared a Strategic Plan.
- Members agreed to increase fees in order to execute the Strategic Plan.
- Hired Manager, Policy and Research to assist members and get more engaged in Ottawa.
- Continued participation on the Beef Value Chain Round Table and made recommendations for improvements. Proposing a new governance model and will work with other like minded member organization to improve the functioning of the BVCRT.
- Took part in a small producer meeting with Minister Ritz in Lethbridge. Followed up with letter outlining key points and action items.
- Communicated with the PMO, Minister Ritz and their colleagues
- Participated in discussion group hosted by Market Access Secretariat.
- Participated in the annual and semi annual meetings of the CCA.
- Met with CBEF to discuss joint priorities and how to enhance export opportunities.
- Wrote to Minister Ritz about extending the moratorium on remission of fees on export certificates which resulted in a two year extension.
- Continued to communicate with MPs and Ministers about the problems created by mCOOL and thanked Minister Day for pursuing the WTO challenge.
- Participating on anaplasmosis working committee to reduce costs and explore the possibility of delisting the disease.
- Continue to push to keep Own Use Import provisions until a long term solutions is achieved that will ensure access and competitive pricing.
- Pushed the CFIA and Health Canada for a more responsive process to evaluate and approve animal care products in Canada. Speedier approvals are expected in the future.
- Participated on a Beef Cattle Policy Advisory Committee co-chaired by the President of the CFIA.
- Attended the Canadian Cattlemen's Market Development Committee to evaluate the programs and accomplishments of the Legacy Fund.
- Wrote Chairman of the Agriculture Standing Committee concerning Bill C-479 that could negatively impact support payments to cattle feeders.
- Took membership in the Canadian Supply Chain Food Safety Coalition.
- Continued to report lobbying activities are required under the new federal Lobbyist Act.

Respectfully Submitted,

**RICK PASKAL**  
*Chairman G*

**BRYAN WALTON**  
*eneral Manager*



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