

**PRESENTATION TO HONOURABLE
STAN STRUTHERS**

**MINISTER OF AGRICULTURE, FOOD AND
RURAL INITIATIVES**

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Cattle Producers Speaking for Cattle Producers

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Introduction and Agenda for Meeting

The Manitoba Cattle Producers Association would like to thank you for this opportunity to meet to discuss some of the critical issues facing the cattle industry in Manitoba today.

For today's meeting, MCPA would like to address the following topics:

1. Current State of Cattle Industry and BRM suite of Programs
2. Insurance Programs (Hay, Pasture, Price and Basis Insurance)
3. Traceability (EFP, Verified Beef, Traceability Issues and Programs)
4. Predators (Problem Predators and MASC Claim Program)
5. TB (Animal Disease Act Legislation)
6. Trade
7. Ecological Goods and Services (EG & S)
8. Crown Lands
9. Planning Issues and TRC's

Issue #1: Current State of the Cattle Industry

As of January 1, 2009 Manitoba is home to the third largest beef cow herd in Canada at approximately 12% of the national herd (575,000 head with 548,600 on cow-calf operations and 26,400 in feedlots). Approximately 98% of individual commercial beef cattle operations in Manitoba are cow-calf farms. Feedlots make up the remaining 2% of commercial operations.

However, in the current state of the cattle industry there has been a significant decrease in beef cow herds since 2008. Between January 2008 and January 2009, Statistics Canada indicated that there was a 6.42% decrease in Manitoba Beef Cow Herd, a total decrease of 39,000 head.

The current selling price of cattle does not cover the costs of production. The week of November 13th, fat prices for steers were \$71-\$75 and heifers averaged \$70-\$73.25. 600 lbs heifers sold for \$0.85-\$0.90/lb, and 600 lbs steers sold for \$0.95-\$1.02/lb. MAFRI's estimate for minimum cost of production exceeds \$600 per head. These figures show that producers are not covering production costs, with the average prices cattle are selling at auction marts, let alone making a profit for their every day lives.

Producers need programs available to them that will ensure stability within the industry when times are tough. The AgriStability programming, in its present form, is unable to effectively deal with the losses that producers are facing. The MCPA has the following recommendations to improve AgriStability Programming to ensure fairness and consistency in the agriculture sector.

1. Addressing the issue of producers' declining reference margins. If this is not addressed, the AgriStability program will not work for Canadian cattle producers.
2. Eliminate the viability test requiring producers to have positive reference margins in two of the three years used to calculate these margins. With the economic situation that has faced producers over the past two years, many who would be viable under normal market circumstances have now been removed from the program.
3. Allow producers who might have opted out of the Canadian Agricultural Income Stabilization (CAIS) to participate in the program at this time if they pay their fee and a nominal penalty.
4. Allow producers across Canada the option of using the better of either the Olympic average or the average of the last three years to calculate their reference margins. Currently Alberta is offering its producers this option.

Many cattle producers in the Westlake/Interlake areas have been affected by flood this year, preventing them from growing adequate amounts of straw to feed their herds. The same is true for other parts of Manitoba, which saw extreme drought. The Winnipeg Free Press released a story on November 19th 2009, indicating concerns of farmers burning stubble near city limits. **MCPA proposes a solution that will solve three significant problems that would see fewer grain farmers burning their stubble, while also addressing the concerns of the public, and cattle producers who would be able to utilize this by-product.**

MCPA requests the government to offer the unused straw to producers who need it most, as a feed source in the form of a freight assistance program. This freight assistance program would allow producers to haul the straw away from the farmers who do not need it and recycle it as feed and/or bedding for livestock. This will solve three significant problems, (1) health and transportation concerns for those who live or commute near these farms and urban centers, (2) negative environmental impacts as a result of burning fields, and (3) this program will help cattle producers who have been unable to grow adequate feed supplies.

It is thus in the collective interest of the Province of Manitoba to implement this freight assistance program.

Issue #2: Insurance Programs

Hay and Pasture Insurance

As we have seen in the past two years, producers have been confronted with natural disasters that have hindered their cattle operations. Producers need the tools to utilize in the events of drought, flood, or other disasters, that are both economical and affordable

for the best chance of widespread uptake. The MCPA believes that the proposed changes to the Hay and Pasture Insurance Program is valuable to livestock producers, and is one of those necessary tools to handle unforeseen circumstances beyond their control. MASC has incorporated MCPA's recommended changes to the Hay and Pasture Insurance Program.

MCPA would like to see a commitment from the Provincial Government to incorporate these changes to the program in next year's budget. The program, with these changes, is something the MCPA can promote to producers for greater uptake.

Cattle Price Insurance and Basis Program

Another significant program to help producers manage risk is the implementation of a Price and Basis Insurance Program. Cattle producers have few options when it comes to managing price risk. Alberta has taken the lead in establishing a Cattle Price Insurance Program, and Saskatchewan is also looking into the development of a similar program. This program would be a positive tool for our industry, one that MCPA believes will have wide uptake among our producers in the province. **As an industry, we need this program on a national scope, which requires the Province of Manitoba to participate for cattle producers in Manitoba.**

Production Insurance

Lastly, the lack of any production insurance for the livestock sector is still a huge gaping hole in the new APF and one that has to be addressed right now.

1. The lack of production insurance is not only hurting existing producers but is really hurting new, beginning, and lower-equity producers in securing operating loans.
2. MCPA is very disappointed that the provincial government has decided to hold back the scheduled 'pilot project' here in Manitoba – we see no reason why Manitoba has to 'wait for other provinces' when it can show real leadership on the national stage with this project – the same way the province claims to have done with ALUS.
3. Claims of a possible countervail are nonsense: production insurance has long been part of the grains and oilseeds sector without incident and there are a variety of arguments to be made that the US Farm Bill offers substantial protection for their producers that is equivalent to production insurance.
4. Claims of 'technical issues' are equally doubtful – again, production insurance has long been part of the grains and oilseeds sector, we know how that system

works, and there is no reason why it should be taking so long in getting a pilot project up and running or in implementing it for livestock.

5. The province *must move right now to implement production insurance* for cattle producers.

There has been a recent announcement that \$1 Billion has not been spent by the federal government on AgriStability Programs. Recently released by Agriculture & Agri-Food Canada Performance Report 2008-2009, agriculture program spending dropped \$2.4 billion in 2007-08 to \$1.5 billion in 2008-09. This has just been discussed in the House of Commons on Tuesday November 17th.

It is essential that both the federal and provincial governments ensure that dollars budgeted for the AgriStability program suites are utilized in one form or another.

Issue #3: Traceability (EFP, Verified Beef, Traceability Issues and Programs)

MCPA recognizes that the Province of Manitoba has committed itself to ensuring that a robust farm-to-fork food traceability system is developed in Manitoba for food commodities.

The *Canadian Livestock Traceability System (CLTS)* through its delivery agent the *Canadian Cattle Identification Agency (CCIA)* is already a world-recognized and internationally respected food traceability system. The CCIA-CLTS system has been built nationally in full approval of the federal government and the Canadian Food Inspection Agency (CFIA) to reflect the realities of a cattle industry that is *organized on a national basis within an integrated North American market*. The CCIA-CLTS system already meets all necessary OIE standards and has helped secure OIE recognition of Canada as a 'Controlled Risk' country with respect to food-related animal diseases.

The MCPA, along with the CCA, supports a national traceability system. We do not want to see duplication of traceability for cattle in Manitoba. MCPA respects the intent of the province to implement farm-to-fork traceability in Manitoba. However, that goal can only be achieved if the province equally respects the existing CCIA traceability system.

The MCPA and CCA have the following positions for a traceability system:

1. The scope of Traceability for Cattle:
 - a. Shall not impede or delay commerce
 - b. Costs of the system must not result in the industry becoming non-competitive
 - c. The technology must be capable of reading ID at a rate which accommodates normal commerce

- d. Tolerance ranges for readability must be acceptable to the industry standards
- e. Producer information must remain confidential
2. Supports the definition of premise ID for the beef cattle industry as the home quarter of the registered operator
3. Tracking movement of beef cattle, as only those points of movement in the life of an animal where a change of premise takes place and at these points data is submitted upon the arrival of the animal
4. Supports the principle of age verification and will encourage producers to voluntarily participate in the program

Manitoba Cattle Producers is currently working with the Province of Manitoba to run a Verified Beef Program. We would like to continue to work with the province to promote the benefits of the program to producers, but MCPA will only support projects that link on a national level. The province requires producers to complete the premise ID information. We would like to emphasize that it is the position of the MCPA, and the CCA. **MCPA is encouraging the Provincial Government to sign an MOU with the CCIA in the event of a disease outbreak which provides the mechanism for verifying Premise ID.**

The last point of concern MCPA would like to bring forth is in regards to the Environmental Farm Plan. MCPA wants to ensure that the information required on the application form for funding is held with utmost confidentiality. **We want a commitment from MAFRI that personal information asked on the application form from cattle producers is not shared with other government departments.**

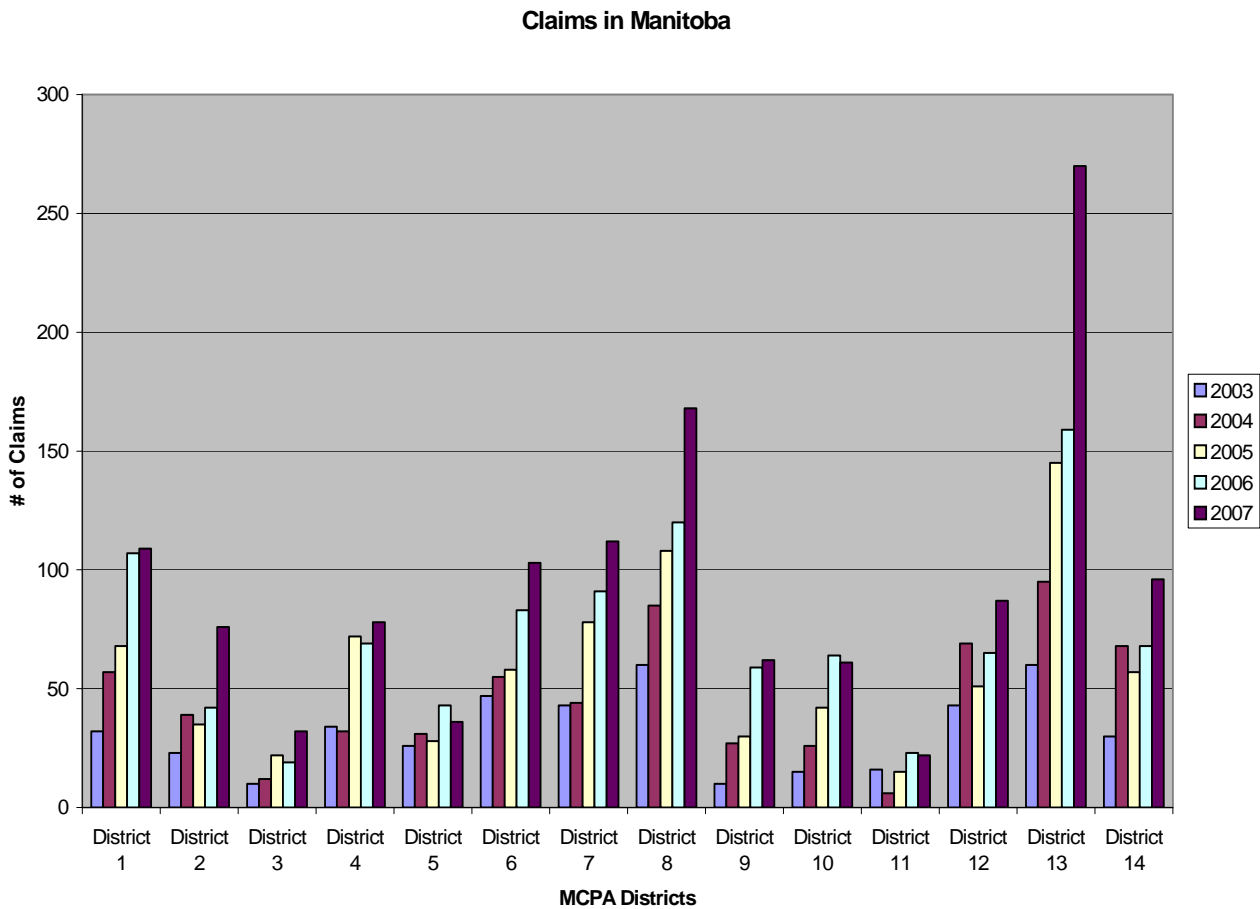
Furthermore, MCPA wants to make sure that an appropriate amount of dollars are allocated to cattle producers. There is concern that funding will not be available to those producers who have not had the opportunity to take the workshops, the dollars will only be available to producers who have already completed the Environmental Farm Plan.

Issue #4: Predators (Problem Predators and MASC Claim Program)

The Saskatchewan Government has recently announced a program to help control a growing coyote problem across the province to provide help to the farmers and ranchers who have dealt with these predators killing their livestock. Hunters will be paid a bounty of \$20 by the province for each coyote killed.

MCPA requests the provincial government establish a kill permit for problem wildlife not presently included within current problem wildlife management programs but nonetheless pose a threat to property, food safety and livelihood.

Below is a chart listing the number of claims approved by the Province of Manitoba separated by MCPA's 14 Districts.



MCPA would like the Province of Manitoba to push compensation from MASC to be based on the cost of production.

The majority of the costs associated have gone into the calves before they go to pasture. It should be calculated on this cost rather than market value, as it does not fairly represent the costs invested into the animal.

Issue #5: TB (Animal Disease Act Legislation)

An important issue for the cattle industry is the on-going presence of wildlife-borne bovine tuberculosis (BTb) inside and in the area surrounding Riding Mountain National Park. It is imperative that the Province of Manitoba do everything it can to ensure that BTb is eradicated in the Riding Mountain Eradication Area (RMEA). After a number of years of monitoring the disease, positive steps are now proposed by Parks Canada to address the issue of disease inside the park. What MCPA needs at this point in time from the Manitoba government is a commitment to do its part to eradicate the on-going

presence of BTb in surrounding wildlife in the RMEA through an aggressive disease eradication strategy.

Manitoba cattle producers are losing an estimated \$6-7 million annually, approximately \$35 per head, due to discounts on certain classes of female animals that must be tested for TB before crossing the US border.

MCPA requests the implementation of the Animal Disease Act. This would give the government the authority to eliminate wildlife that pose a disease risk to livestock.

Under section 4 of this Act, the Minister of Agriculture or her director under the Act have the power to

“In the public interest, order the destruction and disposition of *any animal* ... having, or suspected on reasonable and probably grounds of having a disease... [or] having contact with, or being in proximity to, an animal which has, or is suspected on reasonable and probably grounds of having, a disease which is infectious or contagious...” etc. [Section 4(1)].

The definitions in Section 1 of the Act that “animal” is defined as “any creature not human” and is distinguished from the more specific definition of a “commercial animal” under the *Animal Care Act*. That means that wildlife are included under Section 4.

Moreover, Section 4 of the *Animal Diseases Act* gives clear entry powers to enforce this section of the act, specifically:

“To enforce this section, the director or an inspector may, at any reasonable time and without a warrant, and upon presentation of a certificate or other means of identification as may be prescribed in the regulations, (a) enter any place or premises in which an animal to which this section applies is located, or in which the director or inspector has reasonable and probably grounds to believe such an animal is located...” [Section 4(6)].

MCPA, therefore requests that Manitoba Agriculture, Food and Rural Initiatives take this next step in implementing the animal disease act to deal with the ongoing presence of BTb in wildlife.

Issue #6: Ecological Goods and Services (EG & S)

This past year MCPA approached a number of provincial and federal government departments with a proposal for a province-wide ecological goods and services program

for Manitoba. The provincial government has placed top priority on meeting Manitoba's climate change commitment under its *Beyond Kyoto* action plan, as well as its commitments to protecting the province's water resources. This program attempts to maintain agricultural policy in Manitoba, while at the same time addressing the environmental agenda. MCPA has stated before the many benefits that cattle producers provide Manitobans through their upkeep of forage and pasture.

An Ecological Goods and Services program has already been widely accepted by other commodity groups, government agencies, and Non-Governmental Organizations. MCPA is currently participating in an EG & S Knowledge and Stakeholder Group with individuals from these organizations. MCPA would like to emphasize that *time is of the essence*. The recent budget was therefore a huge disappointment for MCPA because of the lack of any forward movement on an **ecological goods and services payment – something that directly fits into this government's climate change and green economy objectives**. Because of the relative prices between grain and cattle, there is a *HUGE* market incentive right now for cattle producers to tear up their forage and pasture and switch to grain. The price that grain is commanding right now makes even some of the most borderline land attractive for grain production. **Putting in place incentives to keep cattle producers from tearing up their forage and pasture is absolutely essential to meet Kyoto**. If Manitoba loses its sequestration power from perennial green cover while at the same time begins to apply huge amounts of *Nitrous Oxide* to capitalize on grain prices – you are going to see an extensive emission from agriculture.

And this is what our proposal is all about at its root: establishing an incentive system that will send landholders in Manitoba a clear financial signal of how much society values the natural capital that goes along with our type of agricultural production in the cattle industry. It will provide a price signal to producers that they can incorporate into their land use decisions, helping to forestall some of the worst instances of loss in natural capital.

The EG & S Knowledge and Stakeholder Group has good selection of individuals from various agencies and organizations to move this initiative forward. However, we MCPA asks for MAFRI's help to encourage the Provincial Government to include an EG & S program in next year's budget. We cannot emphasize enough that with the current state of the cattle industry, time is of the essence.

Issue # 7: Trade

Country of Origin Labeling

Manitoba's beef cattle industry in 2007 purchased over \$300 million worth of feed and had fixed farm costs of approximately \$110 million on top of other operating costs of \$225 million, putting the *total demand-creation power of Manitoba's beef cattle industry at \$635 million per year*.

With the gradual resumption of cattle trade with the U.S. following the reopening of the U.S. border in 2005, farm cash receipts in Manitoba's beef cattle industry have averaged \$500 million per year. Until mandatory **Country of Origin Labeling (COOL)** legislation came into effect on September 30, 2008, Manitoba was exporting an average of over \$200 million worth in cattle to the U.S. each year with 67.5% of the province's total cattle exports destined for Nebraska. On January 12, 2009 the US department of Agriculture issued the final rule for mandatory Country of Origin Labeling. The changes have allowed for some flexibility, however, it still exists as a trade barrier that restrains our access to slaughter facilities in the United States.

SRM Removal

Due to the changes made by the Canadian Food Inspection Agency through the Enhanced Feed Ban that require the removal of all specified risk material (SRM) at slaughter facilities in Canada and their disposal through incineration sites (e.g., Brady Road landfill), plus the prohibition of returning SRM to the farm of origin, a major differential has been created between Canada and the U.S. in the processing of cattle. A survey of Canadian slaughter facilities conducted this summer indicates that the average cost of complying with the 2007 federal SRM removal and disposal regulation is \$31.70 per animal over 30 months old (OTM).

A letter has recently been signed by industry stakeholders, CCA, Dairy Farmers of Canada, Canadian Federation of Agriculture, Canadian Meat Council, Canadian Renderers Association, La Federation des Producteurs de Bovins du Quebec, Levinoff-Colbex SEC, XL Foods, Atlantic Beef Producers, Beef Value Chain Roundtable, and Cargill Beef, requesting from Minister Ritz a payment of \$31.70/head be made to abattoirs for every OTM animal slaughtered in Canada. MCPA's Board of Directors has passed a motion to endorse this request.

With reduced OTM slaughter in Canada, beef imports have increased dramatically in 2009. It is imperative that we maintain OTM slaughter capacity in Canada. Not only will we lose thousands of jobs if we do not maintain this capacity, but beef producers will also be confronted with future US trade rules on Canadian cattle slaughtered south of the border. The total cost on SRM is \$36 million; the \$24million would take one step back to make them more viable. When you look at harmonization, the estimate was if we could move this product into fertilizer we would gain 12.6million.

The MCPA asks for the support of Manitoba Agriculture, Food and Rural Initiatives to move forward on this action to make payment of \$31.70/head to abattoirs for every OTM animal slaughtered in Canada both federally and provincially.

Issue # 8: Informed Access on Crown Lands

An issue that MCPA would like to raise with the Minister concerns the establishment of a government policy that would require informed access by the public to leased agricultural Crown lands.

MCPA and all cattle producers recognize that agricultural Crown lands legally remain public lands with rights of access for various other public activities. MCPA in no way wishes to create a Crown lands policy that would deny public access to these lands for their enjoyment. However, in today's world the general public is far more mobile and invasive than was the case when Manitoba's Crown lands system was first created. The public today is able to travel long distances to operate all manners of recreation vehicles on leased agricultural Crown lands – a practice unforeseen decades ago.

This expanded use of leased agricultural land by the general public has dramatically changed the balance that previously existed and has created four rather serious public and private hazards.

1. Environmental Hazards

The large-scale Sandilands Provincial Forest fire caused by irresponsible ATV use on Crown lands in 2008 is the most dramatic incident highlighting the environmental dangers of a policy of entirely unrestricted, unfettered, and unsupervised access to Crown lands. The delicate ecosystems of these agricultural Crown lands are being repeatedly invaded and disrupted by all types of non-sustainable and ecologically damaging activities: pastures ripped up by vehicles exposing soil to erosion, invasive plant species transported across the landscape, wildlife being driven off the land. Producers are increasingly frustrated seeing the land increasingly used as a dumping ground for empty beer cans, camp trash, and all manners of recreational garbage. Crown lands policy runs entirely counter to the public's desire for improved environmental protection in Manitoba and needs to be changed.

2. Biosecurity Hazards

The current policy of entirely unrestricted, unfettered, and unsupervised access to agricultural Crown lands also runs counter to the heightened emphasis by the Province on on-farm biosecurity measures. Not only is there an increased risk of the transfer of invasive species on to Crown land through increased public access, there are real risks with respect to animal disease outbreaks and other bio-emergencies. Farmers are increasingly being encouraged via government policy to put in place strict biosecurity protocols to remove the risks of transmission of animal borne disease, yet it becomes virtually impossible to have these protocols in effect with respect to producers who are reliant on agricultural Crown lands. Uninformed public access to these lands neutralizes preventative measures to contain and control the spread of disease on these livestock operations.

3. *Public Safety Hazards*

Related to biosecurity hazards are the risks posed to members of the public from uninformed access to Crown land. With much of Manitoba's Crown land in cattle production, accessing Crown land means increasing the likelihood of the public encountering potentially dangerous farm animals such as bulls. While perfectly safe around producers with extensive knowledge and experience in animal handling, Manitobans who are not well versed in the handling of livestock can easily make mistakes or errors in encountering them, jeopardizing the safety of visitors to Crown lands. By establishing a policy of informed access, the province can help ensure improved communication between the Crown land visitor and the cattle producer as to possible areas of danger regarding farm animals.

Specifically, the MCPA recommends that:

1. Members of the public wishing to access agricultural Crown land be required to *provide notice to the lessee* of their intention to access leased Crown land prior to entering the land (i.e., informed access). This would help reduce the likelihood of environmental damage or negligence as in the case of the Sandilands fire. It would also allow the producer to inform visitors of potential biosecurity or safety hazards that may be present on the landscape.
2. Members of the public wishing to access agricultural Crown land be required to *obtain permission from the lessee* prior to entering Crown lands *during those periods where the land is in direct agricultural use*, such as grazing season when livestock are on the land or the pre-harvest period where forages are being grown.
3. Lessees of agricultural Crown land be granted the ability to discourage members of the public from entering pastures where farm animals are known to be present in order to further minimize the biosecurity risks from contact with animals and risks to public safety by the presence of bulls, bison, or stud horses.

In support of this policy change, MCPA notes that other jurisdictions in Canada have taken steps towards providing informed access to public lands. In Alberta, for example, recreational users wishing to access agricultural public lands are required to contact the leaseholder prior to their visit and provide them information about their visit. This helps ensure that all parties are informed of what is taking place on the land as well as to assess the potential risks to the environment, biosecurity, and personal safety.

Issue # 8: Planning Issues and TRC's

The overriding concern of the Manitoba Cattle Producers Association regarding municipal planning around land use and development is maintaining the *agricultural sustainability* and *environmental integrity* of Manitoba's land base.

That said, in seeking to accommodate the desire of people for country-residential land use, municipalities must appreciate that the growing trend towards farmland subdivision and non-farm developments is generating significant negative consequences for families engaged in agricultural production. When land is purchased in agricultural areas for purposes other than agriculture, the price of land can increase dramatically as additional demand drives up price on a fixed supply. The result can be a significant increase in the cost of production for agricultural producers, cutting further into farm profitability and quite possibly driving certain producers out of production.

The goals in the settlement area as outlined in the Provincial Land Use Policies indicated; “To preserve the natural and rural character of rural Manitoba and reduce the amount of land consumed, fragmented and made unproductive for resource-related uses” (like agriculture) “expansion of an urban centre must be directed away from prime agriculture land, agriculture operations and other valuable resources and/or resource-related uses so that land is not prematurely taken out of production or its use prematurely inhibited.”

It is therefore absolutely essential that rural municipalities adopt land use planning programs that do everything they can to minimize further fragmentation and conversion of agricultural land in Manitoba.

MCPA has two main concerns with the TRC process being developed for operations wishing to establish over 300 animal units.

1. The new TRC application process being proposed has a step in the process whereby notices are posted on public site for public input. Applicant financial information should not be part of this information available for viewing.
2. There should be some control or awareness measures for recognizing special interest groups who are not impacted in any way by the application, but are opposed due to the size of the larger operation and will ensure they comment negatively on every application.

Concluding Remarks

Once again, thank-you for allowing us this opportunity to meet with you and your staff to discuss these issues facing the cattle industry in Manitoba. The MCPA believes there are many opportunities for our industry to partner with the Province of Manitoba on moving forth with these issues.

Respectfully Submitted,
MCPA Executive Committee