

09

ANNUAL REPORT

MANITOBA CATTLE PRODUCERS ASSOCIATION



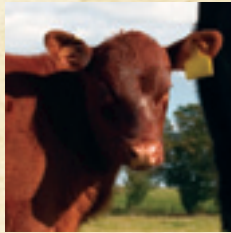


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MESSAGE FROM THE **PRESIDENT**



JOE BOUCHARD

It was another busy year for the Manitoba Cattle Producers Association, one filled with successes and challenges. The Board of Directors has been working very hard to address important industry issues at both the federal and provincial levels, some of which I will address in my report, and others that you will read about in the specific committee reports, submitted by the committee Chairs.



We bid farewell to Premier Gary Doer this year, and welcomed Greg Selinger as the new Premier of Manitoba. With changes in leadership, come changes in cabinet. The Honourable Rosann Wowchuk, formally Minister of Agriculture, Food and Rural Initiatives, has replaced Selinger as Finance Minister. Stan Struthers was appointed Minister of Agriculture, and the Honourable Bill Blaikie is our new Minister of Conservation. MCPA views these changes optimistically, and looks forward to working with the Premier and Ministers in a new capacity.

In March, our provincial and federal governments partnered to announce the development of the AgRecovery program, designed to assist producers confronted with excess moisture in the Westlake/ Interlake areas. We successfully lobbied the provincial government to have legislation on tax deferrals changed to include producers affected by flood. Tax deferral and freight assistance programs were made available for these producers, as well as those in southwest Manitoba who experienced drought. These programs will set a precedent for addressing natural disasters and assisting producers quickly. We were the only sector within the agriculture industry in these disaster areas that were provided support.

MCPA has been lobbying all levels of government for programs assisting with

risk management, similar to those available for grain. These include feed/pasture, as well as Livestock Insurance Programs. Currently, Saskatchewan and Alberta are working on a Price and Basis Insurance Program for their feeders. Manitoba needs similar programs to ensure we are on a level playing field with our western neighbours.

We have continued to promote our Ecological Goods and Services (EG&S) proposal to both levels of government, and have received positive feedback. The proposal focuses on "best use" not "alternate use," and states that producers should be rewarded for the positive environmental impact they have on their properties.

After years of lobbying for increased slaughter capacity in Manitoba, it was encouraging that the federal government designated \$10 million of the \$50 million federal Slaughter Enhancement Fund to our province. Hopefully, we will see a plant up and running in Manitoba. MCPA is in favor of any viable, competitive slaughter facilities that are accessible to all producers in our province.

In the spring, the COOL (Country of Origin Labeling) Final Rule replaced the Interim Rule, allowing greater flexibility. More plants south of the border have opened to Canadian cattle. MCPA is still working with the CCA to change COOL. A trade challenge

was submitted to the World Trade Organization in October, and we are currently waiting for the process to move forward to resolve this trade distortion.

I would like to thank the MCPA staff and Board of Directors for their hard work and dedication in 2009. Your commitment to working towards what is best for this industry is second to none and it has been an honour to work with all of you.

I would also like to thank our producers, who despite the many hardships and issues they face, continue to do what they love and raise cattle for the benefit of their families, communities, and the province.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Bouchard".

Joe Bouchard
President, Manitoba Cattle
Producers Association

MESSAGE FROM THE **GENERAL MANAGER**



SHEILA MOWAT

Welcome to the Manitoba Cattle Producers Association's 31st Annual General Meeting!

This is the third AGM that I have participated in since joining the MCPA, and it gets better every year!

Unfortunately, I can't say the same about Manitoba's cattle industry. I had sincerely hoped that the industry would be in a better place this year, but circumstances just haven't improved. That said, MCPA remains optimistic as we continue to lobby on the issues that affect our members.

Our AGM is an opportunity to address some of these issues, to hear from educated speakers, and to have lively debate on the topics that matter to you. We are holding the AGM at a new location this year, and we have a great line-up of interesting speakers.

2009 was a busy year for MCPA, as we continue to represent Manitoba's cattle industry by lobbying on a number of important issues. Our Association has been asked to participate and provide feedback on many of the issues that affect producers, some of which you will read more about in the individual committee reports.

We have gone through some major changes this year from an administrative standpoint. We moved our office, bid farewell to three staff members, welcomed three new staff members, and created a new position – Field Representative – to address the changing needs of the industry. Our Field Representative will answer questions as a representative of MCPA and will also age verify cattle.

The one thing that cattle producers can take comfort in knowing is that the MCPA is working hard on their behalf. Sometimes, it may seem like we are not making much progress, but our presence as the consistent voice of the industry is making a difference.

Our hard-working Board of Directors and staff work continuously on both the provincial and the national level to make headway on the important issues that affect our industry, so the producers who know and

respect the land and the cattle they raise can continue to do what they love and be recognized and valued for the contributions they make to our environment, our economy, and our province as a whole.

I sincerely hope you enjoy MCPA's AGM. And, with Christmas right around the corner, Merry Christmas and happy New Year to everyone!

Sincerely,

Sheila Mowat,
General Manager, Manitoba Cattle Producers Association

MCPA STAFF



LAURA DICKIE
Communications
Coordinator



LAUREN STONE
Policy Analyst



JUDI PERISTY
Executive Assistant



DEB WALGER
Bookkeeper



KAREN EMILSON
Cattle Country
Editor



TARA FULTON
Field
Representative

BOARD OF DIRECTORS 2009



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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



JOE BOUCHARD
District 10



ART JONASSON
District 11



MAJOR JAY FOX
District 12



KIM CRANDALL
District 13



DANE GUIGNION
District 14

**District 1: Ted Artz,
elected October 20, 2009**

EXECUTIVE COMMITTEE

Joe Bouchard
President

Ray Armbruster
First Vice-
President

Major Jay Fox
Second Vice-President

Art Jonasson
Treasurer

Greg Johnson
Secretary

Martin Unrau
Past President



MCPA COMMITTEE REPORTS



ANIMAL HEALTH COMMITTEE

Ray Armbruster – Chair
Kim Crandall – Vice-Chair
Martin Unrau, Brad McDonald
Glen Campbell, Greg Johnson

It has been a very busy and challenging year for the Animal Health Committee as we dealt with a host of issues. MCPA takes animal health and welfare extremely seriously. Through the Canadian Cattlemen's Association, we have been working with the National Farm Animal Care Council of Canada to develop extensive, science-based guidelines and procedures for the care and handling of livestock.

The Animal Care Act, Bill 48, which was released in March 2009, with new legislation, gave the provincial government more ability to create and enforce stiffer penalties for cruelty and neglect. Unfortunately, MCPA was not able to provide constructive input into the creation of that bill, as it was written without early consultation with our Association. We expressed our concerns over some definitions of this legislation, the reporting of frivolous complaints, and rigid appeal mechanisms; and we met with the Manitoba Livestock and Marketing Association, to discuss our concerns and how to respond.

We also met with the Veterinary Task Force Committee (VTFC) to discuss the state of the industry in relation to access to vet clinics

and made several recommendations on funding for support of veterinary districts, clinic locations, veterinary students, and diagnostic services.

A new and rising issue in Manitoba this year is the confirmation of Anaplasmosis in two locations in the province. We're concerned with the level of infection and the impact on cow/calf producers, and we're in the process of reviewing all ongoing investigation information. We will not have the final report by the AGM, but we should have more information to share.

We are working with the CCIA on the CFIA's National Steering Committee – an industry consultation group. Their review may move Anaplasmosis from reportable to annual notifiable. If this happens, producers would have to manage the disease at their own cost and impact. The Animal Health Committee is reviewing all technical and scientific information available so MCPA can make recommendations to the Office of the Chief Veterinarian of Manitoba, CCIA, and CCA. We also plan to discuss the issue with the NCFA.

TB in the Riding Mountain Eradication Area (RMEA) remains a huge issue that we're working extremely hard and aggressively on. We've lobbied the federal and provincial governments to develop a strategic plan to achieve the mandate of eradication of the disease in the wildlife populations in the RMEA.

MCPA, through CCA, has been successful in getting the federal Minister of Agriculture and Agri-Food, Gerry Ritz, to mobilize a working group of senior provincial and federal agriculture agencies to meet this goal. We thank Minister Ritz for his leadership on this issue. This working group is a very positive development.

We recognize the impact of TB testing on producers in and around the RMEA and we continue to lobby to offset their production losses and marketing impacts. Where producers are negatively impacted we continue to lobby for compensation.

I would like to thank the producers who have tested their cattle and sent their comments to MCPA. This feedback is invaluable to us; it keeps us updated and informed. And I would like to note that we do keep this information completely confidential within MCPA.

MCPA recognizes the extreme financial and emotional stress of dealing with animal health issues. We want to offer as much support as we can to our producers and their families, and have decided to introduce a support group. Producers will be able to come to this group for assistance in times of hardship, such as herd depopulation, and will find a host of resource people to help them. This group is still in its infancy stages, but is a high priority for 2010.

In closing, thank you again to the Animal Health Committee, the MCPA staff, and the many producers who continue to work on these tough issues.

*Respectfully Submitted,
Ray Armbruster,
Animal Health Committee Chair*

ANNUAL MEETING COMMITTEE

Greg Johnson – Chair
Mac McRae – Vice Chair
Trevor Atchison, Don Winnicky

Thirty-one years ago a group of farsighted beef producers got together and started the Manitoba Cattle Producers Association. It is a credit to those people, and to you – the cattle producers of the province – that through your support, MCPA has become one of the longest standing commodity groups in the province.

The times are changing rapidly in the beef industry. Changes range from the environment, to regulation, traceability, new trade rules, and new transportation rules, just to name a few.

Our Annual General Meeting will hopefully answer some of these questions, as topics for discussion range from the environment to a marketing panel. Speakers include: Don Flaten, Chair of the National Centre for Livestock

and the Environment at the University of Manitoba; Michael Trevin, Dean, Faculty of Agriculture and Food Science at the University of Manitoba; Jeff Kroll, Senior Vice President, McDonald's Restaurants of Canada Ltd.; and Larry Thomas, National Coordinator of the Canadian Beef Advantage, among others. Asking questions is how people learn, so make sure you bring a trailer-load of questions to the AGM.

We also have some fantastic entertainment planned. We have brought in Winnipeg-based improv duo, ImproVision, who were credited by CBC Television as the "king's of short form comedy."

Organizing an event like this takes a lot of time and effort, and I would like to thank the MCPA staff, Sheila Mowat, Judi Peristy, Lauren Stone, Laura Dickie, and Deb Walger, as well as the committee members, for all of their help in planning MCPA's 31st Annual General Meeting.

In closing, I would like to thank the cattle producers in the province, as well as the MCPA Directors, for all of their time and commitment to the beef industry in Manitoba.

Remember: tough times mean tough decisions.

Respectfully Submitted,

Greg Johnson,

Annual Meeting Committee Chair

APF COMMITTEE

Martin Unrau – Chair
Art Jonasson, Dane Guignon

I would like to begin my report by thanking my fellow Agriculture Policy Framework (APF) Committee members for their hard work this year, as well as, the MCPA staff for helping whenever they were asked to.

This is the first APF Committee report to grace the pages of MCPA's Annual Report. Created this spring, the APF Committee is a special group born out of the Production Management Committee to deal specifically with issues and programs under the Growing Forward umbrella, such as the AgRecovery and AgriStability programs, and production and price insurance.

Since its inception, the APF Committee has met with AgriStability program administrators on both the federal and provincial levels, to discuss the necessary changes to this program. We looked at the margins for this program, and discussed how the margins

have not been favourable for Manitoba's cattle industry these last six years. We then looked at ways to address this discrepancy.

The APF Committee is also actively working on the AgRecovery portion of the Growing Forward program. There are currently no guidelines in place under this program for disaster relief. We feel that it is time that the government established disaster guidelines and we continue to push toward this goal.

And finally, we have been working hard, at both the provincial and federal level, to establish a production and price insurance program under AgriStability. MCPA feels that this is one of the best tools that our industry can have. An insurance program will help restore confidence and stability in the industry. It is also one of the easiest and quickest programs to roll out, once we have the right people on our side.

In closing, I would like to once again thank the other Directors who sit alongside me on this committee. I look forward to addressing these and other issues in 2010.

Respectfully Submitted,

Martin Unrau,

APF Committee Chair



COMMUNICATIONS COMMITTEE

Don Winnicky – Chair
Kim Crandall – Vice-Chair
Martin Unrau, Trevor Atchison

2009 was a year of change and growth for MCPA's communications department. The committee is pleased to welcome Laura Dickie, our new communications coordinator. Laura comes to MCPA with many years of

experience in public relations and lots of innovative and exciting ideas for improving the way we communicate with our producers and the general public.

You may notice that our annual report looks different this year. One of the new initiatives that Laura has brought to MCPA is the concept of building a brand identity for our Association – one that feels warm and fresh, without straying too far from MCPA's historic look and feel. The brand will help us maintain consistency in our communications and our visual identity, building a recognizable profile across the province (and the country), including in urban centers like Winnipeg and Brandon.

Laura is developing key communication pieces, such as informational brochures and handouts, a presentation folder and a new, updated website, to reflect the Association's visual identity. The new website will be more interactive and user-friendly, and we will be driving web traffic there as often as we can. We want producers, industry supporters and consumers to make www.mcpa.net their first stop for information on Manitoba's cattle industry.

2009 was also a big year for the Great Tastes of Manitoba (GTOM), which celebrated its 20th anniversary this year, making it the longest running cooking show in Canada's history. MCPA has participated in the GTOM for six years. Corinne Dawley, who has been with GTOM since it began, appears on the show on behalf of MCPA and BIC.

In honour of its 20th Anniversary, the commodity groups behind the GTOM television show published a "Great Tastes of Manitoba – Celebrating Delicious, Local Food" cookbook. The book hit stores on October 30, just in time for Christmas. MCPA was involved in the planning, promotion and launch of the book and we look forward to participating in other GTOM events in the New Year.

MCPA actively participates in a number of industry related trade shows, conferences and events. Our presence at these functions asserts our position as the voice of Manitoba's cattle producers. We've expanded the number of events that we participate in, adding many that reach urban folks directly. There is a lot of misinformation about agriculture in urban centers, and our focus at these

events is to educate city folk on the benefits, challenges, and importance of raising cattle in Manitoba.

One group we have been more involved with this year is Agriculture in the Classroom. We participated in several of the events they held including the Amazing Agriculture Adventure, the Amazing Rangeland Adventure, and the Manitoba Social Studies Teachers Association's annual provincial workshop. These events are a unique opportunity for MCPA to reach city kids and teachers and share our stories with them.

As exciting as 2009 was for MCPA's Communications Committee, 2010 promises to be even better! We are working on a number of projects, including the development of a formal communications strategy, and we're looking into additional opportunities for raising awareness with consumers and urban dwellers in the best interest of our producers.

Respectfully submitted,
Don Winnicky,
Communications Committee Chair



CROWN LANDS COMMITTEE

Major Jay Fox – Chair
Dane Guignion - Vice-Chair
Kim Crandall

I would like to begin by thanking the Crown Lands Committee and MCPA staff for their hard work this year. We worked on a number of important issues such as informed access, land rental rates and biosecurity.

The Crown Lands Committee made some progress on informed access, and we will continue to lobby on this issue in 2010.

We saw a great deal of movement from the provincial government on this issue in response to recent ATV fires in southern Manitoba. The province is quickly coming to realize that without the help of cattle producers it's hard to control ATV use on Crown Lands. Informed access will reduce the number of preventable ATV related fires, injuries and property damage claims.

The committee also feels that the provincial government is beginning to understand the need for cattle producers to have rights on the Crown Land they farm on. Having rights and some control allows producers to be better stewards of the land and protect it from preventable damage.

We meet three or four times each year with the Crown Lands Department, and in November we will meet with our new Agriculture, Food and Rural Initiatives Minister, Stan Struthers, to discuss informed access and biosecurity.

The committee also met with government on land rental rates, and an agreement was reached. In 2010 we should see the new land rental rates come into play.

We do have some concern with the change in land designation from "agriculture land use" to "conservation or other use" and we are in discussion with the province on this matter. If this change is made, we could see as much as one thousand acres of farm land made into "public use land." MCPA will continue to lobby in 2010 to preserve this land in its original agriculture state.

Overall, it has been a pretty good year for the Crown Lands Committee and we are optimistically looking ahead to next year.

Respectfully Submitted,
Major Jay Fox,
Crown Lands Committee Chair

ENVIRONMENT COMMITTEE

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

We all know that cattle producers are good stewards of the land, MCPA's Environmental Committee works hard to make sure the public is aware of this as well.

I would like to thank the Environment Committee for their hard work and

commitment this year. I would especially like to thank Brian Sterling, the former Chair of this committee and the driving force behind our Environmental Goods & Services proposal (EG & S).

At this time last year our EG & S proposal was still in development and we are happy to report that the project has been completed. MCPA is very proud to have spearheaded this initiative, which we remain confident will change the way our industry is viewed and more importantly, recognize the ecological, social, and environmental benefits of the cattle industry. This proposal was presented to all three levels of government, other associations and organizations, and interested stakeholders. The CCA approved and endorsed the proposal at the national level.

In response to our proposal, the provincial government created an EG & S Working Group. MCPA was instrumental in the planning and development of this group. Representatives from MAFRI, Manitoba Conservation, the Nature Conservancy, Ducks Unlimited, and KAP participate, among others.

The Environment Committee works in conjunction with the Research Committee to compile valuable scientific data to support our position as environmental stewards. Several studies that MCPA is currently involved in have an environmental focus, including the "Grasslands Lifecycle Analysis," and "Solid Cattle Manure as a Nutrient Source for Crops." MCPA maintains good working relationships with the University of Manitoba's research department, the Brandon Research Centre and MAFRI, as we share the same goal: to improve Manitoba's environment and landscape.

Representatives from MCPA's Research Committee serve on the Invasive Species Council and the Leafy Spurge stakeholders group, and have received feedback that our input is highly valued on both of these groups. We also serve, in an ex-officio capacity, on the Manitoba Habitat Heritage Corporation.

MCPA values the opportunity to sit at the table with these groups as it gives us an opportunity to participate in planning, offer our feedback, and assert our position as environmental stewards.

In 2010, we will continue to work on promoting our EG & S proposal, gather more

information to support our positions, and work with other important environmental groups to improve Manitoba's landscape.

*Respectfully Submitted,
Glen Campbell,
Research Committee Chair*

FINANCE COMMITTEE

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

The Finance Committee is pleased to present the MCPA's 2009 audited financial statements, for the fiscal year ending June 30, 2009. Please take a few moments to review the financial statements found in this annual report.

As in past years, the Finance Committee's biggest task this in 2009 was planning the budget for the coming year. I am happy to report that we successfully set another balanced budget for 2009/2010.

Balancing the 2009/2010 budget was a little bit of a challenge, as our projected income from check-off dollars was reduced due to the shrinking cow herd in Manitoba. In order to compensate for this and maintain our budget, we have chosen to draw on financial reserves from past years.

Thanks to prudent financial management, MCPA does have reserves to fall back on in tough economic times. Doing this insures that the Association can continue its activities, which will in turn, hopefully improve the future of the industry.

We made very few changes to our 2009/2010 budget. Most budget lines remain the same. The only big addition to the budget was the hire of our Field Representative, Tara Fulton.

The Finance Committee reviews MCPA's mileage rates for Directors and staff on a quarterly basis. In 2009, the committee agreed to reduce mileage compensation to .42 cents per kilometer.

Finally, I would like to thank the Finance Committee for their hard work this year, as well as our Bookkeeper, Deb Walger, for all the work she does at the MCPA office.

*Respectfully submitted,
Art Jonasson,
Finance Committee Chair*



PRODUCTION MANAGEMENT COMMITTEE

Major Jay Fox – Chair
Trevor Atchison, Brad McDonald
Glen Campbell, Kim Crandall

It was another very busy year for the Production Management Committee, which deals with a number of important issues, from traceability to predator control to emergency preparedness. 2009 was full of events and meetings which made us stop and reexamine these issues and others.

First, and perhaps the most exciting development in Production Management, MCPA decided to hire a Field Representative, someone to visit the auction marts, speak with producers directly about their concerns and help them with age verification. Tara Fulton joined the MCPA team this summer and we have received lots of positive feedback from producers. In fact, the office gets several calls a day looking for Tara, and I will remind everyone that she can be found at the auction marts and is rarely at the MCPA office in Winnipeg.

Another interesting development in production management: the committee, which had grown to include more than eight members earlier this year, split into two committees. Now, we have Production Management and Agriculture Policy Framework (APF), Chaired by MCPA Past-President, Martin Unrau. We hope that this change will help us address production issues more efficiently.

MCPA continues to lobby on predator control, and our committee met with the

provincial government several times in 2009 to discuss this issue. We saw an increase in claims this year, which highlighted the need for changes to Manitoba Conservation's Problem Predator Removal Program and MASC's Wildlife Damage Compensation claim program. Hopefully, we will make more progress on this issue in 2010, as we would like to see our producers compensated 100 per cent for the calves they lose.

Traceability continues to be a big issue in our industry, and every day it becomes clearer that this is an issue that is not going to go away. Our goal is to continue to work with the government from our seat on the Traceability Steering Committee alongside KAP, MCEC, and MAFRI, to make sure that our voice, the voice of Manitoba's cattle producers, is heard throughout the planning and decision making process.

This year the Production Management Committee had to decide whether or not to remain a part of the National Cattle Feeders Association when we were approached for an increase in financial support. We ultimately decided that in these difficult times, NCF could become a very powerful player in the future of Canada's beef industry and we should stay actively involved with them.

MCPA's involvement in the Growing Forward programs also falls under the Production Management Committee. Our main goal is to make these programs functional and profitable for the producer. We continue to meet with MAFRI and the federal government to find ways to meet this goal. Ultimately, we want producers to know that the federal government has turned the administration of these programs over to the provincial government and that producers should understand these changes before applying for funding.

With 2009 almost behind us, we are looking forward to 2010. Next year we hope to point the MAFRI Beef Steering Committee in the proper, functional, direction, and get Manitoba producers on the same track when it comes to traceability. We hope to build a national, sustainable, traceability system.

*Respectfully submitted,
Major Jay Fox,
Production Management Committee Chair*



QUALITY STARTS HERE COMMITTEE

Mac McRae – Chair
Dane Guignion – Vice-Chair
Brad McDonald

The Quality Starts Here Committee was created to deal with on-farm food safety programs, specifically the industry owned and industry led Verified Beef Program (VBP). The VBP remains Canada's only nationally recognized on-farm food safety program for beef, and MCPA is proud to be at the helm, helping to steer the VBP in the right direction.

The Quality Starts Here Committee meets with the Growing Forward Steering Committee on a regular basis to look at the VBP administration and make recommendations. We are happy to continue to play an active role in determining the future of this program.

I would like to thank Betty Green, Verified Beef Program Coordinator for Manitoba, for all of the time and hard work she's put in on this program in 2009. Betty is a cattle producer and MCPA past-president who continues to serve her industry by teaching other producers about on-farm food safety.

By Christmas, Betty will have conducted more than 20 workshops. In total, more than 1200 producers have taken the course to date, and 27 have been audited, making them full-fledged verified beef producers. We are anticipating that this number will

increase in 2010, as workshops were slow to start in the fall this year due to the change in government funding for the program.

I encourage all producers who have taken a VBP workshop to take the next step and get audited. We need more audited beef producers in Manitoba, and those who complete the audit can receive up to \$2500 in equipment rebates through the Growing Forward programs.

Finally, I would like to thank the Quality Starts Here committee members for working on these programs in the best interest of our producers. I would also like to thank the MCPA staff, including our Field Representative Tara Fulton, for helping producers navigate the verification process. And of course, thank you to the many producers who took the time to attend a VBP workshop.

Respectfully submitted,
Mac McRae,
Quality Starts Here Committee Chair



RESEARCH COMMITTEE

Don Winnicky – Chair
Glen Campbell – Vice Chair
Trevor Atchison, Dane Guignion
Mac McRae

Research remains one of MCPA's top priorities. The Association financially supports initiatives that have a direct benefit to the beef cattle industry, such as projects that look at ways to improve current farming practices and

increase productivity, environmental stewardship and animal health and safety. Having the science to support our positions on important industry issues, will help us when working on policy with the government.

As of 2009, MCPA was involved in several research initiatives and the Research Committee decided not to invest in any additional projects until the current ones have been completed.

Currently, MCPA is involved in research on "Solid Cattle Manure as a Nutrient Source for Crops," "Developing Algorithm for Fertilizer Equivalence of Different Manure," "Early vs. Late Calving," "DDG's for Mature Cows," "Grasslands Lifecycle Analysis," and "Farm Management and Marketing Strategies in the Canadian Beef Sector."

In November the committee met with the Brandon Research Station and the National Centre for Livestock and the Environment, based out of the University of Manitoba, to discuss our future research priorities. Some of the research priorities identified include: creating a reference library of research initiatives completed to date that are applicable to the beef production industry, research trials on drug use on calves, research into bale grazing and swath grazed calves and the environmental effects of these BMPs, and studies involving DDGs, among others.

The Research Committee will make a greater effort in 2010 to share our research accomplishments, priorities and upcoming projects with our producers through new communication avenues. We will be including regular research features in Cattle Country and have created a section for research on our website, www.mcpa.net. Be sure to watch for updates in the coming months!

In closing, I would like to thank the Research Committee for their hard work this year, as well as all of the men and women who are at the ground level conducting research that will one day improve our industry.

Respectfully submitted,
Don Winnicky,
Research Committee Chair

CANADIAN BEEF CATTLE RESEARCH, MARKET DEVELOPMENT AND PROMOTION AGENCY



MARLIN BEEVER

On behalf of the Board of Directors of the Canadian Beef Cattle Research, Market Development and Promotion Agency it is with sincere pleasure that I present this report.



The Canadian Beef Cattle Research, Market Development and Promotion Agency has been in operation since 2002. The Domestic Levy Order was registered April 14, 2005. Currently, British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Nova Scotia are signatories to the Domestic Levy Order in their respective provinces. As such, these provinces are in a position to collect the federal levy (also referred to as “national check-off”) on beef and cattle sold in inter-provincial trade and pay the levy to the Agency. Quebec and Prince Edward Island are in the final stages of framing their agreements which will then accommodate the national levy order for intra-provincial sales. Efforts continue in the Maritimes to address collection procedures to accommodate inter-provincial sales and collection of the levies.

Current and past Agency Committees have worked diligently to design a national check-off system that integrates with current provincial collection mechanisms. Once all provinces have finalized their authority and entered into formal agreements with the Agency, the program will be truly national and the Agency will be able to finalize the Import Levy Order for imported animals and carcass equivalent beef products.

CanFax Research Services reports that Canada’s national herd declined for the fourth consecutive year. Cattle inventories as of January 1, 2009 were down 715,000 head or 5.1 per cent from last year, totalling

13.18 million head. The reduction in inventories in 2008 was more dramatic than that seen in 2006 when cattle inventories decreased 500,000 head. The Canadian cattle herd is now down 1.7 million head from record high levels reached in 2005, and two per cent below pre-BSE inventory levels of 13.46 million head. Drought and continued challenges in profitability for most sectors of the beef cattle industry will continue to pressure inventories lower and therefore a decline in national check-off revenues from domestic sources could continue.

The **Beef Cattle Research Council** (BCRC) is the national research group funded through the Canadian Beef Cattle Research, Market Development and Promotion Agency. Its purpose is to sponsor research and technology development and adoption in support of the vision of the Canadian beef industry to have high quality Canadian beef products recognized as the most outstanding by both Canadian and international customers. The BCRC has adopted a proven process to build industry consensus on research priorities which include: ruminant-human interface, enhance consumer confidence in beef, and improve profit margins for those involved in primary production.

The **Beef Information Centre** (BIC) is the national organization that provides market development programs for Canadian beef in Canada and the United States – for fed and non-fed beef. The domestic market continues

to be the most important and stable market for Canadian beef.

The **Canada Beef Export Federation** (CBEF) is the national organization formed by the Canadian beef cattle industry to identify and develop key export markets to increase the sale of Canadian beef and veal products – with the cooperation of all companies, organizations and institutions that benefit from this success. CBEF is responsible for securing and increasing export markets other than the United States.

Provincial organizations can utilize national check-off funds to support projects that address provincial-specific research, and marketing and promotion of beef and veal products. For 2008/09, national check-off transferred funds for projects by the Manitoba Cattle Producers Association and the Ontario Cattlemen’s Association. Additionally, we are including a report from the Fédération des producteurs de bovins du Québec. While not part of the check-off process this past year, the FPBQ directs provincial check-off resources towards the same type of activities as the national Agency.

National check-off is the “industry funding” used as the basis to obtain matching funds from the industry-led **Canadian Beef and Cattle Market Development Fund** for the industry’s long-term marketing plan. A long-term marketing plan was developed to help the industry recover from BSE and

ensure a profitable and sustainable industry looking ahead to 2015.

The Agency Committee approved the undertaking of a study on the economic benefits achieved by the check-off in terms of returns to the industry for the investment in research, market development and promotion. The study will also examine the optimum portfolio mix for these investments (marketing and research). This will be used in producer communications to explain the value of the check-off which will be a necessary precursor to any discussions of increasing the national check-off.

The Canadian beef cattle industry continued to face a number of challenges in 2008/09

which will likely extend into coming years. There is no single solution to address the many forces which are placing pressure on Canada's beef cattle industry competitiveness and profitability. However, research and marketing will continue to be fundamental requirements to overcome those challenges. More than ever before, we need research to provide the map for finding solutions and aggressive marketing programs to elevate the value and profitability of the Canadian beef and cattle industry.

In closing, I want to extend my appreciation to the Agency Committee for their patience and dedication to a process which at times has tested our vigilance. As well to the staff

at the Beef Information Centre, Canada Beef Export Federation, the Beef Cattle Research Council and CanFax Research Services for providing the encouraging results we are presenting in this report. Finally, special thanks to Joanne R Lemke and Associates Ltd. for assisting the Agency in compiling and presenting this report and the business plan for the coming year.



Marlin Beever, Chairman
Canadian Beef Cattle Research, Market
Development and Promotion Agency



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 for the containment and eradication of animal disease. Established in 1998, the CCIA celebrated its 10th anniversary in 2008, having developed the only mandatory national traceability program for the cattle industry.

Working with Chinook Solutions, CCIA and its Board of Directors have developed and approved a new three year, strategic business plan that will ensure the success of a national traceability program as we move forward.

The CCIA will continue to support the commercial interests and information needs of the agriculture industry and government with a cost effective, efficient, robust and scalable infrastructure. Currently, the system is being reorganized in order to optimize performance on all types of internet service, including dialup. The website www.canadaid.ca has been improved to support dialup services, as well as offering all current print publications in an electronic format. This will help elevate the national traceability system and value added services to a higher level of excellence.

In the future, the CCIA will seek to advance the implementation and evolution of the national traceability system through collaborative and engaged relationships with other agricultural sectors. Tag technology and retention is under review and continued efforts will be made to keep the public updated as to the status of new technologies and field trials. Paul Laronde has joined the CCIA team in the role of Commodity Identification Development and Investigation Coordinator to follow up on

producer complaints regarding tags and to review and improve quality assurance procedures and processes around the technology of Radio Frequency Identification (RFID) tags and readers, as well as investigating into other emergent technologies that may provide value to industry sectors. Working with veterinarians, producers and other industry partners, the future of traceability technology will be always improving. Feedback is welcome from all our industry partners as we work together to find a solution to common technology issues.

The CCIA will be 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 through 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 pork, where required, and poultry organizations and will offer services to other species.

2008 saw many management changes within the CCIA office. Kerry St.Cyr has taken over the role of Executive Director and has set CCIA on a new path towards a sustainable future. Joining him on the management team are Angelo Herat (Operations Manager), Bilal Kabalan (Technology Manager), Hina Thaker (Legal Counsel) and Danielle Oberle (Communications Manager). Along with the new management team, new staff has been hired to handle the influx of calls and CCIA will begin the move towards fully bilingual services.

Through 2009, CCIA is committed to internal and technological restructuring to

better serve the needs of our commodity stakeholders. Through collaborative activities with industry and governments we are moving towards full animal movement tracking through completion of Premises Identification and identifying appropriate tools for industry, and continuing to assist with Age Verification. 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 Canadian Beef Advantage. Manitoba Cattle Producer's Association field representative, Tara Fulton, visited CCIA's headquarters for hands on training to work with producers in the field assisting with CLTS data entry such as Age Verification.

During 2009, CCIA began the Auction Market Applied Research Project to determine the costs and benefits for full scale implementation of RFID systems in auction markets. This research project will install, operate and test multiple commercially available RFID reader technologies in eight auction markets across Canada and collect data from three markets with pre-existing systems. Of the eight markets that are set up, there are four markets in Manitoba participating, which are: Ste Rose Auction Mart Ltd., Gladstone Auction Mart, Winnipeg Livestock Sales Ltd. and Killarney Auction Mart.

The CCIA plans to be the long-term partner with industry and governments in the traceability of Canadian Livestock and Poultry from the producer to the consumer by taking a leadership role so food safety, animal health and international trade expectations are consistently exceeded.

BEEF INFORMATION CENTRE



The Beef Information Centre's (BIC) vision is for a sustainable, profitable beef industry where Canadian beef is recognized as the most outstanding by domestic and export customers. BIC's mission is to maximize demand for Canadian beef and optimize the value of Canadian beef products. BIC's current market development program focuses on domestic, commercial beef and U.S. markets.

BUILDING A CANADIAN BEEF BRAND IDENTITY

BIC continues to encourage Canadian retailers and foodservice operators to take advantage of the Canadian beef brand logo and the tagline 'Canadian beef. Goodness in every bite' in their marketing initiatives.

As of late October, BIC has worked with over 100 industry partners and has signed 53 brand license agreements with retail, foodservice and processing operations, including: XL Fine Foods; Costco Canada; Canada Safeway; McDonald's; Boston Pizza; Panago Pizza; and Sobey's in Ontario, Quebec and the Maritimes.

The positioning of the new brand includes quality attributes and points of differentiation versus other proteins to position Canadian beef as strongly as possible within identified market segments. These points of differentiation include quality attributes such as superior genetics, excellent animal health management, individual animal identification, world renowned food safety system, superior grading, excellent supply capability and improved profitability.

On the consumer side, this involves building an awareness of the Canadian beef brand by encouraging current consumers to enjoy Canadian beef more often. Increasing consumption among 20 per cent of light beef users by two times per month can

increase overall beef consumption by 16,500 tonnes annually, worth approximately \$149 million. Within trade, this involves differentiating Canadian beef from imports, specifically U.S. beef.

DOMESTIC AND COMMERCIAL MARKETS

Canadian Beef Brand Multi-Media Campaign Launched

BIC launched its \$1.4 million Canadian beef brand multi-media campaign from March through June 2009, focused in Ontario where beef consumption is underdeveloped compared to the rest of Canada. The campaign targeted the beef consumer who eats beef one to two times per week, with a specific focus on mothers 25-49 years of age who are the food decision makers in their family. The three-month campaign reached 93 per cent of the target group 28 times, with 61.5 million impressions. BIC conducted consumer research to measure the effectiveness of the campaign. Preliminary results indicate that the advertising campaign was successful in positively changing consumer attitudes toward beef. Those who saw the ads improved their attitude towards beef versus those who didn't on several key attitudinal measurements. Some signs show that beef advertising helped to make people believe more that beef is a lean and healthy food, fitting their current lifestyle.

New consumer website launched in support of new Canadian beef brand

BIC re-launched its consumer website at www.beefinfo.org, and more recently, launched a French language consumer website, at www.boeufinfo.org. Both sites target light beef consumers, typically women between the ages of 25 and 49 who make the majority of menu planning and

purchasing decisions within the Canadian household. The content includes helpful recipe, buying, preparing and inspiring information for all things related to beef, and communicates the healthfulness, tastiness and convenience of Canadian beef products.

Protecting producers' interests through nutrition and food safety policy and issues management

BIC protects beef producer interests by working with government in areas such as food safety, nutrition recommendations and labelling. An example is BIC's ongoing collaboration with the American Meat Institute, National Cattlemen's Beef Association, National Pork Board and the Canadian Pork Council on a North American strategy to address the World Cancer Research Fund Policy report. Other examples include participation in regulatory matters such as Federal Government's Standing Committee on Food Safety, the development of organic product regulations, engagement with government on sodium dietary recommendations, and BIC's participation in various health symposiums, such as the Dietitians of Canada Omega-3 for Health Symposium, and the International Meat Secretariat Committee meetings on nutrition and health.

In addition, several initiatives are under way, including a project to address current health issues through various communication vehicles, and collaborative initiatives to maintain credibility and strengthen relationships among the health professional community – a key health and nutrition influencer group. In fiscal 2008/09, BIC reached over 11,000 registered dietitians and 35,000 physicians with nutrition information that included positive messages about beef's contribution to a healthy diet.

By providing credible, balanced and practical responses to proposed regulatory policy, BIC continues to play an important role as a voice for the beef industry.

Increasing Canadian beef sales at retail and foodservice

BIC works extensively with the retail and foodservice sectors across Canada to maximize demand for Canadian beef and optimize the value of Canadian beef products for the benefit of Canadian cattle producers. These efforts result 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.

On the retail side, BIC provides training to retail operators, distributors, processors, end users and education partners in an effort to maintain a high degree of Canadian beef product, quality, safety and merchandising knowledge with key segments of the industry. BIC's efforts help build meaningful value into Canadian beef retail programs, and improve education within the trade that reciprocates into improved market reach and expedited transfer of fact-based quality information to the consumer.

BIC also 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. As well, 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.

New beef products create more opportunities for Canadian beef

A key aspect of increasing the size and maintaining a higher share of the domestic market has been the development of new products and reformulation of existing products to utilize Canadian beef. Since the inception of the Product Development and Reformulations Partners Program five years ago until the end of the previous fiscal year (2008/09), 102 projects involving fed and commercial beef with a total value of more than \$6.54 million have been managed by

BIC. Of that total, approximately \$1.51 million was funded through BIC.

U.S. MARKET

Mitigating the impact of country of origin labeling (COOL)

The United States continues to be the world's largest beef consuming nation and the world's largest importer of beef. The United States is also Canada's largest and best export market accounting for 77.5 per cent of Canada's beef exports. While BSE and country of origin labelling (COOL) have impacted beef and cattle trade, the U.S. market continues to offer the highest value market with the least amount of import barriers for Canadian beef.

BIC continues to work with U.S. trade clients in order to mitigate the impact of U.S. COOL and build awareness of the Canadian Beef Advantage (CBA). BIC's approach has been to align with Canada's packers and U.S. distributor partners to communicate Canada's key points of differentiation, and to provide educational resources and market development support that leverage the CBA.

BIC has developed programs, with a focus on premium positioning, at retail and foodservice. BIC also maximizes the opportunities to build equity in the Canadian brand identity in targeted ethnic markets, and facilitates linkages within the supply chain to maximize use of Canadian commercial beef within the U.S. processing sector.

BIC has 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 being held in strategic U.S. markets. In addition, BIC has launched a COOL website (www.meatcool.info) to communicate the details of COOL regulations, and placed trade advertisements about COOL mitigation on the Meatingplace website and in the Meatingplace print magazine.

Key U.S. market accomplishments during 2008/09:

- Distributed over 4,500 technical resources
- Participated in over 30 different trade shows and seminars

- Hosted 13 trade missions with U.S. buyers and Canadian packers; the potential of these trade missions during fiscal 2008/09 is over 27 million lbs. of Canadian beef volume
- Reached over 89,000 U.S. buyers and end users
- Foodservice distributor partnerships leveraged almost 2.4 million lbs of Canadian beef sales, an increase over last year's cumulative total of 1.1 million lbs
- Overall volume associated with retail initiatives in 2008/09 was close to 12.4 million lbs of Canadian beef, an increase over last year of 10 million lbs
- Total volumes associated with ethnic programs for 2008/09 was 3.9 million lbs of Canadian beef, an increase of 2.6 million lbs

In response to direction from CCA, BIC developed a proposal to address the negative impact of COOL on live Canadian cattle export volumes and value and ensure long term cattle export viability. The live cattle strategy will work to optimize demand for Canadian cattle at key U.S. packing plants. The strategy:

- Identifies U.S. packers with a geographical dependency on Canadian cattle that provide opportunities for long term value;
- Leverages the competitive advantages of Canadian fed cattle based on the attributes that define the CBA;
- Conducts consumer research on various forms of COOL compliant labelling; and
- Develops branded programs that position beef from Canadian fed cattle as premium based on quality and safety assurance attributes.

BIC is proceeding with implementation of the *U.S. Live Cattle Strategy Pilot Project* in 2009/10 fiscal year.

MOVING FORWARD

BIC continues to pursue a shared vision with the CCA for a sustainable, profitable beef industry in order to maximize demand for Canadian beef, and to optimize the value of Canadian beef products for the benefit of Canadian cattle producers.

CANADIAN CATTLEMEN'S ASSOCIATION REPORT



MAINTAINING OUR INDUSTRY'S COMPETITIVENESS – AT HOME AND ABROAD

Throughout 2009, we struggled to remain competitive with the U.S. If we fall behind, we simply cannot continue as an industry at our current levels. We've already lost some of our packing industry and feeding capacity. With our stringent regulations, more feeder cattle will be sent into the U.S. at a greater discount.

Additional areas where Canada competitively falls behind include access to inputs like veterinary drugs, productivity of grains and forages and in our regulation of specified risk materials (SRM) collection and disposal.

To combat our shortfalls, we:

- work to maintain access to price competitive inputs while consulting with regulators to improve approvals processes in Canada
- are a leader in advancing the Beef Science Cluster for research in productivity and other industry needs
- work with a broad coalition of industry partners to bring our SRM regulations to a level equivalent with the U.S.' and to have government offset the additional costs of these regulations until parity is achieved

STATUS OF THE AGRICULTURAL MARKET ACCESS SECRETARIAT (AMAS)

Spearheaded by the CCA and other red meat organizations, the secretariat gained momentum through the Beef Value Chain Roundtable – co-chaired by CCA's Executive Vice President, Dennis Laycraft. In January 2009, Minister Ritz accepted the proposal and quickly moved on it.

Developed with our partners, recommendations within "Enhancing Canada's Technical Market Access Capabilities for Agriculture" provides a comprehensive roadmap for secretariat staff to aggressively and strategically work full-time to secure access to international markets.

Since January, progress has been made on the creation and roll-out of AMAS. Fred Gorrell, appointed head of AMAS in June, is focused on laying the groundwork for the secretariat.

U.S. MANDATORY COUNTRY-OF-ORIGIN LABELLING (MCOOL) AND THE WTO CHALLENGE

Over the past year, Canadian cattle producers lost over a quarter-of-a-billion dollars in lower cattle prices and increased costs, since mCOOL came into effect.

In conjunction with the Canadian Pork Council, we developed the legal opinion in 2007 that supported the Government of Canada's initiation of a WTO (World Trade Organization) case against the U.S. on the discriminatory nature of the new mCOOL requirements that went into effect fall 2008. As a result, some flexibility appeared in the final rule that went into effect March 16, 2009; yet the underlying mCOOL legislation remains discriminatory.

On November 19, 2009, the WTO established a Dispute Settlement Panel at the request of Canada and Mexico. The Panel will rule on mCOOL and determine whether it is in violation of the U.S.' trade obligations. The WTO process takes a long time to work through, but we believe no other option exists. We met with U.S. officials in Washington several times, but sense no interest from lawmakers to resolve this issue. Since Canada is the best customer of the U.S., it is

unfortunate that we need to take this step. A panel ruling from the WTO may motivate U.S. lawmakers to resolve this problem.

EXPORT MARKET ACCESS UPDATES

Russia

- access expanded for Canadian beef to include all beef from cattle under-thirty-months (UTM) and boneless beef from cattle over-thirty-months (OTM) of age
- agreed to continue process aimed at achieving access for beef offal products by the end of 2009
- Canada Beef Export Federation estimates that Canada could export \$32 million per year of beef, and a further \$10 million for beef offals, to Russia

European Union (EU)

- negotiations toward creating a comprehensive free trade agreement with Canada one of the most important, new trade initiatives in years
- CCA seeking full elimination of Europe's prohibitive tariff on Canadian beef plus resolution of technical issues

Japan

- Canada seeking to raise age limit on beef from 21 to 30 months as a step toward full World Animal Health Organization (OIE) access
- in early 2009, Japanese officials signalled that they would soon like to consider raising the age limit for Canada but they would prefer to consider a Japan – Canada – U.S. arrangement – so far the U.S. has refused, holding up access for both our countries
- NCBA (National Cattlemen's Beef Association) passed a resolution in January 2009, to support raising Japan's

age limit to 30 months as a step toward full OIE access

- Japan's September 2009 national election results delaying expansion of beef access for at least several more months

South Korea

- Canada continues work on regaining market access similar to that granted to U.S. beef
- WTO Dispute Settlement Panel established on August 31, 2009 – an initial decision could come in spring 2010, with appeals likely after that

Hong Kong

- new trade agreement immediately improves access for Canadian beef through staged process
- by end of 2009, full access for all UTM beef, plus boneless OTM beef and offals

Mexico

- we have full UTM access to Mexico, but full OIE access faces entrenched opposition
- our Mexican counterparts are being encouraged to sign a joint letter requesting full access for Canadian beef

Colombia

- now accepting a wide range of Canadian beef and value-added beef products
- annual exports could reach \$6 million in beef and \$1 million in livestock and genetics and once implemented, the Canada-Colombia Free Trade Agreement (FTA) will eliminate Colombia's 80 per cent tariff on beef

Panama

- lifted BSE restrictions in place for six years and signed a FTA with Canada

Jordan

- restored full market access to our beef and cattle – estimated value of Canadian beef exports could increase up to \$1 million annually

Saudi Arabia

- opened their borders for Canadian boneless beef exports from UTM cattle
- extensive talks aimed at attaining full market access continue and once achieved, export levels worth nearly \$6 million could be re-established

DOMESTIC AGRICULTURE

Improving business risk management programs

We are closely following development of a national cattle price and basis insurance program after federal, provincial and territorial agriculture ministers directed their officials to create a model for review at their next meeting. We lobby aggressively for development of a national price and basis insurance program that is effective and affordable.

Federal tax decision brings relief to disaster-stricken cattle producers

CCA continues to press governments to deliver a comprehensive disaster program of tax deferrals, feed assistance and land rehabilitation to allow producers to make effective management decisions.

Environment

CCA actively consults, analyzes and develops recommendations to government on the impacts of environment and climate change commitments. We firmly believe that the cattle industry is a significant benefactor to the overall environment – it should be rewarded not punished, in any new legislative change.

Animal Welfare

To ensure new, international animal welfare requirements are based on sound science, the CCA actively works through our relationship in the Five Nation Beef Alliance.

BEEF INFOXCHANGE SYSTEM (BIXS)

BIXS is the new, national voluntary data and information exchange system based upon an individual animal's identifier tags. A cornerstone of the Canadian Beef Advantage (CBA) strategy, it facilitates information sharing across the beef value chain.

Over the past year, BIXS development focused on designing, constructing and testing the portal, program requirements and functionality. This included execution of a pilot project, in early 2009, which tested the system's functionality at the feedlot to packer stage.

The successful pilot demonstrated that feedlot and slaughter data/information could be captured and uploaded to a central database, and viewable by project participants,

according to unique RFID numbers. With information gained from the pilot, work proceeded on final development of the system.

This fall, BIXS will roll out to Canadian cow/calf producers. During the initial stage any feedlot planning to participate in BIXS is urged to collect some of the basic, required information as cattle enter their feedlot. This includes recording the weight-in and date-in linked to the individual animal's tag number, plus storing this information for upload later to complete your registration, once the full program launches.

Visit the BIXS website at www.bixs.cattle.ca.

REAL-TIME NEWS AT AUCTION MARTS

The CCA launched a unique, real-time news delivery system at Alberta auction marts. It features news and events, plus market and trade information aimed at helping you stay up-to-date on factors affecting your business.

Computer monitors linked directly to a central website deliver up-to-the-minute information from regional, national and international perspectives, including local content from the auction mart, market facts from CanFax and North American commodity markets.

After a two-stage pilot is complete, together with our provincial members, we plan to take the new system nationwide.

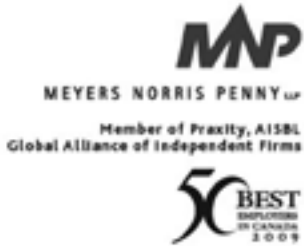
MOVING FORWARD...

Looking back on this report, it's obvious the CCA undertakes extensive work for the industry, at levels that require a national voice. The decline in cattle numbers, plus the implementation of Bill 43 in Alberta, will put a considerable strain on provinces; and subsequently on the CCA.

In order to keep up – we need to continue our efforts to remain competitive with the U.S., first and foremost. Only through continuing our work to improve efficiency and reducing the excessive costs of regulatory burdens to even the playing field, will we be able to achieve this.

Stay current on news and updates on important issues by signing up for our free, 'Action News' services – delivered by fax or email. To subscribe, visit www.cattle.ca, or contact Communications at 403.275.8558.

AUDITORS' REPORT



To the Member Producers of The Manitoba Cattle Producers Association:

We have audited the statement of financial position of The Manitoba Cattle Producers Association as at June 30, 2009 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many agricultural marketing agencies, the Association derives income from fees charged to producers. The nature of these fees and the structure of the collection system prevent verification that all fees due to the Association were reported. Our verification of fee income was limited to accounting for amounts reported by the cattle dealers and recorded in the accounts of the Association.

In our opinion, except for the effects of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves with respect to the completeness of income from administrative fees, as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Association as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba
August 14, 2009

Meyers Norris Penny LLP

Chartered Accountants
2500 - 201 Portage Ave.,
Winnipeg, Manitoba, R3B 3K6,
Phone: (204) 775-4531, 1 (877) 500-0795

THE MANITOBA CATTLE PRODUCERS ASSOCIATION
STATEMENT OF FINANCIAL POSITION

As at June 30, 2009

	General Fund	Industry Fund	Contingency Fund	Research Fund	2009	2008
Assets						
Current						
Cash and short-term investments (Note 4)	1,428,441	—	95,757	—	1,524,198	1,430,569
Accounts receivable	110,052	—	—	—	110,052	146,834
Prepaid expenses	6,724	—	—	—	6,724	3,850
	1,545,217	—	95,757	—	1,640,974	1,581,253
Equipment (Note 5)	28,708	—	—	—	28,708	16,492
Due from MLCA Inc. (Note 6)	146,000	—	—	—	146,000	116,000
Due from General Fund	—	91,792	—	350,000	441,792	519,292
	1,719,925	91,792	95,757	350,000	2,257,474	2,233,037
Liabilities						
Current						
Accounts payable and accrued liabilities	214,993	—	—	—	214,993	240,176
Due to Research Fund	350,000	—	—	—	350,000	350,000
Due to Industry Fund	91,792	—	—	—	91,792	169,292
	656,785	-	-	-	656,785	759,468
Net Assets	1,063,140	91,792	95,757	350,000	1,600,689	1,473,569
	1,719,925	91,792	95,757	350,000	2,257,474	2,233,037

Approved by the Board:

Director

Director

The accompanying notes are an integral part of these financial statements

THE MANITOBA CATTLE PRODUCERS ASSOCIATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended June 30, 2009

	General Fund	Industry Fund	Contingency Fund	Research Fund	2009	2008
Support						
Fees collected from producers under regulation	1,333,350	—	—	—	1,333,350	1,425,023
Dealer commission	(39,277)	—	—	—	(39,277)	(39,941)
	1,294,073	—	—	—	1,294,073	1,385,082
Fees refunded	(245,756)	—	—	—	(245,756)	(199,275)
Fees retained for potential refunds	—	—	—	—	—	17,321
Net fees collected	1,048,317	—	—	—	1,048,317	1,203,128
Other income						
Interest and sundry	32,408	—	2,525	—	34,933	38,726
Project income	68,058	—	—	—	68,058	58,163
Verified Beef Program	58,606	—	—	—	58,606	99,285
	159,072	—	2,525	—	161,597	196,174
	1,207,389	—	2,525	—	1,209,914	1,399,302
Expenses						
4-H Beef Recognition	—	—	—	—	—	6,944
Amortization	5,072	—	—	—	5,072	3,271
Assessment fees	—	—	—	—	—	32,145
Beef Industry Development Fund	—	77,500	—	—	77,500	68,081
Board meetings	8,312	—	—	—	8,312	7,241
Canadian Cattlemen's Association fees	235,893	—	—	—	235,893	214,909
Cash advance expenses	—	—	—	—	—	891
Directors' expenses (Note 7)	237,016	—	—	—	237,016	233,059
General manager	12,705	—	—	—	12,705	16,302
Insurance	4,238	—	—	—	4,238	4,114
Legal and audit	7,852	—	—	—	7,852	7,314
Memberships in other organizations	25,454	—	—	—	25,454	11,696
Office equipment, supplies and postage	15,414	—	—	—	15,414	15,266
Office moving costs	2,605	—	—	—	2,605	—
Office rent	24,266	—	—	—	24,266	22,718
Producer communications	59,692	—	—	—	59,692	57,703
Provincial promotions	49,787	—	—	—	49,787	82,059
Salaries and benefits	275,564	—	—	—	275,564	246,243
Sundry	1,433	—	—	—	1,433	3,660
Telephone and fax	15,652	—	—	—	15,652	14,212
Verified Beef Program	24,339	—	—	—	24,339	32,258
	1,005,294	77,500	—	—	1,082,794	1,080,086
Excess (deficiency) of revenues over expenses	202,095	(77,500)	2,525	-	127,120	319,216
Net assets, beginning of year	861,045	169,292	93,232	350,000	1,473,569	1,154,353
Net assets, end of year	1,063,140	91,792	95,757	350,000	1,600,689	1,473,569

THE MANITOBA CATTLE PRODUCERS ASSOCIATION

STATEMENT OF CASH FLOWS

For the year ended June 30, 2009

	2009	2008
Cash provided by (used for) the following activities		
Operating activities		
Revenues collected	1,138,199	1,368,785
Expenses paid	(756,651)	(758,248)
Salaries and benefits	(275,564)	(246,243)
Interest income	34,933	38,726
	140,917	403,020
Investing activities		
Advances to Manitoba Livestock Cash Advances Inc.	(30,000)	(75,000)
Repayments of advances to Manitoba Livestock Cash Advances Inc.	—	9,000
Additions to equipment	(17,288)	(6,818)
Increase in cash resources for the year	93,629	330,202
Cash resources, beginning of year	1,430,569	1,100,367
Cash resources, end of year	1,524,198	1,430,569

THE MANITOBA CATTLE PRODUCERS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2009

1. Activities of the Association

The Manitoba Cattle Producers Association (the "Association") is a non-profit organization established under the Statutes of Manitoba in 1978 (amended in 1983 and 1988). The Association is responsible for programs to improve the economic well being of the cattle and beef industry in Manitoba. Effective from January 30, 1989 the Association commenced collection of fees from producers on sale of cattle under a method determined and authorized by provincial statute. The current rate of fee imposed is \$2 for each head of cattle sold. Effective December 1, 2006, a mandatory non-refundable National Checkoff levy was established at a rate of \$1 for each head of cattle sold. A livestock dealer may deduct a commission of 6 cents for each head sold.

2. Change in accounting policies

Capital disclosures

Effective June 30, 2009, the Association adopted the Canadian Institute of Chartered Accountants' new recommendations for disclosures about capital. Section 1535 Capital Disclosures prescribes disclosure regarding whether a non-publicly accountable enterprise has complied with any externally imposed capital requirements, and if not, the consequences of such non-compliance.

The adoption of this new standard did not have a material impact on the Association's financial statements.

3. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles using the following significant accounting policies:

Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Association, the accounts are maintained on a fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the contributors or in accordance with the directives issued by the Board of Directors.

Four funds are maintained: General Fund, Industry Fund, Contingency Fund and Research Fund:

- The General Fund is used to account for all revenue and expenses related to operations of the Association.
- The Industry Fund is used to account for unbudgeted expenditures to programs to advance the industry.
- The Contingency Fund is to cover outstanding liabilities should the Association cease operations.
- The Research Fund is used to account for expenditures in the areas of research.

Equipment

Equipment is recorded at cost. Amortization is provided using the straight-line method over five years.

Revenue recognition

Check-off, interest and other sundry revenues are recognized when received or receivable. Project income is recognized at the end of the year in which services have been rendered.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of equipment.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

3. Significant accounting policies (Continued from previous page)

Long-lived assets

Long-lived assets consist of equipment with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Association performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the assets' value. Any impairment is included in revenues for the year.

Financial Instruments

Held for trading:

The Association has classified cash and short-term investments as held for trading. Transactions to purchase or sell these items are recorded on the settlement date, and transaction costs are immediately recognized in operations.

The Association's held for trading instruments are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date.

Held for trading financial instruments are subsequently measured at their fair value. Gains and losses arising from changes in fair value are recognized immediately in operations.

Loans and receivables:

The Association has classified accounts receivable as loans and receivables. These assets are initially recognized at their fair value. Transactions to purchase or sell these items are recorded on the settlement date, and transaction costs are immediately recognized in operations.

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability. Gains and losses arising from changes in fair value are recognized in operations upon derecognition or impairment.

Other financial liabilities:

The Association has classified accounts payable and accrued liabilities other financial liabilities. These liabilities are initially recognized at their fair value. Transactions to purchase or sell these items are recorded on the settlement date, and transaction costs are immediately recognized in operations.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to their net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Gains and losses arising from changes in fair value are recognized in operations upon derecognition.

Recent accounting pronouncements

Financial instrument deferral of Section 3862 and 3863

In December 2006, the Canadian Institute of Chartered Accountants (CICA) issued Section 3862 Financial Instruments – Disclosures and Section 3863 Financial Instruments – Presentation to replace Section 3861 Financial Instruments – Disclosure and Presentation. The effective date for these new Sections was for interim and annual financial statements with fiscal years beginning on or after October 1, 2007, with earlier adoption permitted. However, in light of the uncertainty regarding the future direction in setting standards for not-for-profit organizations, the CICA released a decision to allow deferral of Sections 3862 and 3863 for this sector. Not-for-profit organizations should continue to apply Section 3861 until interim and annual financial statements with fiscal years beginning on or after October 1, 2008.

3. Significant accounting policies *(Continued from previous page)*

Financial statement presentation by not-for-profit organizations

In September 2008, amendments were made to CICA Handbook Section 4400 Financial Statement Presentation by Not-for-profit Organizations. Amendments to the section included removal of the requirement to treat net assets invested in capital assets as a separate component of net assets, and, instead, permitting such an amount to be presented as a category of internally restricted net assets. In addition, the requirement to recognize and present revenues and expenses on a gross basis when a not-for-profit organization is acting as a principal in the transaction was clarified. Finally, guidance was included to reflect that Section 1540 Cash Flow Statements and Section 1751 Interim Financial Statements are applicable to not-for-profit organizations.

These amendments apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Association does not expect the changes to the standard to have a material impact on its financial statements.

Capital assets held by not-for-profit organizations

CICA Handbook Section 4430 Capital Assets Held by Not-for-profit Organizations has been amended to provide additional guidance with respect to the appropriate use of the scope exemption for smaller entities that expense their capital assets. It was clarified that the exemption does not allow Not-for-profit Organizations to capitalize but not amortize their capital assets, nor does it allow different methods of accounting for various types of capital assets.

This amendment applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Association does not expect the change to this standard to have a material impact on its financial statements.

Disclosure of allocated expenses by not-for-profit organizations

In September 2008, the Canadian Institute of Chartered Accountants issued new recommendations for disclosures regarding allocated expenses by not-for-profit organizations. CICA Handbook Section 4470 Disclosure of Allocated Expenses by Not-for-profit Organizations requires disclosure by not-for-profit organizations that allocate fundraising and general support expenses to other functions of the policies adopted for the allocation of such expenses among functions, the nature of the allocated expenses, and the basis on which allocations are made. The section also requires disclosure of the amounts allocated from each of its fundraising and general support functions and the amounts and functions to which they have been allocated.

This new Section is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Association does not expect this new standard to have a material impact on its financial statements.

4. Cash and short-term investments

	2009	2008
Current account, non-interest bearing	216,552	162,053
Savings account, bearing interest at 3.30%	1,211,889	1,175,284
Contingency fund term deposit	343	33,055
Contingency fund deposit in savings account bearing interest at 3.30%	95,414	60,177
	1,524,198	1,430,569

5. Equipment

	Cost	Accumulated amortization	2009 Net book value	2008 Net book value
Furniture and equipment	115,613	87,264	28,349	16,492
Leasehold improvements	449	90	359	—
	116,062	87,354	28,708	16,492

6. Due from MLCA Inc.

The amount due from Manitoba Livestock Cash Advances Inc. is unsecured, non-interest bearing and without terms of repayment. As payment will not be expected in the next year, the account has been classified as long-term. The organizations are related due to directors in common.

7. Directors per diem and travel expenses

Directors are entitled to remuneration of \$150 per day (2008-\$150) and the president \$175 per day (2008-\$175), funds permitting. The directors and the president are also entitled to reimbursement for travel and other expenses incurred by them in attending meetings on behalf of the Association. Payments made during the year were as follows:

	2009	2008
Per diem remuneration	101,828	99,343
Reimbursement for travel and other expenses	134,438	131,578
Strategic Plan/Board Orientation	750	2,138
	237,016	233,059

8. Income tax status

The Association is exempt from income taxes as a non-profit entity under Section 149(1) of the Income Tax Act.

9. Commitments

The Association has entered into lease agreements for office equipment and premises with estimated minimum annual payments as follows:

2010	35,400
2011	35,400
2012	35,400
2013	35,400
2014	34,950

10. Employee pensions

Employees of the Association participate individually in pension plans of a financial institution of their choice. The Association has agreed to match employee contributions to a maximum of 5% of wages but is not a party to the plans.

11. Capital management

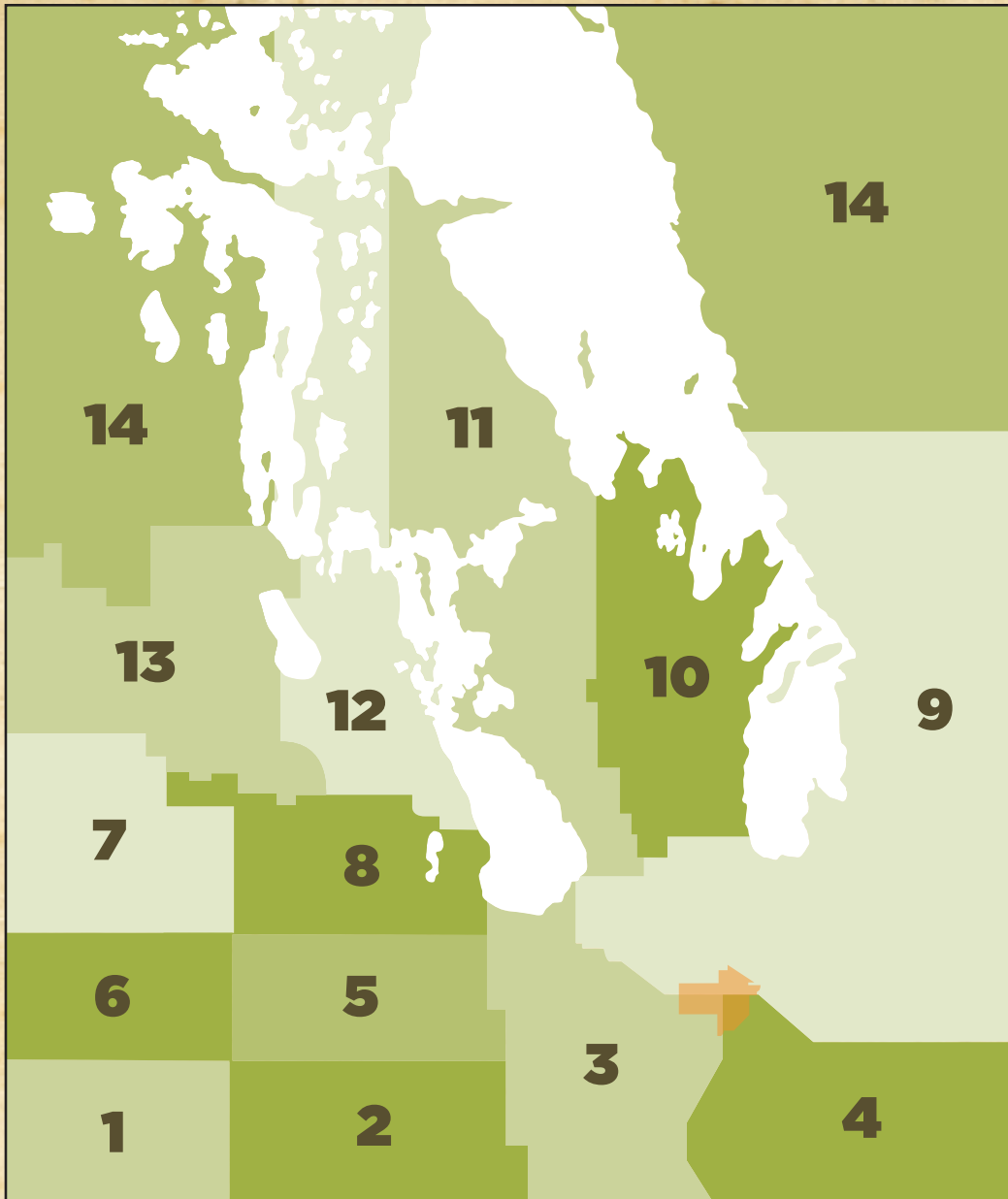
The Association's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide programs that improve the economic well being of the cattle and beef industry in Manitoba.

The Association sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Association may buy or sell investments or change the amount of funds transferred to the individual funds.

The Association manages the following as capital:

	2009	2008
Net assets – General Fund	1,063,140	861,045
Net assets – Industry Fund	91,792	169,292
Net assets – Contingency Fund	95,757	93,232
Net assets – Research Fund	350,000	350,000
	1,600,689	1,473,569

The Association monitors capital on the basis of approval by the Board of Directors. During the year, the Association's strategy was to protect the capital through maintaining low risk investments so as to rely on the interest and dividends as income rather than changes in market value.



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MISSION

“To be the voice of the cattle industry in Manitoba through communication, advocacy, research and education within industry and to government, consumers and others, to improve prosperity and to ensure a sustainable future.”



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