



*Canadian Cattlemen's Association*

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Growing Forward II Position Paper  
August, 2011**

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**CONTACT: RYDER LEE**

1207-350 Sparks St, Ottawa, ON K1R 7S8  
Office – 613-233-9375 Cell – 613-266-3893  
[rlee@cattle.ca](mailto:rlee@cattle.ca)

## **Canadian Cattlemen's Association Growing Forward II Position Paper – August, 2011**

Despite the challenges of the last eight years, the beef industry remains one of the biggest generators of farm gate cash receipts in Canada. In 2010 cattle and calf cash receipts totaled over \$6 billion while beef production contributed \$24.6 billion to Canada's economy. Even with consolidation cattle still make up an important part of many farms and ranches across Canada. Policy and budget decisions in Growing Forward II need to recognize the importance of the industry to the future and to present producers. Looking back at spending directed at agriculture sectors it is important to remind policy makers of this industry's contribution to the economy. Modest growth of this sector can contribute greater amounts to more producers than seemingly larger growth in most of the other sectors of Canadian agriculture. Government investment needs to recognize this reality. A prime example is the Science Cluster Initiatives. The Oilseeds and Pork Clusters both received more AAFC investment than the cattle industry despite cash receipts of cattle and calves outpacing those industries. The organic cluster received \$6.5 million compared to the \$8.65 million for beef. Organic may be growing fast but it is still very small compared to the amount of producers, land managed and revenue generated in the beef cattle business.

As Growing Forward draws to a close, examination of programs under the Agriculture Policy Framework and Growing Forward is important. Unfortunately those analyses by governments have not yet been shared. At the same time, studies examining efficiency of investment in agriculture by bodies such as the OECD deserve some consideration. The message in their work is that to be most competitive agriculture spending allocations for research and innovation provide greater returns than those for producer support. There remains a place for producer support but policies must allow for clear transmission of market signals, allow competition, grow market access and equally treat regions and sectors.

### **Priority Requests for Growing Forward's Replacement:**

#### **1. Investment in research, regulatory improvements and market development.**

- Increased research spending must be part of Growing Forward's replacement. Returns from research investment are very high as the March 2010 National Checkoff study showed \$46 returned per \$1 invested. But research investment is currently much too low. Increased investment needs to include structural renewal and project funding with industry direction. It is imperative that the renewal of the Science Clusters Initiative program is seamless and timely and enables industry to implement, at a minimum, a five-year research program. Moving the Clusters to a 10-year timeframe, increasing their funding and flexibility would be ideal improvements. Research investment could yield greater payoffs if administration was improved to allow researchers to focus on research. Restrictions on year-ends need to be removed to allow funds to match demand timing instead of calendar demands. Restrictions on researcher travel also need to be removed to allow for the information researchers discover to become innovations when they transfer their findings to people who can put that new knowledge into action. These restrictions on travel are contributing to Canada doing a poor job of taking new knowledge and making it into innovative processes and products. They also stop Canadian researchers from being able to take advantage of new knowledge generated elsewhere by international and national counterparts. Instead of facilitating collaboration and minimizing duplication Canada is working toward isolation.
- Regulations need to be designed and, importantly, implemented in a way that puts Canadian competitiveness on equal footing with other regulatory goals. Health Canada, CFIA, Environment Canada and the Department of Fisheries and Oceans need to better account for the impact they have on agriculture competitiveness in Canada. Ag Canada's work done with Health Canada under

Growing Forward is a good first step. Investing AAFC funds to improve regulatory performance at these other bodies isn't the best way forward, regulatory improvement is. But if AAFC involvement is the only method of improving agriculture outcomes at these other agencies then it must be done.

- Accessing and investing in growing markets in Canada and abroad are the best ways to spur innovation and differentiation of Canadian products. Buyers will ask for and buy Canadian goods when they can access them. Canada should not give in to regulators in other countries that demand further differentiation as a requirement for access. Instead Canada must be demanding market access based on the Canadian system. This system needs to be science based using international standards. Canada needs to lead in the science based standard making at international bodies and ensure science is the basis of trade access.
- CCA supports investment in exploratory market development where Canadian exports are not currently present. Dedicated investment in gaining and defending meaningful market access needs to grow and the industry will grow and innovate to meet the demands of new real customers. Investment in exploring market potential will likely lead to some dead ends but there are areas of the world where populations are growing and changing and opportunity will grow with that change. Canadian farmers and ranchers often produce an input that end use customers do not see. However expanding the market for that finished good is something primary producers and governments have recognized as a great way of increasing returns to farmers and ranchers. The Legacy Fund model of funding market development should be examined for wider application of industry support for market development and exploration. Accountability is especially high with matching government and industry funds. Replenishment of the Beef Legacy Fund and wider consideration of this model warrant real examination by FPT governments for Growing Forward II.

## **2. Business risk management programs and policy that match with present and future challenges.**

- Since BSE was discovered CCA has been lobbying for a true disaster response program. AgriRecovery has delivered in several areas of Canada but dissatisfaction remains. Clear triggers and clear follow up that doesn't depend on political decision making will help producers take action following disaster events. Better hay and forage insurance across the country could replace some of the calls for an AgriRecovery response to weather events. CCA is participating on the FPT Task Team examining forage insurance. The usage of AgriRecovery to date should provide for some clear, written rules that industry can reference in challenging times. Knowing what a program will and will not cover are important parts of decision making. Canadian producers need not be put in situations where they are waiting to do what is best for their operation because activity that predates an announcement is ineligible for reimbursement.
- The missing risk management piece is a forward-looking, accessible program to manage market volatility risk. Volatility in prices and costs will be a major challenge for the foreseeable future. Making price and basis insurance with cost shared premiums available nationally for all stages of cattle production will help Canadian cattle producers proactively manage the biggest risk most operations face, price risk.
- AgriStability has helped to mitigate fallout from risks occurring, although well after the fact, for many producers. The individual detail and whole farm aspects are important but improving the transparency of calculations still needs work. The level of coverage AgriStability provides should remain at its current level. AgriInvest is a good program for helping producers invest in risk management undertakings.
- CCA believes producers should take all steps possible to manage risks for their farm or ranch. This can take place using market signals, management and programs that do not mask market signals.

Policy makers need to avoid programs that discourage risk management efforts such as diversification.

### **3. Continuing investment in animal health, On Farm Food Safety, and environment programs to protect and build international competitiveness.**

- FPT governments need to create a suite of food safety, environment, research, health and welfare programs that are national in scope and while often implemented at the provincial level, they must adhere to the national design. For best success these programs must support and grow industry's capacity to:
  - manage disease risks
  - implement Biosecurity and other prevention tools
  - develop emergency management schemes
  - develop and implement Codes of Practice and other protocols as the market requires.
- The consumer benefits from food safety, therefore should share in its cost. That is why producers are in favour of public nationally administered funding to support on-farm food safety (OFFS) programs. Key areas that governments should be helping to fund include OFFS training workshops, equipment purchase assistance and audits. Funding is desired until a critical mass of producers are trained and have the opportunity to participate. The cattle industry has made significant progress in increasing the uptake of producers participating in the program but continued investment is required to achieve full implementation. Only poultry and hog groups have achieved full implementation status and the remaining commodities are incomplete which prevents full exploitation of the benefit of OFFS support to date. The goal is food safety across all commodities in a gate to plate continuum.
- Resources need to be directed into innovative land management tools and conservation programming that will support market growth and environmental sustainability. This will increase the resilience of the grassland ecosystem, improve biodiversity, conservation and wildlife habitat. This will also help meet the public's demand for environmentally sustainable food production. Research into managed grazing and conservation along with technical assistance to sustainably increase agricultural productivity and use of conservation management will also help to develop markets and trade.
- Business risk management and market development are important areas of investment but there is also a need for investing in taking research and innovation to producers. The innovation driver needs to include investment into discovery but also into extension of existing knowledge from the research facility to primary producers and the rest of the value chain. Innovation also means improving current activities. The policy must resist the tendency to replace or discard existing programs when a renewed level of focus, investment or alignment of desired outcomes can deliver solid results faster than a new process, set of tasks or other so called innovations. A prime example is in grassland management. Innovation is a new way of managing our resources. The vast amount of grazing lands in Canada make for great potential gains from small, innovative improvements being adopted and perfected across all these acres. Grazing land management is not seen as cutting edge innovation (relative to genomics for example) but the impact on environmental outcomes and producer competitiveness can be spread widely, quickly and often for modest amounts. This and other traditional areas of agriculture science need to be included in innovation and infrastructure plans and programs.