



Canadian Cattlemen's Association

ANNUAL REPORT

2011



*opportunity knocking*

***On November 18, 2011,  
the World Trade Organization (WTO)  
ruled in favour of Canada and  
Mexico's complaint against U.S.  
Country of Origin Labeling (COOL).  
The WTO ruling supports Canada's  
position that provisions of COOL  
discriminate against live cattle  
and hogs imported into the U.S.  
from Canada to the detriment of  
Canadian cattle producers.***

**The Canadian Cattlemen's Association (CCA) played a pivotal role in the success of the case.**

Even before COOL was implemented, the CCA anticipated the harmful impact it would have on the largely integrated North American market and asked the Government of Canada to challenge COOL at the WTO. In 2007, the CCA together with the Canadian Pork Council (CPC) provided to the Government of Canada a legal analysis to support the CCA/CPC's request that a formal trade challenge to COOL be pursued, and worked with the Government of Canada in the development of its case. The formal WTO process was initiated in late 2008 and the Dispute Panel was officially established in November 2009.

Throughout this process, the CCA has expended considerable time and resources in gathering the data and experts required for preparation of the case. Following the release of the WTO report, the CCA continued its work with industry organizations in the U.S. towards achieving a U.S. decision not to appeal the ruling and to move toward a resolution. We were in Washington in late November working towards that objective when this photograph was taken.

While winning this case as resoundingly as we have is very gratifying, it is only a means to an end, and not an end in itself. The end goal is to see the U.S. make the required legislative and regulatory changes that will eliminate the discrimination of Canadian cattle in the U.S. market.

The CCA was in Washington, D.C. recently to discuss COOL next steps.

Left to Right:  
**John Masswohl**  
**Ed Farrell**  
**Dennis Laycraft**  
**Travis Toews**  
**Larry Schweitzer**





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# board of directors

2011-12



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Curtis Royal  
Ontario



Kevin Antworth  
New Brunswick  
(January - June)



Jennifer MacDonald  
New Brunswick  
(July - )



George Smith  
Nova Scotia  
(January - June)



Marilyn Carter  
Nova Scotia  
(July - )



Ivan Johnson  
Prince Edward Island



Michel Dessureault  
(ex officio)  
Québec

# president's report

Travis Toews



*During the last year, our primary priority at the Canadian Cattlemen's*

*Association (CCA) has continued to be the competitiveness of the Canadian cattle industry.*

As I look back on 2011, I believe we are on our way to becoming a more competitive industry. I do want to point out that while there is a correlation, competitiveness is not always synonymous with profitability. Very tight supplies, evolving global demand along with improved industry competitiveness, have collectively been the drivers in the industry becoming generally profitable again.

Competitiveness relates to the efficiencies, productivity and opportunities the industry has relative to our competitors. Competitiveness plays a significant role in our sustainability as an industry in both easy and difficult economic times. In the cattle industry, competitiveness is greatly influenced by accessibility to the fundamental elements of production such as feed, water and conducive climate. Access to these fundamental elements is a prerequisite for industry opportunity and is the reason the cattle industry has established and succeeded in a number of regions in Canada.

There are a number of competitiveness factors that are more discretionary and yet incredibly important to our long term sustainability. These include our ability to access foreign markets efficiently, our ability to utilize productivity enhancing technologies and production products, as well as capital and labour at a relatively low cost and the ability to function efficiently in our regulatory environment.

Many of the competitiveness issues the CCA prioritized during 2011 are detailed in the other reports included in this publication and I encourage you to read them.

A number of activities consumed my time during 2011.

Throughout the year, Dennis Laycraft, John Masswohl and myself, as well as our legal counsel from Washington D.C., participated on the Country of Origin Labelling (COOL) working group. This group was tasked with assisting the Government of Canada legal team prepare for the World Trade Organization (WTO) COOL case. Our efforts were not in vain. The Canadian cattle industry scored a clear victory on November 18, when the WTO circulated to its members the report of the Dispute Settlement Panel that heard Canada's challenge to COOL. The ruling supported Canada's position that provisions of COOL discriminate against live cattle and hogs imported into the U.S. from Canada to the detriment of Canadian cattle producers.

While winning this case as soundly as we have is extremely gratifying, it is the first step toward achieving our goal of eliminating the discrimination caused by COOL. The U.S. has until March 23, 2012 to appeal the case.

Should the U.S. choose to appeal, the CCA will work with the Canadian government through the appellate process and, if necessary, regarding retaliatory options.

Of course the CCA hopes the U.S. will decide that complying with the WTO ruling will be in its best interest and move toward a resolution. Having worked closely with the U.S. industry in anticipation of the WTO ruling, I can say emphatically that the vast majority of the U.S. industry also views a resolution as the preferred outcome for this issue.

The CCA also met regularly with lawmakers in Washington, D.C. to clearly communicate our position regarding COOL. Going forward, we will continue to promote our position that we do not ask for the outright repeal of COOL but seek only those regulatory and statutory changes necessary to eliminate the discrimination that COOL has imposed to the comparative disadvantage of livestock imported into the U.S. vis-a-vie U.S. livestock.

Earlier in November, the CCA met with officials from the Prime Minister's Office to discuss a number of important issues. On COOL, we requested Prime Minister Stephen Harper's continued assistance in anticipation of the public release of the WTO report. We presented our position that Product of Canada rules must be changed to coincide with our U.S. solution, that the country of processing should confer origin.

We discussed the importance of completing the Korean Free Trade Agreement (FTA), and thanked the Prime Minister for his engagement on the Korean beef access file. We shared our appreciation for the Prime Minister's engagement with Japan,

*...the CETA may represent the most significant opportunity in a generation to create new market access for Canadian beef exports.*



and requested this continue as Japan re-considers its approach to domestic Bovine Spongiform Encephalopathy (BSE) testing. The CCA also raised the issue of Japan possibly joining the Trans-Pacific Partnership (TPP) and the necessity of Canada joining the TPP. To get accepted into the TPP, Canada would almost certainly have to allow access for dairy and poultry.

In October, CCA representatives joined cattle producer organizations from Australia, New Zealand and the U.S. along with the Mexican hosts for the Five Nations Beef Alliance (FNBA) conference. Long-standing areas of common interest for the FNBA have been working together as a force in favour of liberalization of global beef markets and ensuring that countries make animal health and food safety decisions affecting beef trade on the basis of science and proper risk assessments.

We were invited to appear as witnesses before four different Federal Government committees to provide expert information on industry issues. I appeared before two committee hearings in Ottawa, the House Standing Committee on Finance annual pre-budget hearing and the House Standing Committee on Agriculture hearing on Innovation in the Growing Forward II suite of programs.

The CCA's main message was that research and innovation funding in Canada needs to be improved and increased in order to improve Canadian competitiveness and to be able to respond to challenges of tomorrow. Industry's recognition of the importance and return on investing in research is shown by the 150 per

cent increase in industry investment in recent years. The need to increase funding of market development and to allow the mature grain ethanol industry to compete for feed grains in the open market were also part of the briefs delivered.

The CCA also appeared before the House Standing Committee on International Trade to discuss the issues around the Canada-Europe Comprehensive Economic and Trade Agreement (CETA) on behalf of the Canadian cattle industry.

With annual beef consumption in the EU at approximately 8 million tonnes, the CETA may represent the most significant opportunity in a generation to create new market access for Canadian beef exports. Unfortunately, Canada ships very little beef to Europe due to the layers of tariff and technical barriers that prevent Canadian beef from realizing its potential in the EU market.

In September, I attended the National Cattle Traceability Summit. A number of key points emerged that will reinforce ongoing efforts to develop a traceability system that is cost-effective and workable for Canada's beef cattle producers. Many of the Summit points echo the policy recommendations put forth last year by the CCA.

The CCA's annual Parliament Hill Fall Picnic had an excellent turnout of Members of Parliament (MPs), their staff and key government employees. They were joined by 20 cattle producers from British Columbia through to Prince Edward Island who were on hand to meet with MPs and discuss the priority issues of the Canadian cattle industry.

All told, more than 500 people turned out to the East Block Courtyard to talk with producers and enjoy some excellent Canadian beef supplied by the Canadian Meat Council. In addition to the discussions producers engaged in during the picnic, more than 20 meetings were held with MPs and other key influencers. Producers brought forth policy recommendations on issues including market access priority aims, suggestions for the next budget, including investment in research and market development, Growing Forward II policy suggestions and other issues.

Our fly-ins with provincial member associations continued, with the latest held in late November. The CCA and members of the Alberta Beef Producers met with 11 Alberta MPs and Liberal and NDP vice chairs of the Standing Committees on International Trade and Agriculture to discuss important issues including COOL and next steps, Korea, CETA, and ethanol.

In an effort to improve communication with its members and producers across the country, the CCA held its first Town Hall meeting in Prince George, B.C. in conjunction with the B.C. Cattlemen's Association (BCCA). The town hall meetings provide the opportunity for producers to meet CCA executive and managers and hear about the activities the CCA is involved in on their behalf.

The event in Prince George was a good opportunity to meet with producers at a grassroots level. Presentations by CCA executive and managers were well-received by participants. The level of engagement with producers, many of whom are BCCA directors and industry leaders in B.C., was impressive.

We look forward to similar successes at upcoming town hall meetings scheduled for Manitoba and Ontario for the current fiscal year. Sponsorship from Farm Credit Canada (FCC) enables the CCA to host town hall meetings through 2014.

In August I had the privilege of travelling to Colombia with Prime Minister Harper and a number of his Ministers. Along with commemorating the implementation of the Colombia-Canada FTA, this trip allowed me to discuss other trade opportunities and industry issues with the Prime Minister and International Trade Minister Ed Fast.

It has truly been an honour to serve Canadian cattle producers as the President of the CCA this past year. On behalf of our provincial members, and Canadian cattle producers in general, we will continue to press for improvements to our competitiveness on the trade front and at home in our regulatory and business environment.

Respectfully submitted,  
Travis Toews





# executive vice president's report

Dennis Laycraft



*This has been a remarkable year for Canada's beef cattle industry highlighted*

*by stronger prices and renewed confidence in the future of our fine industry.*

Weather was the main challenge for some producers in 2011, particularly in the flooded out areas in Manitoba.

It is also noteworthy that almost everyone in agriculture has enjoyed stronger prices this year. The global supply and demand fundamentals for food suggest to me that this is not a short term phenomena but the beginning of a longer term trend. Agriculture is entering a new period where global demand will lift prices to new levels (and costs) and create new opportunities for agri-food producers who are prepared to compete globally.

The Canadian Cattlemen's Association (CCA) also enjoyed an exceptional year with a number of very important successes.

We saw success in both of the World Trade Organization (WTO) cases that we asked the Government of Canada (GoC) to pursue with the U.S. and Korea. The CCA in concert

with the Canadian Pork Council developed the original legal opinion that led to the WTO case against the mandatory country of origin labelling (COOL) measures in the U.S. A legal defence team was established with the GoC which in turn developed and submitted written and oral arguments that resulted in the successful ruling that the U.S. COOL requirements on livestock are in violation of the WTO. The CCA provided survey and economic data that were critical to the success of the case. In total we spent close to \$2 million on the case. Since the release of the WTO Panel report, we have stepped up our advocacy effort in the U.S., mindful that the U.S. now has until March 23, 2012 to appeal the WTO ruling. The CCA is working with industry organizations in the U.S. towards achieving a U.S. decision not to appeal the ruling and to move toward a resolution.

The second case was against Korea and its bovine spongiform encephalopathy (BSE) -related import restrictions. A very strong case was developed and presented to a WTO panel. Prior to the release of this WTO report, Canada and Korea reached a deal to re-open the Korea market to Canadian beef by the end of 2011. Some progress toward this goal had been achieved by year end. The CCA continues to work with the GoC to ensure that Korea completes the final steps quickly. By the time you are reading this report, we will either have resumed exporting beef to Korea, or the CCA will have sought the resumption of the WTO Dispute Panel.

We also saw progress on a number of market access files including further enhancements to the Market Access Secretariat. Japan has also signalled its intent to review its BSE

testing policies and its import restrictions with the likelihood of moving to under-30-month (UTM) from under 21 months. We were very pleased that the GoC announced its intention to join the Trans-Pacific Partnership particularly in light of Japan expressing its intention to join as well.

Work progressed on harmonization and border cooperation initiatives with the U.S. The CCA was one of the first groups in Canada to submit comprehensive recommendations to make trade with the U.S. more efficient. Every \$14 we can save through eliminating unnecessary red tape crossing the border means another 1 cent per pound on our fed market.

The CCA further stepped up its advocacy efforts in the U.S. to prepare the groundwork to seek a resolution to the COOL case. CCA Vice President Martin Unrau and staff director of government and international affairs, John Masswohl travelled to Europe twice to meet with cattle producers to build support or at least reduce opposition to improved access for Canadian beef through the Canada European Comprehensive Economic and Trade Agreement (CETA) that is being negotiated.

The Beef Cattle Industry Science Cluster moved into full operation and will serve to optimize beef and cattle research activities in Canada. We have worked with the GoC to make research and innovation a top priority.

The Beef InfoXchange System (BIXS) was rolled out nationally to cow-calf producers in October. The launch follows a successful phased-in process that ensured BIXS would be open to cow-calf producers in time for the 2011 fall calf run. The nationwide

launch marks the successful conclusion of more than two years of effort to advance a concept developed by the CCA into the BIXS program. BIXS is an individual animal and carcass data information exchange system developed by the CCA with funding provided through Agriculture and Agri-Food Canada's Agriculture Flexibility Fund.

The National Farmed Animal Health and Welfare Strategy moved forward. The CCA's Cattlemen's Young Leaders (CYL) Development Program entered its second year and is a remarkable success story. We have attracted more sponsorship and extraordinary young producers to participate in the CYL program. I want to thank the mentors who have contributed time to this important program.

*Agriculture is entering a new period where global demand will lift prices to new levels (and costs) and create new opportunities for agri-food producers who are prepared to compete globally.*

We held our first town hall meeting in B.C. and had a most successful annual fall barbecue and reception on Parliament Hill in Ottawa. I believe we had a record number of fly-in's to Ottawa by our Provincial members. This all contributes to the CCA being considered one of the most respected industry organizations in Ottawa and internationally.

Canada Beef Incorporated (CBI) was created. This initiative began when our members asked the CCA to explore the benefits of merging our marketing groups into one organization. The CCA dissolved the Beef Information Centre in July and turned the assets over to CBI. We are excited about the new organization and I want to recognise the fine work and the many accomplishments of the Beef Information Centre and Canada Beef Export Federation during their years of great service to our industry.

The list could go on but it is safe to say we have had a very busy and productive year. Most importantly, we are seeing renewed confidence in our industry and our cattle numbers are stabilizing. I was asked recently if the industry is returning to normal. My response was, 'the future isn't what is used to be.' I believe we are entering a new era and a new normal. I truly believe the future for agriculture in Canada has never been brighter.

As we engage in the discussions on Growing Forward II, Canada's version of the U.S. Farm Bill, we support policies and programs that focus on innovation, technology, competitiveness, and serving a growing global demand for high quality food from trusted suppliers like Canada.

World cattle supplies are very tight and will remain so for at least the next five years and likely longer. Virtually all of agriculture is enjoying higher returns driven by tightening

supplies and growing global demand for food, driven by the emerging economies. Even more extraordinary is the fact this is occurring in the midst of enormous financial uncertainties in Europe and the U.S.

The world economy is inter-connected. Although the International Monetary Fund (IMF) recently downgraded its forecasts for economic growth in September, it is still forecasting total

global growth for 2012 of 4 per cent, down from 5 per cent.

With respect to all developed countries, the IMF is not forecasting recession, but slow growth of 1.6 per cent. In emerging economies, the growth forecast has been downgraded to 6.4 per cent. China's growth has been downgraded to 9 per cent; India, which grew over 10 per cent in 2010 is expected to grow 'only' 7.8 per cent in 2012. Brazil is forecast at 4.1 per cent. Russia, who was just welcomed into the WTO, is forecast at 4.3 per cent.

Although the growth forecast has been reduced and can change, growth will occur and demand for high quality and safe food will also grow, particularly in the emerging economies. At the same time many countries will simply not be able to afford the subsidies that they have historically provided to their farmers.

This new dynamic has changed global cattle pricing. Brazil's cattle prices are almost as high as ours. This is driven by the strength of their economy, the appreciation of their currency, and demand from Russia. We do not see cheap supplies of beef overhanging the global market any longer.

This scenario raises some interesting possibilities for the Canadian beef cattle industry. The key will be in identifying which policies and initiatives to pursue to benefit the most from the growing opportunity that is developing globally.

We are one of the largest and most trusted agricultural exporters in the world. Trade is the engine of economic growth and wealth that

once combined with sound fiscal policies has made Canada the envy of much of the world.

In order to capitalize on these growing opportunities, we need equal to or better access than our competitors. This means we need trade agreements that ensure equal to or lower tariffs than our competitors. We need to eliminate non-tariff trade barriers. We need to ensure our own agencies are able to provide certification more efficiently than the U.S., Australia, New Zealand and Brazil. We need to finally modernize our systems to have services like electronic certification. It is inexcusable when someone has to drive 400 miles to get papers stamped – a situation that happened this past year.

Working together with the right competitive environment we can be the premier high quality beef and agri-food producer to the world.

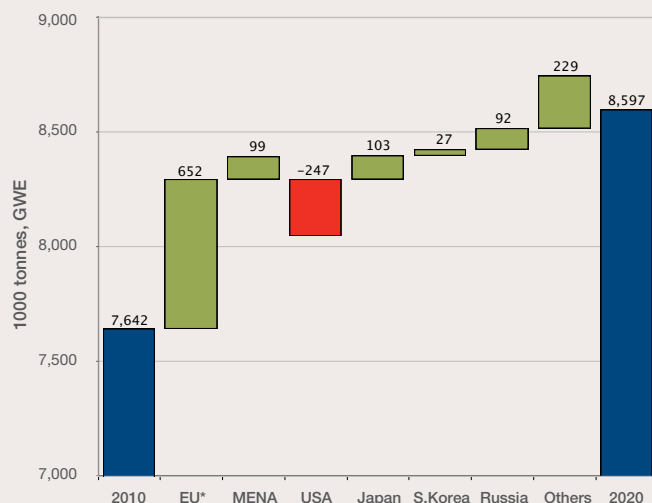
Finally I want to recognise our dedicated and highly skilled staff. We have an exceptional team that represents our industry and deals with the important issues very well.

It is a privilege to work for Canada's beef cattle producers and the CCA.

Respectfully submitted,  
Dennis Laycraft



**Beef Import Growth by Country/Region 2010-2020**





## Canfax



Despite the volatility and global uncertainty, 2011 was a very strong year for cattle prices. Canadian cattle prices performed very well, with many categories of cattle approaching or setting record highs this year. Many of the fundamentals, especially on the supply side have set the stage for potentially even higher prices in 2012. Given these price levels and the current outlook, the Canadian cattle industry may be at the end of its liquidation phase. It is interesting to note the differences between Eastern and Western Canada. The cow culling rate is higher in Eastern Canada compared to the west this year. Although overall Canadian heifer retention is up this year, it is down 2.4 per cent in the East, and up 8.2 per cent in the West.

In 2011, higher cattle prices have occurred as a result of support by tighter supplies both in North America and globally, as well as increasing beef demand in many emerging markets. With a dramatic reduction in the

U.S. cattle herd as a result of severe drought in major beef producing regions such as Texas and Oklahoma, supplies have tightened even more dramatically than was previously expected.

Beef cow inventories at 4.2 million head were down 2 per cent on July 1st. This is the smallest decline since the current liquidation phase began in 2006. Inventories are now at levels last seen in the early 1990's. With the beef cow culling rate below the long term average of 10 per cent for the first time since 2006 and heifer retention up, the beef industry is entering the consolidation phase of the cattle cycle. This phase can last for 2-3 years with numerous market factors prolonging or shortening it. Things that will prolong the consolidation phase include: producer age, higher input costs limiting profits, and greater risk aversion with equity losses over the last several years and a high level of volatility in the market place. During the consolidation phase, some producer's will be leaving the industry, while other producers expand their herds leaving a net zero change in the national number. In order to move from the consolidation phase into expansion,

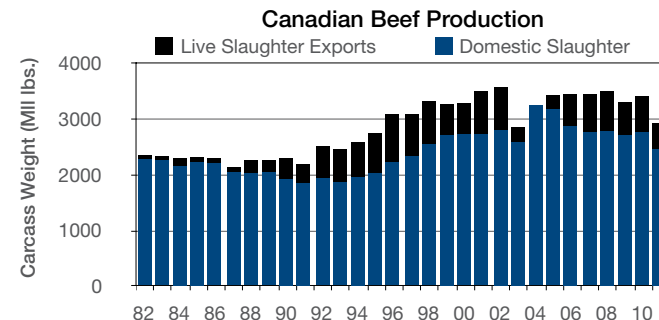
cow-calf producers need to see profits and be confident that calf prices will be maintained at current levels. Despite the fact that calf prices are at record high levels, there is market support for these prices, or for prices to be even higher. Although

there are some very positive signals in the industry, for some of the reasons mentioned above, expansion is still expected to be quite slow in the near term.

While heifer retention was up 6.7 per cent on July 1st 2011, it is still low at 662,200 head when compared to the historical average of 750,000 head. In order to reach the long term average in 2012 there would need to be a 13.5 per cent increase in the number of heifers retained. Heifer retention is expected to be up modestly in 2012 but not enough to move into an expansion phase. This will reduce the number of fed cattle marketed.

## Beef Supplies

Total Canadian beef production is projected to be down 17 per cent in 2011 at 2.9 billion pounds. The majority of this decline comes from smaller live cattle exports which are down 40 per cent with production from domestic slaughter down 12 per cent. In addition, domestic consumption is projected to decline around two per cent, due to both a slow economic recovery and also tightening beef supplies that will see higher beef prices and challenge beef's market share as consumers look for cheaper protein alternatives. The commercial beef market will remain strong, with cow slaughter down 13 per cent and continued low imports of non-NAFTA trim products (down 16 per cent YTD). Cow prices in Alberta during the first three quarters of 2011 averaged \$71/cwt, up from \$54/cwt in 2010. Prices this April reached



highs of \$83/cwt, prices not seen since 2001.

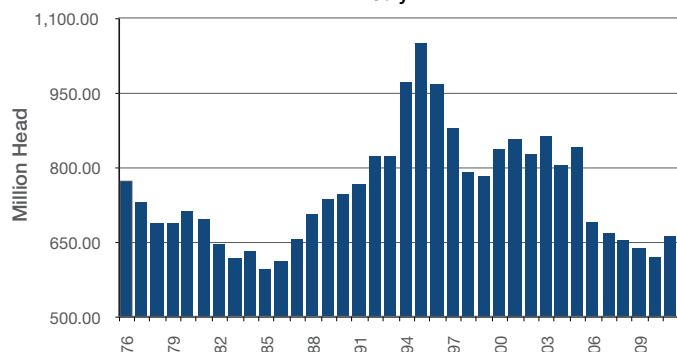
Alberta fed cattle prices averaged \$110/cwt in October 2010, up \$17 from 2010. Year-to-date Alberta fed prices have averaged \$105/cwt, up \$16 from the 2010 average of \$89/cwt. So far in 2011, calf and yearling prices have trended similar to 2000, averaging \$151/cwt for 500-600 lb steers and \$122/cwt for 800-900 lb steers, up \$25 to \$35 from 2010. Prices have been supported by a higher live cattle futures board, a strong basis, smaller supplies and a feed cost advantage compared to our southern neighbors. Since May, Alberta calf prices have averaged \$10/cwt higher than U.S. calf prices. And while some feeders have been imported into Western Canada, the volumes remain relatively small.

Feedlot profitability in 2011, based on the Canfax Trends program using the cash market was good with steer calves being profitable in 10 out of the 11 months (January to November) and short keep steers being profitable in eight out of 11 months.

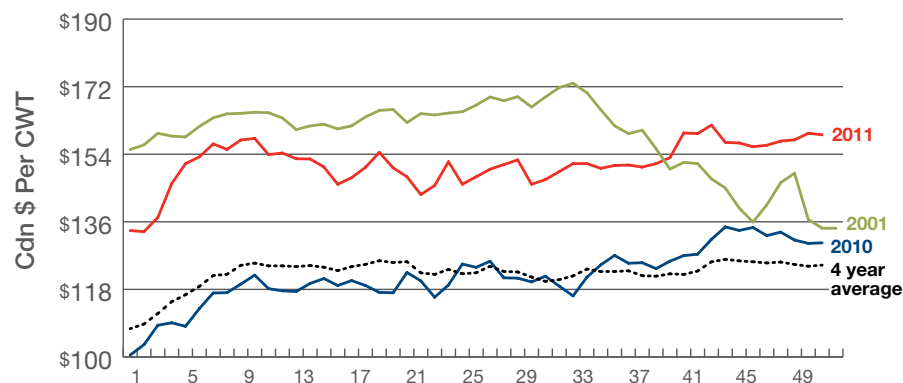
## Feed Grains

Lethbridge barley has been cheaper than Omaha corn since September 2010. This has been one of the longest stretches where

**Canadian Beef Heifers (Breeding)**  
July 1



## Central Alberta Weekly 550 lb. Street Price



Western Canada has had such a substantial feeding advantage. This feeding advantage peaked in August and since has narrowed - following the U.S. Department of Agriculture (USDA) ending stocks report which showed corn ending stocks higher than anticipated as high prices resulted in rationing of supply. Omaha corn prices decreased 12 per cent from CDN\$306/tonne at the end of August to CDN\$270/tonne in November. The barley/corn spread has gone from over \$100/tonne in Alberta's favor to only \$50/tonne. Canada's feed advantage is expected to decline throughout 2012. When looking at feed grain prices, barley does not always arbitrage with corn in the U.S. An open border in 2012 may still maintain barley prices arbitraging to the western Canadian price since the feed barley market in the U.S. is very limited. This means Canada could maintain a feeding advantage over the Midwest U.S.

### Trade

Growth in exports, while encouraging, cannot be sustained with a shrinking national herd over the near term without a substantial

increase in beef imports. With exports up 8 per cent in 2010, the proportion of beef processed and consumed in Canada declined from 62 per cent in 2009 to 60 per cent in 2010, with 30.5 per cent exported to the U.S., 4.4 per cent going to Mexico, 1.9 per cent going to Hong Kong and Macau, 1.4 per cent going to Japan, and 1.8 per cent destined for other international markets. From January to September 2011, beef exports have traded down 19 per cent as a result of tightening supplies and a relatively strong Canadian dollar that has made Canadian product relatively more expensive in the global market, particularly when compared to U.S. product. Exports to U.S. and Mexico are down 19 per cent and 38 per cent respectively in 2011. Exports to Taiwan are down 63 per cent due to market access issues related to ractopamine residue limits. Meanwhile exports to Russia (+27%) and Hong Kong & Macau (+9%) are up.

Beef imports are up 18 per cent in 2011 with all of the increase coming from the U.S. Non-NAFTA imports are down 16 per

cent as a result of tight global supplies, and more lucrative markets drawing product that previously had been destined for Canada.

### Summary

Overall the cattle outlook moving into 2012 is for limited supplies, strong export markets, and moderate recovery in consumer demand to support higher producer prices. At the same time, these factors will be countered by a continued strong Canadian dollar, which is projected to continue to trade in the \$0.95 to \$1 range, and relatively high feed costs. High volatility in the markets, uncertain global economic situations, and producers looking to exit the industry will reduce the likelihood of moving into an expansion mode. The dramatic reduction in supplies North American-wide will also mean that packers in Canada and the U.S. are increasingly challenged by shrinking supplies and maintaining plant utilization in order to maintain profitability given these cost pressures.

Factors to watch in 2012 include:

1. Heifer retention – Heifer retention is up 6.7 per cent as of the last inventory report, but still remains below levels that would be indicative of expansion. Expectations are that heifer retention will continue to moderately increase, which will reduce beef supplies further over the short term.

2. North American beef demand – smaller supplies and projected higher prices will push up wholesale and retail prices testing consumer resilience. Middle meat demand continues to be weak with strong competition from poultry for the consumer dollar and reduced food service demand.

3. The non-fed cow and bull market – is expected to remain very strong with global manufacturing beef supplies being tight. Expectations are that fewer cull animals are likely to be slaughtered in North America. This in combination with strong local demand for hamburger will be very price supportive.

4. 2011/12 crop conditions – tighter global ending stocks and stronger global demand for commodities has moved feed grain prices higher. Any production shock will be immediately felt and there is a heavy reliance on large crop production, which is of concern. Ample feed supplies in Western Canada have currently provided Canadian producers with a cost of gain advantage compared to their U.S. counterparts.

5. International trade – Beef exports are expected to continue to trade lower due to strong domestic demand and reduced supplies. Export markets will continue to shift with exchange rates and product mixes that will bring the most value to the Canadian beef industry.

It is important to note that higher prices do not necessarily translate into profitability as feed and other input costs are also on the rise. It should be remembered that over the short term production is king, with what is produced is consumed. Over the long term, demand is king, determining future production through price signals. Global demand for beef continues to grow and Canada is well positioned to supply a high quality grain-fed market to global consumers. This does not come without its challenges related to market access and our dollar, but expectations are moving forward that growth in export markets

will be important support for the recovery and growth of the Canadian beef industry.

This outlook is based on the best information available at the time of writing. A change in the global economy, Canadian dollar, feed grain situation/prices, relative cost of gain, packer or feedlot capacity/margins, regulations or market access could have a significant impact on the Canadian beef market moving forward.

### **Canfax – Feedlot Census and Benchmarking Study**

In 2011, Canfax received funding from the Alberta Livestock and Meat Agency to complete a detailed feedlot benchmarking study, to measure the size, consolidation and build other parameters to measure the health of the feedlot sector in Alberta and Saskatchewan. This report can be found on the Canfax website, or through the Canfax office.

[www.canfax.ca](http://www.canfax.ca)

### **Canfax Research Services**

Canfax Research Services (CRS) continues to focus on the delivery of accurate data, market information, and economic analysis of issues that are of importance to the industry.

1. CRS Fact Sheets – received sponsorship and had two publications in May and September of this year. These fact sheets are available to the public on the Canfax website ([www.canfax.ca](http://www.canfax.ca)).

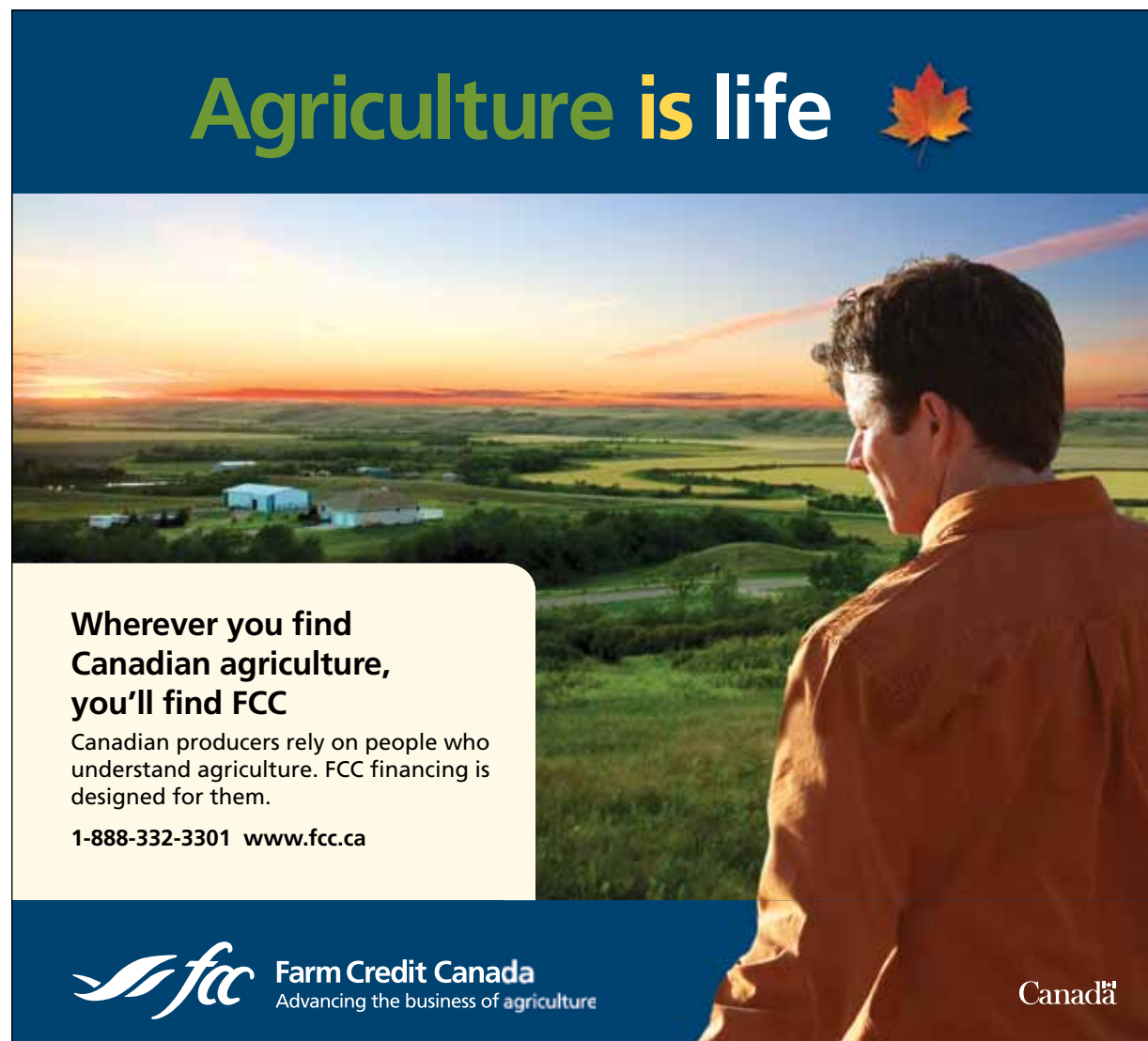
2. Market Power study – industry consultation and preliminary findings were presented in July and August.


3. Demand Elasticity Study – is scheduled to be completed in December 2011 providing estimates of fed cattle demand and wholesale beef demand as well as updating the retail beef demand elasticity.

4. BCRC - CRS has been contracted to work with the BCRC to develop research evaluation and performance measures.

5. CCMDC - CRS provides statistical and economic analysis for both the annual business planning and results reporting process. With the creation of the new Canada Beef

Inc., CRS will be working with their board to further enhance and align reporting and evaluation processes.





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## Beef Cattle Research Council



The Beef Cattle Research Council (BCRC) administers the research funding allocation of the National Check-off (NCO). The BCRC was established to sponsor cattle and beef research and technology development in national priority areas. The Council also facilitates and encourages collaboration and coordination among researchers, other funding agencies, and industry in order to maximize the benefits obtained from investments made in beef cattle research.

Most recently the BCRC is working directly with Agriculture and Agri-Food Canada (AAFC) to implement the Beef Cattle Industry Science Cluster. Industry and government funding commitments through the Science Cluster total \$11.25 million directed to 32 research projects. This initiative, in which every National Check-off dollar is matched by six AAFC dollars, is focused on advancing research of priority through the collaboration of Canada's main public and industry beef research funder.

In addition to the investments made through the Beef Cattle Industry Science Cluster, the BCRC has contributed over \$4 million to nearly 60 other research initiatives. These BCRC investments have leveraged other industry and government dollars, leading to total funding exceeding \$20 million.

Due to the increases in provincial NCO allocations to the BCRC in 2011, coupled with the Alberta Government's decision to revert

the NCO to non-refundable status, the BCRC was able to hold a call for research proposals in the fall of 2011. Final funding decisions were made in December.

### Cluster Research Highlights

#### **Improved Feed Efficiency: 20% of Funding**

Feed is the single largest variable cost for both cow-calf and feedlot production. Feed conversion ratios published in Canadian scientific literature have improved by 40 per cent between the 1950 and 2001. At current feed prices, that historical rate of improvement is worth \$8 million per year. Improving feed efficiency also has measurable environmental benefits; a 20 per cent improvement translates to a 30 per cent decrease in manure production, as well as a 30 per cent reduction in methane production. Moving forward, continued improvements in feed efficiency through research investigating alternative feeding strategies, new feed development, and improvements in genetics are being focused on.

#### **Improved Forage and Grassland Productivity: 23% of Funding**

Feed costs at the cow-calf level are best addressed by increasing forage productivity and reducing winter confinement-feeding costs. In addition to providing wildlife habitat, plant biodiversity, minimizing soil erosion, and protecting watersheds, well managed natural grasslands store more carbon in the soil than cropland or forested vegetation. In the project *Reducing the Cost of Swath Grazing Cows by Increasing the Swathed-Crop Yield*, Vern Baron (AAFC Lacombe) and collaborators at Alberta Agriculture are comparing different seeding dates and annual crops to identify strategies to maximize forage nutrient yield

and minimize winter feeding costs. Preliminary results suggest that winter feeding costs can be reduced by 27 to 45 per cent by swath grazing corn or triticale compared. This has significant implications, as reducing winter feeding costs by as little as 1 per cent would save Canada's cow-calf sector \$6 million annually.

#### **Animal Health and Welfare: 15% of Funding**

In the project *Effect of Ventilation Management Strategies and Stocking Density During Transport on Trailer Microclimate and Calf Welfare*, researchers at AAFC Lethbridge and the Universities of Calgary and Saskatchewan are building on previous industry funded research that examined the influence of current cattle transport practices on the risk of harm to calves, feeder cattle, fed cattle and cows. This study found that at least 99.95 per cent of cattle reach their destination with no identifiable problems, which has proven useful in countering unfounded claims to the contrary. It has also helped to identify specific cattle populations that may benefit from modified transport practices. As a direct outcome of this research, further research is underway to examine whether modified trailer ventilation affects the incidence of respiratory disease in calves, which is a leading cause of death and treatment costs at feedlots. Reducing the death loss from 2 per cent to 1.5 per cent would save the industry more than \$10 million annually.

#### **Food Safety: 11% of Funding**

Scientists from Alberta Agriculture, AAFC Lethbridge and private industry are studying *The Impact of Wheat Distillers Grains on the*

*Shedding of E. coli O157:H7*, addressing concerns that feeding wheat dried distillers grains with solubles (DDGS) to feedlot cattle may increase the risk of *E. coli* O157:H7. The research has found that DDGS did not affect the numbers of *E. coli* O157:H7 shed in manure, surviving in manure, or found on cattle hides at the end of the feeding period. This is good news for the Canadian industry, given that saving 1 cent per pound due to reduced food safety recalls could save Canada's beef industry \$21 million a year.

#### **Beef Quality: 23% of Funding**

Researchers from AAFC and the Canadian Cattlemen's Association (CCA) are conducting a *National Beef Quality Satisfaction Survey and Carcass Audit*. The first phase of this project assessed Canadian consumer demographics and satisfaction with retail beef quality. Compared to previous surveys done in 1995 and 2001, the researchers found that consumers' satisfaction levels have improved on measures of tenderness (76% in 2009 vs. 68% in 2001), juiciness (78% vs. 72%) and flavour (82% vs. 76%). This is important in that a 1 per cent improvement in the value of cuts from the loin, rib and sirloin due to increased demand is worth an estimated \$27 million per year. Likewise a 1 per cent improvement in the value of cuts from the hip, chuck, brisket and shank is worth an estimated \$39 million per year. The Beef Quality Audit is also collecting information about the frequency of horns, carcass defects such as bruises and locations of injection site lesions. This (and other) information collected in past beef quality audits has been instrumental in focusing producer education efforts on areas needing the most improvement.

## Looking forward

The BCRC has continued to enhance its communication efforts through the publication of research fact sheets that are circulated through the CCA's Action News, monthly articles in partnership with provincial cattle organizations (and other agriculture media), and a regular research column in Canadian Cattlemen magazine. The BCRC works with Canada Beef Inc. and the CCA's Animal Health, Animal Care, and Environment Committees on an ongoing basis on specific communication and policy issues. The BCRC has also appeared as industry witnesses before several senate and parliamentary committees, providing valuable science-based industry perspectives on issues of interest to legislators.

As a part of the Beef Science Cluster, a long-term strategy has been developed to improve technology transfer and knowledge dissemination, with a clear focus on accelerating the uptake of research results by industry. The BCRC is committed to taking a leading role in enhancing technology transfer in the beef industry. This initiative is expected to make significant progress in the coming year with the hiring of a Beef Extension Coordinator who will work to raise the profile of technology transfer activities, as well as expanding the reach of the BCRC website and active exploration of social media in an effort to connect promising research with early adopters.

Planning for the next version of the Beef Science Cluster under Growing Forward II will commence early in 2012. A series of results communication and priority planning sessions will be conducted, revolving around the Beef

Science Cluster priority areas. The feedback from the producers, industry stakeholders and researchers attending these sessions will be used to establish priority research outcomes that the next Cluster will be designed to achieve.

The BCRC also oversees and supports the national Verified Beef Production™ (VBP) program - the Canadian beef cattle industry's on-farm food safety program. A more detailed VBP report follows.

For more information, please visit:  
[www.cattle.ca/research](http://www.cattle.ca/research)

## Verified Beef Production™

The CCA's on-farm food safety program identifies practical, industry-sanctioned practices to enhance confidence in Canadian Beef.



The Verified Beef Production™ (VBP) program was designed by the beef industry to uphold consumer confidence in the sound practices of this country's beef producers.

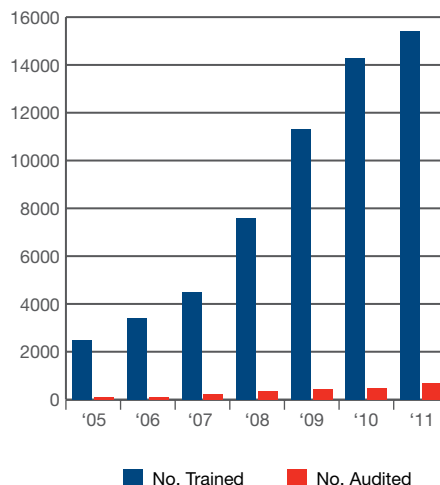
Developed by the Canadian Cattlemen's Association (CCA) in 2003, the VBP program is based on the principles of a systematic approach to food safety known as Hazard Analysis and Critical Control Points or HACCP. The VBP program has undergone two technical reviews by the Canadian Food Inspection Agency.

VBP's standard operating procedures, education and record keeping components complements food safety efforts beyond the farm-gate.

### VBP focuses on:

- Animal Health Management
- Medicated Feed/Water and Non-Ruminant Feed
- Cattle Shipping
- Pesticide Control and Manure
- Training and Communication

The focus has been on training producers in the VBP program, as the beef sector is large and reaching all beef cattle producers is a challenge. Participation has grown to nearly 16,000 cattle operations taking a workshop, including more than 850 taking the online version. Using a weighted average, production from VBP-trained operations now represents 55-60 per cent of beef production.



VBP participation in workshops as of June 2011 represented 33 per cent of cow-calf production and more than 70 per cent of feedlot production in Canada. The graph illustrates cumulative growth in the last six years.

Growth of 40-43 per cent in audited operations is due in part to federal/provincial Growing Forward funding, particularly in Manitoba and Alberta. Funding for workshops, audits and equipment purchases helps attract producers to the program.

Some producers are identifying VBP as part of the future where industry begins to differentiate its products, signalling a shift in attitude. A side benefit of the VBP program reported by many cattle operations has been improved use of animal health products and improved family communication. People know what they are supposed to do and are comfortable doing so.

For more information, please visit:  
[www.verifiedbeef.org](http://www.verifiedbeef.org)



# The Environmental Stewardship Award

As stewards of a vast portion of the Canadian landscape, Canada's beef cattle producers play a significant role in protecting and enhancing the environment. They continuously strive to improve existing stewardship conservation practices to create a sustainable future – always farming for tomorrow.

Since 1996, The Environmental Stewardship Award (TESA) has recognized producers who go above and beyond standard industry conservation practices and set positive examples for other cattle producers and the general public.

At the local level, a producer receives provincial recognition for their outstanding contributions. These recipients move forward as nominees for national recognition from the CCA. The national TESA recipient is announced during the CCA's annual Convention.

Each nominee exemplifies significant innovation and attention to a wide range of environmental stewardship aspects in their farm operation. Such innovations extend beneficially to areas far beyond their land, including water, wildlife and air.

For nomination and general information, please contact your provincial cattle association.

## **Previous TESA Winners**

Many outstanding Canadian farm families have been TESA recipients over the past 15 years. At the provincial and national level, these individuals and families lead the way in creating a sustainable future for Canada.

To learn more about the significant contributions of past TESA winners, please visit: [www.cattle.ca/tesa-archives](http://www.cattle.ca/tesa-archives)

## 2011 Provincial Recipients

### **Harry Hooke and Lynn Jackson**

Canyon Tree Farms  
Fort St. James, British Columbia

B.C. Cattlemen's Association TESA  
Recipient



### **Bob and Larry Kidd**

The Kidd Bros. Ranch  
Mayerthorpe, Alberta  
Alberta Beef Producers TESA  
Recipient



### **John & Rosemary Dunsmore**

Dunsmore family farm  
Shanty Bay, Ontario  
Ontario Cattlemen's Association  
TESA Recipient





# 2011 National Recipient

## The Weedon Ranch, Swift Current, Saskatchewan

Saskatchewan Stock Growers  
Association TESA Recipient

The Weedon Ranch is The Environmental Stewardship Award (TESA) recipient for 2011. The Weedon Ranch, a cow-calf/backgrounding which encompasses approximately 11,500 acres of native prairie range and 1,920 acres of tame grass near Swift Current, is owned by husband and wife team Brian and Glenys Weedon.

The couple received the national award in recognition of management practices that ensure a sustainable resource for future generations. As he accepted the award at the CCA's National Convention, Brian Weedon said it was a great honour to be recognized by his peers for doing something positive. He said that over the last 20 or 30 years, he thought that what they were doing on their ranch might have been considered the exception, but he believes now it is the norm.

The Weedon Ranch is located in the dry brown soil zone of Saskatchewan and is mostly in a sandhill ecosystem making water and grass management a priority. The ranch is a mixture of open flats and rolling hills along with small dune sand hummocks. The vegetation is within the mix of grassland eco/region of sandhill complexes in southwest Saskatchewan. Areas of larger woody species provide excellent wildlife habitat for Mule Deer, White Tail Deer, Pronghorn Antelope and Sharptail Grouse.

As potable surface water is scarce, the Weedons are reliant on the ranch's high water table which is very potable. Developing a watering system that is efficient and reliable and allows the ranch to utilize its grazing resources is an example of the management improvements that contribute to the overall environmental sustainability of the ranch.

The surface water situation is remedied through the installation of shallow buried water pipelines, water stations, windmills and dugouts. The water facilities are strategically located for maximum range utilization and the dugouts act as a backup for the other systems.

The 12 quarters of tame grass are divided into hay production, tame forages for grazing and native range. Cross-fencing to accommodate grazing strategies, including deferred grazing of all native pasture and switchback grazing, along with balanced stocking rates, have resulted in a healthier range due to increased litter and more diverse and productive grass species. Manure is spread naturally to avoid accumulation on any given location.

Over the years the Weedons have hosted field days and educational tours examining management protocols on Canada's rangelands, range plant identification, range assessment and biodiversity observations.

In 2003, Weedon Ranch was one of the first operations to meet the criteria to be enrolled

in the Quality Starts Here/Verified Beef Production™ program. The Weedons note that healthy cattle are easier to manage, supported by nutrition and good clean water.



## Animal Care Committee

The Animal Care Committee works to understand and develop industry-wide acceptable practices for animal care by understanding current animal care issues and communicating to the public that Canada's beef producers are responsible custodians of the animals they own.

The main project for the Animal Care committee in 2011, which will reach into 2012 and beyond, is the renewal of the Code of Practice for Beef Cattle taking place through the National Farm Animal Care Council's (NFACC) process. This process is being funded through an Agriculture and Agri-Food Canada AgriFlexibility project. The 15 member Code Development Committee met several times in person and via conference call to work on drafting the renewed Code. A Code Development Committee drafts each Code being updated through the NFACC process. Their work is informed by a Scientists Committee that looks at the science relating to priority welfare issues for the species at hand. For beef cattle these priority issues included feedlot health, painful procedures and weaning management.

Like all Code committees, the beef committee is comprised of a diverse group of stakeholders. Having representation from across Canada that includes stakeholders from the different sectors of the industry and industry observers ensures the consensus-built code will be something all participants can back.

Participants include producers from Nova Scotia, Quebec, Ontario, Saskatchewan and Alberta. Representatives of the enforcement, research, veterinary, transport, processor, and animal welfare sectors and provincial and federal governments are also part of the process. Before the Code document is finalized, there will be a public comment period in late 2012. All producers are urged to watch for the announcement of the comment period and then to review the draft and provide feedback. The Code will be used by industry as a management tool and show interested parties how beef cattle are raised in Canada.

The NFACC finalized their process for developing codes of practice after the Dairy Code pilot project finished in 2009. The AgriFlexibility project that is funding the Beef Code and several other Codes is also funding the development of a process for building the NFACC Animal Care Assessment Model (ACAM). Once this model is completed commodities that wish to develop assessment programs based on their code with NFACC approval of their process will be able to follow these steps. Ryder Lee represents the Canadian Cattlemen's Association (CCA) at the NFACC board and executive and also sits on the ACAM steering committee.

The Farm Animal Care councils, especially those in Ontario and Saskatchewan, have done a lot of work this year exploring the need for an improved response to activists targeting agriculture. An increasing amount of activity on behalf of anti-agriculture activists in Canada is challenging the ability of the FAC organizations to manage their usual activities along with responding to this relatively new

level of activity. The CCA has participated in this discussion and continues to watch as it evolves. Farm and Food Care (previously Ontario Farm Animal Care) has received project funding to move this idea forward. The CCA will continue monitoring the issue to identify the best way to promote the industry, maintain relationships with stakeholders around the NFACC table and to respond to those that challenge the way Canadian cattle are raised.


An area of animal care that regularly comes up when discussing the Canadian beef industry is animal transport. There are a couple of updates on this front. After several years, the Certified Livestock Transporter (CLT) program continues its move to a national program. The CLT program began as an Alberta Farm Animal Care (AFAC) program. The program's usefulness and popularity made it more than AFAC could manage on its own, so they began to explore the feasibility of making the CLT into a national program. The intervening years have seen uptake and support continue to grow including CCA support (in terms of policy and financial support). This has not been a fast process as it has been mostly industry working to build a program for drivers. The transport industry people that have been exposed to CLT recognize its value and support the program. However there is not a national body that would be home to this type of program. As it continues to expand, CLT will provide one more way for the livestock industry to show the public that the care and concern for animals in transit is more than something that is talked about, it is an issue where industry takes action to work on positive outcomes.

More information on CLT can be found at [www.livestocktransport.ca](http://www.livestocktransport.ca).

In response to the Canadian Food Inspection Agency (CFIA) discussion of updating the Canadian regulations for animal transport in the mid 2000's, the Alberta Beef Producers and Ontario Cattlemen's Association commissioned research to determine the outcomes of Canadian practices. This Canadian science will be used to inform Canadian regulations. Prior to this the main research available was based on places very different from Canada in terms of distances, climate and even types of cattle. These two research projects showed that the overwhelming majority of cattle (>99.9%) being hauled arrive healthy and fit. This Canadian research is helping the CFIA as they consider changing Canadian regulations. With this level of success taking place under current practices, changes have to be considered very carefully given they are just as likely to reduce positive outcomes as increase them.

The CCA continues to explore new research into questions that were unanswered or could use more detail when it comes to transport of cattle and calves in Canada. This work will ensure any new consideration of regulations will have Canadian science to rely on.

Animal care issues continue to garner media coverage, activist pressure and industry attention. A small minority of people believe that producers only use animals for profit without consideration for the animals' wellbeing. This type of misinformation can only exist in people that do not know farmers or ranchers and the lengths they go to in



caring for their animals, often at their own physical and social detriment. The committee is examining ways to better communicate the producer side of cattle care. It is up to producers to help someone entering search terms into Google like “cattle raising” or “factory farming” or “cattle feedlot” to find producer stories that come up alongside and even above the activist stories. Stay tuned as this develops at [www.cattle.ca](http://www.cattle.ca) and beyond.

#### **Committee members:**

Dave Solverson, Chair; Dan Darling; Martin Unrau; Martin Rossmann; Kevin Antworth/Jennifer MacDonald; Larry Delver; Curtis Royal; John Schooten; George Smith/Marilyn Carter; Ted Artz; Ryder Lee (Staff)

## **Animal Health and Meat Inspection Committee**

The Animal Health and Meat Inspection Committee is responsible for ensuring the eradication of diseases of concern to the industry by making certain that regulations are based on sound, current science and do not unnecessarily impede trade. The committee’s goal is to ensure customer confidence in the Canadian meat inspection system and to be recognized by trading partners as providing outstanding food safety assurance.

#### **Traceability**

Traceability continued to be an issue for the beef cattle industry throughout the year. The implementation process and how the specific components are addressed are

vital. The industry itself led the way with the establishment of animal identification over ten years ago. The other two main components, premises ID and movement reporting, are interconnected such that one cannot be implemented without the other being in place.

The Canadian Cattlemen’s Association (CCA) in collaboration with the Canadian Cattle Identification Agency (CCIA) and other industry stakeholders established working groups to address the matter. The main objective was to ensure that both levels of government recognized that their vision of implementation had to be balanced with the realities of how the industry functions on a day to day basis. This resulted in the following policy positions led by the CCA.

#### **Canadian Beef Cattle Industry Policy Recommendations for Traceability**

To accommodate a phased-in approach for a mandatory comprehensive traceability system for beef cattle:

- In consultation with the beef industry, develop national regulations with consistent delivery standards and with direct funding support for technology development and implementation by industry stakeholders.

- In consultation with the beef cattle industry, develop the regulations with a non-punitive, educational approach for a period of time until field studies demonstrate that the technology supports the satisfactory speed of commerce.

- Premises ID must be completed prior to the implementation of movement reporting. National standards for assigning premises ID are imperative and must be consistent for all

provinces. The definition of premises ID for the beef cattle industry is the home quarter or headquarters of the registered operator.

- The implementation of all aspects of traceability is dependent on technology solutions that do not impede the normal business practises of the industry (commerce). Prior to the implementation of movement reporting, software technology required to download the data from the tag readers and have it in a format that is transferable to the CCIA must be readily available to producers nationally.

- The CCIA Cattle Implementation Plan for animal movement reporting has been developed for phased implementation. The phase for read-in at backgrounders/feedlots receiving 1,000 head or more from another premise is an achievable next step, provided the premises ID and technology prerequisites noted above have been met. Feedlots and backgrounders below this threshold will be encouraged to voluntarily participate.

#### **Additional Considerations**

- Further research on the tag technology could be the most cost effective and expeditious solution to enhancing the readability of the tags regardless of equipment and placement.

- One option for the auction market phase in particular that addresses animal health risk factors is to begin with the move-in and/or move-out of breeding cattle as an interim step.

- Investments in the value-added attributes of the traceability system, such as information sharing and value chain innovation, will be required to ensure ongoing producer support.

- Promote the fact that the industry is taking a proactive position on developing a Biosecurity Standard that will enhance the preventative measures for animal health risk. This is as important, or perhaps more so, to the Canadian animal health and welfare system as it is to traceability.

Agriculture and Agri-Food Canada Minister Gerry Ritz convened a summit of cattle industry leaders in Saskatoon to discuss the numerous issues facing the implementation of traceability for Canadian cattle. Key messages coming out of the summit included:

1. Traceability for cattle is very important and is a key part of the industry’s ongoing development. This is no longer “if,” but “when” and “how”;
2. Premises ID is essential and must be uniformly applied across the nation;
3. Funding must be sorted out: Public good vs. private good;
4. Movement recording will take place at move in by owner of the cattle, as a starting point;
5. The national cattle movement document (manifest) under development will be a key component of how we move forward in developing regulations;
6. Industry standards will monitor progress before regulation development;
7. Enable and administer regulations with a common sense approach;
8. Unified communications messages will be developed- “one voice, one position.”



### National Biosecurity Standard for Beef Cattle

The CCA in collaboration with the Canadian Food Inspection Agency (CFIA) have developed a voluntary beef cattle on-farm biosecurity standard. An associated implementation guide for producers is also being developed. An advisory group was utilized with stakeholders from national and provincial cattle organizations, including Verified Beef Production™ (VBP) program coordinators, and provincial governments. In addition, a technical advisory group of public and private veterinary practitioners and academia provided valuable input to the standard. In addition to an initial producer survey, consultations with a draft standard were completed with cattle organizations across Canada.

The beef cattle on-farm biosecurity standard has been designed to address the varied production practices and biosecurity needs across different conditions and regions in Canada. This includes the large feedlot and range-based cow-calf operations in Western Canada and the confined barn-style feedlots of Eastern Canada.

Consultations were held with a representative sample of producers in eight provinces, to understand current practices in the industry. VBP coordinators in Alberta, Manitoba, Ontario and Quebec provided assistance to the initial on-farm survey. Results indicated that some biosecurity practices are used to manage herd introductions and monitor cattle for disease. Controlled zones and removal of pests/wildlife are not general practices at this time. Producers were strongly receptive to additional information in biosecurity.

The standard is in the final stages of approval for release. The producer implementation guide and a number of communication materials are under development and will be ready soon. The priority is awareness and education, allowing producers to determine what biosecurity practices best fit their operation to reduce and manage disease risk to their animals.

Funding for this project was provided by Agriculture and Agri-Food Canada through Growing Forward programming, with additional resources provided by the Canadian cattle industry.

### National Farmed Animal Health and Welfare Council

The National Farmed Animal Health and Welfare Council (NFAHW Council) was formed in July 2010 and has developed rapidly from a concept in the National Farmed Animal Health and Welfare Strategy.

The formation of the NFAHW Council was stimulated by the vision of what industry and government could achieve by working together on issues affecting the farmed animal health and welfare system in Canada. The creation of the Council was achieved with the cooperation of the federal/provincial and territorial governments and industry. The Council's vision is

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 **MERCK**  
Animal Health



“Canada values and supports the health, care and welfare of the farmed animal population and its contribution to the well-being of people, the environment and the Canadian economy.”

Working groups were formed to expedite the Council's process in dealing with Strategic Outcomes and emerging issues. The process will enable the Council to provide well informed recommendations to all stakeholders for the advancement of the Canadian animal health and welfare system.

As working groups complete their tasks and provide the Council with the means to make informed policy recommendations to stakeholders, priorities from the strategy and emerging issues will continue to guide the Council's actions. The Council will continue to focus on two main goals established by its members; the establishment of a more harmonized and integrated approach to the farmed animal health and welfare system in Canada, and extending sound scientific and policy advice to all stakeholders which include both levels of government and the farmed animal industry.

#### **Committee Members:**

Pat Hayes, Chair; Larry Delver, Vice-Chair; Martin Rossmann; Ivan Johnson; Reg Schellenberg; Ray Armbruster; Bob Gordanier; Don Winnicky; Louis Desautels (Resource); Rob McNabb (Staff)

### **Convention Committee**

The Convention Committee plans the Canadian Cattlemen's Association (CCA) National Convention and Semi-Annual Meeting to provide local cattle

producers an opportunity to view their national organization at work, discuss prevalent industry issues and network with industry affiliates. The convention is held annually in August.

Historically, the convention moved from province to province each year. Since 2010, the CCA has partnered with the International Livestock Congress (ILC) to hold a joint event in Calgary, Alberta. The decision to partner with ILC is subject to yearly review.

#### **Event highlights**

##### ***The 2011 National Convention and TESA Luncheon***

The CCA 2011 National Convention was held in partnership with the ILC on Wednesday, August 10 at the Deerfoot Inn and Casino in Calgary, AB. The CCA benefited from added exposure and excellent networking opportunities as a result of the partnership. More than 300 participants enjoyed an excellent lineup of speakers who presented their views on topics including international economics and global demand, how Canada is perceived in the world market and how Canadian beef can win in globalization.

The Environmental Stewardship Award (TESA) was presented following the convention's lunch hour. The Weedon Ranch near Swift Current, Saskatchewan was named as the recipient of the 2011 TESA. Brian and Glenys Weedon accepted the award. Our congratulations and gratitude goes to the Weedons and all of the 2011 TESA nominees for their extensive work in the area of environmental stewardship.

##### ***Golf Tournament and Half-Day Tour***

Thirty participants enjoyed the golf tournament at the HeatherGlen Golf Course, located on the Eastern edge of Calgary's city limits. Team and individual prizes were awarded at the steak supper following the tournament. We thank our golf prize sponsors for their generosity.

This year the half-day tour visited the town of Banff and surrounding sites and concluded with a delicious meal at Bumper's Beef House. It was a very enjoyable and informative afternoon for the 13 tour participants. Our thanks to Bob Barrie for guiding our tourists to the best attractions in the Banff area.

##### ***BBQ, entertainment evening and live auction***

The BBQ, also in conjunction with ILC, was held at The Rancho in Calgary's Fish Creek Park. Guests enjoyed supper, a live auction and a live band at this beautiful, historic venue.

The live auction was a great success, thanks to the generosity of sponsors who donated everything from original artworks to gourmet coffee makers. The live auction earned a total of \$5,015, which was divided equally between the Canadian 4-H Council and the BC 4-H Foundation. Our thanks to John Arnold for an excellent job as the auctioneer.

#### **Committee Members:**

Erik Butters, Chair; John Gillespie, Bob Lowe, Tracy Sakatch (Staff); Gina Teel (Staff)

### **Domestic Agriculture Policy and Regulations Committee**

The Domestic Agriculture Policy and Regulations Committee deals with non-trade related regulatory issues, such as general government policy, safety nets and transportation regulations. It also makes representation to the government and works with other committees or groups on issues of mutual interest.

When it comes to news coverage about government policy, Growing Forward and the consultations on its replacement suite win the competition for volume in 2011. AgriRecovery is likely a close second. The Canadian Cattlemen's Association's (CCA) Domestic Agriculture Policy and Regulations (DAPR) committee has long been active on both files.

AgriRecovery in its present form is partly a response to the CCA's calls for the design of a true disaster response program. The lack of this type of program was apparent following the bovine spongiform encephalopathy (BSE) discovery in May of 2003. Following that incident, governments and industry had to scramble to respond. AgriRecovery is not a program as such, but a framework designed to make the response to a disaster formal and understood by all parties. The process is fairly well understood; industry makes a case to the government of the jurisdiction where the problem exists. If the issue is national in scope, it would be a matter of a national group like the CCA making the case to the federal government that a disaster is

occurring or had occurred and there is a need for government action. Since the introduction of AgriRecovery, most disasters have been provincial in scope.

This has meant provincial associations make their case to their provincial government. If there is agreement by the province, they will in turn ask the federal government to assess the issue. After the assessment, it is a combination of political and fact-based decision making for a response. The political part of the decision making is a major frustration. The timing of payouts is also a frustration as the time of response has often been well after the trigger event.

AgriRecovery has paid out several times since inception. Most of the events were weather related (flood, drought, ice, etc.). The CCA has worked on many of these events and the committee will continue working with Agriculture and Agri-Food Canada to improve disaster preparation and response. Better communication of AgriRecovery triggers and better response times would go a long way to addressing the frustration with the program.

The committee has focused a significant amount of time and effort on price and basis insurance in recent years. Alberta has a price and basis insurance program that lets producers protect against price risk which is one of their biggest risks in these volatile times. In late November a request for proposals went out for a consultant to explore the feasibility and costs of delivery of this program in Manitoba, Saskatchewan, Alberta and British Columbia. Ontario and Quebec have instituted provincial support programs with cost of production components. This

explains the West-only component to this upcoming study. The federal government is cost-sharing the study with the provincial governments. CCA policy supports a cost-shared price and basis insurance program being implemented across Canada. This step doesn't match CCA policy but it is a positive step forward.

Also in progress is a Federal-Provincial forage insurance task team looking to improve the uptake of forage insurance. Bob Gordanier and Rob Somerville represent the CCA on this committee. Insurance is a provincial responsibility but the federal government is interested in this issue as many of the AgriRecovery payments of the past several years may have been lowered if a proper pasture/hay/forage insurance program was in place.

Quebec and Prince Edward Island have some relatively high levels of participation in their forage insurance programs. Translation of the positive aspects of these programs to the rest of the country is a challenge. Another challenge is the risk management methods that livestock producers already use. Uptake of a forage insurance program would have to replace other methods of risk management including reducing stocking rates to match with forage production, stockpiling forage and purchasing feed. If producers were to adopt forage insurance these other methods of response may go down, moral hazard may increase or producers may be encouraged to carry stock numbers greater than the cyclical nature of forage productivity on their operation would otherwise command. This complex issue will continue to be examined by the committee in 2012.

One new area of interest for the committee is assurance of payment. Alberta and Ontario have well-functioning programs of payment enforcement and producer assurance funds in the face of non-payment by livestock purchasers. Saskatchewan and Manitoba have their own laws of commerce governing business in general and regarding licensing of dealers but they do not have livestock assurance programs. The committee has discussed this issue and continues to explore if there is need for a national response or if is best left to the provinces. In Canada this type of business falls under provincial jurisdiction but the national and international nature of the cattle business will keep the CCA involved as producers determine the best approach to address the issue.

Ethanol continues to utilize more and more feed grain in North America. The debate over the effect of government participation in the ethanol industry continues. The CCA has been actively advocating to governments for a return to a free market basis for the ethanol industry (remove tariffs on imports, stop subsidies for construction and production and remove mandates). The Beef Cattle Research Council has recently commissioned a study into the effects of Canadian ethanol policy on the Canadian feed grain market. That work will be done in late 2011. Much of the work to date is focused on U.S. policy. Having a Canadian perspective should help move the conversation forward. It must be clear that the CCA has not advocated against the ethanol industry, only for a market-based industry that will compete fairly to decide the best use for feed grain.

The Federal-Provincial reality of agriculture policy in Canada has affected the work of the DAPR committee in 2011 but as noted in this report, issues do continue to move ahead. The federal and several provincial elections effectively halted negotiations on Growing Forward II in early summer. The last provincial election took place in November. With a return of all incumbents the negotiations should be able to progress toward a replacement for Growing Forward on schedule in April of 2013.

The coming year will be very important for agriculture policy development. The federal and provincial governments will be negotiating Growing Forward II. The content will be important but of greater importance is avoiding a gap year between programs, which is what happened between the Agriculture Policy Framework and Growing Forward. All provincial organizations and the CCA will need to effectively lobby their respective Agriculture Ministers and departments for good policy for cattle producers. Without a successful outcome the following five years will be spent trying to address the shortfalls.

### **Committee Members:**

Rob Somerville, Chair; Curtis Royal, Vice-Chair; Bob Gordanier; Lary Fossum; Erik Butters; Ivan Johnson; Danny Hozack; Lynn Grant; Dave Solverson; John Gillespie; Kevin Antworth/Jennifer MacDonald; Martin Unrau; Jack Hextall; Bob Lowe; Ryder Lee (Staff)





## Environment Committee

The Environment Committee deals with environmental issues that could affect the beef industry. It encourages environmentally-sustainable production practices and communicates to the public that cattle producers care for the environment, through utilizing effective land management strategies.

The Canadian Cattlemen's Association (CCA) is currently working on the creation of a charitable Canadian Cattlemen's Foundation with the following objectives: 1) Promote and support stewardship practices and conservation actions that conserve the environment, biodiversity and wildlife habitat on working agricultural landscapes.

2) Develop education, leadership development, and outreach programs to serve youth involved with beef cattle and grass/range management. 3) Promote and support cattle care research and awareness.

The CCA and other natural resource-based industry associations are continuing their lobbying of Environment Canada through the Species at Risk Advisory Committee (SARAC). The successful utilization of conservation agreements for private landowners will require four key issues to be immediately addressed.

1) CCA recommends that the Species at Risk Act (SARA) is amended to relieve the extreme uncertainty in the agriculture sector on how SARA impacts the rights of landowners and the continued use of their land when critical habitat is identified on it.

2) The SARA should be strengthened and implemented to engage private landowners and allow them to actively participate in stewardship efforts through conservation agreements and that conservation agreements should be designed to facilitate compliance with the Act.

3) Clear, predictable and fair compensation for land and loss of economic opportunity as a result of critical habitat prohibitions needs to be legislated to increase the functionality of the SARA.

4) The Habitat Stewardship Program should be better utilized to target critical areas of the country in which agriculture production plays an important role in the conservation of listed species.

The SARA is at a significant moment and it must begin to demonstrate measurable success. The nature of SARA's relationship with private landowners will be a key to its short term success and, if managed correctly, its long term success in protecting and enhancing species at risk.

The CCA has become a supporting member of the Canadian Forage and Grasslands Association (CFGa). The mission of the CFGa is to promote the growth of the forage and grassland sector by advocating a sustainable and environmentally friendly industry. The CCA has worked with the CFGa since its incorporation in March 2010 as their objectives are well aligned with that of the CCA environment committee.

The CCA feels that it is important to engage with international partners in working towards further sustainability in the beef industry. In

2011 the CCA collaborated with both the International Meat Secretariat (IMS) and the Five Nations Beef Alliance (FNBA) on this topic. In July of 2011, the CCA attended the third IMS Economics Workshop held in Calgary. The IMS brings together meat and livestock organizations throughout the world, in a single non-profit making association to provide a forum for the exchange of ideas and experiences on the issue affecting the international meat and livestock sector. The CCA is participating in the IMS Environmental Working Group. One of the key presentations at the Calgary conference was 'Mitigation Strategies for the Global Meat and Livestock Industries'. The CCA was pleased to present on the practical management mitigations steps being taken within Canada.

In October the CCA attended the FNBA meeting held in Mexico. One of the main topics of discussion was Sustainability in the Beef Industry. The American contingent presented on their upcoming beef industry sustainability assessment. The CCA also gave a presentation on sustainability in the Canadian cattle industry. Three important messages arising from this conference were; 1) sustainability strategies should be non-competitive in nature, 2) sustainability is a journey not a destination and 3) sustainability means taking economic, social and environmental impacts into consideration. The areas of synergy are research and advocacy programs with consistent messaging to increase global reach and global leadership via the FNBA. The importance of leading the discussion, (rather than being reactive) around sustainability in the beef industry was noted as being a key to future success.

The CCA continues The Environmental Stewardship Award (TESA) program delivery. TESA is presented by the CCA each year to a cattle producer who goes above and beyond standard industry conservation practices, setting a positive example for fellow producers and the general public.

### Committee Members:

Lynn Grant, Chair; Ray Armbruster, Vice-Chair; Bob Lowe; Reg Schellenberg; Erik Butters; Martin Rossmann; Pat Hayes; George Smith/ Marilyn Carter; Dave Solverson; Fawn Jackson (staff)

## Foreign Trade Committee

The Foreign Trade Committee works to ensure favourable access to international markets for the Canadian beef industry and prevent exposure to unfair competition or dumping into the Canadian market, with a top-priority focus on eliminating programs, measures and subsidies that distort world trade.

### The United States

The World Trade Organization (WTO) Dispute Panel over Country of Origin Labelling (COOL) continued to be the dominant trade issue with the U.S. Following the submissions of evidence and the hearings in 2010, the panel this year released its ruling which was very strongly in Canada's favour.

The ruling presents the opportunity to negotiate for an acceptable legislated change from Washington. The U.S. has until March 2012 to lodge an appeal. However the

Canadian Cattlemen's Association (CCA) is working with U.S.-based allies to achieve a recognition in Washington that it is in the U.S.' own best interest not to drag out the dispute, but rather to move toward a resolution.

In February 2011, Prime Minister Stephen Harper and U.S. President Barack Obama announced a major initiative aimed at implementing greater regulatory cooperation between Canada and the U.S. The CCA together with other organizations in the livestock and meat sector have been leading contributors to this initiative. The first action plan under this initiative was announced by the Prime Minister and President in December 2011 and includes many initiatives advocated by the CCA. In 2012 we will continue working with officials to implement these initiatives.

### **Korea**

Beef access to Korea was the subject of a second WTO panel that Canada has been pursuing. On the eve of the panel's ruling in June 2011, which the CCA believed would be very strongly in support of Canada's claim for resumption of beef access, Korea undertook to carry out a process that would lead to commercially meaningful access by the end of 2011. The CCA was open to such a negotiated settlement and agreed that Canada should suspend the case in order to resume trade well in advance of an appeal process playing out. The CCA's position in agreeing to suspend the panel has been that if Korea does not carry out its undertaking, then Canada should request the panel to issue its report. By the time you read this report, we will have either resumed exporting beef to Korea or the CCA will have sought the resumption of the WTO Dispute Panel.

In early 2012, the Korea-U.S. Free Trade Agreement (FTA) will come into effect. Under that agreement, Korea will eliminate its 40 per cent import tariff for U.S. beef in 15 equal annual steps. The CCA has encouraged the Government of Canada to complete its negotiations to establish a Canada-Korea FTA to restore tariff parity for Canadian and U.S. beef in the Korean market.

### **China**

Work continued in 2011 following the commitment by Chinese President Hu Jintao in 2010 that China would fully open, in stages, to Canadian beef and tallow. By the spring of 2011, China approved the conditions for eight Canadian facilities to export boneless under-30-month (UTM) beef. However, these eight companies were those that were previously approved prior to 2003 and only three (Cargill High River, Cargill Guelph and XL Brooks) of the eight remain operational. Approval of a further seven small and medium sized facilities has been requested, but this is pending a further inspection mission in 2012. In the meantime, since China has not approved the use of either ractopamine or zilpaterol, they have adopted a zero-tolerance testing policy that has essentially resulted in the three approved facilities making business decisions not to export beef to China. Despite the proven safety of both ractopamine and zilpaterol, the illegal use of a different beta-agonist clenbuterol in China has made this a very sensitive issue. Nevertheless a path forward continues to be sought.

The conditions for non-edible tallow for industrial use were finally agreed to in late 2011 and shipments were expected to begin shortly at the time of writing this report.

### **Taiwan**

The situation in Taiwan is very similar to China in that after following a lengthy process to further lift Taiwan's BSE restrictions to permit bone-in UTM, Taiwan implemented a zero-tolerance testing policy for ractopamine. The net result is reluctance on the part of beef exporting companies to ship product to Taiwan until an approved maximum residue limit (MRL) is established in Taiwan.

### **Mexico**

The CCA has focused on normalizing two-way beef trade between Canada and Mexico. Despite considerable effort now spanning more than two years, Mexico continues to refuse to permit the importation of over-30-month (OTM) beef. Mexico's resistance culminated in the delivery of an amateurish risk assessment in mid-2011 based on outdated science that concluded OTM imports to be too substantial a risk. Since that time, the CCA has encouraged the Government of Canada to exhaust all possible avenues to potentially result in OTM access. However, we have little expectation that Mexico will change its position in the absence of a formal trade dispute process.

### **Japan**

Japan experienced a difficult year in 2011 with an outbreak of foot and mouth disease, a major earthquake, tsunami and a nuclear crisis. Through these events, the Japanese people have demonstrated their resilience and are re-building their infrastructure. The latter part of 2011 also witnessed improved efforts by the Government of Japan to improve international trade opportunities. Japan has signaled its intent to join the Trans-Pacific Partnership (TPP) trade negotiations and

with Japan's entry, the CCA believes that Canada must also join the TPP. We feel that both Japan and Canada will be admitted to the TPP in early 2012. Furthermore, Canada and Japan announced in early 2011 that the two countries were commencing analysis as to whether a bilateral free trade agreement should be pursued. The CCA believes that Canada should engage in a bilateral FTA negotiation with Japan and to pursue both this avenue and the TPP simultaneously to ensure that either one or both of these processes is successful at removing the 38.5 per cent tariff on Canadian beef.

Lastly, for the past several years, Japan has not budged on expanding access for Canadian beef beyond the current 21 month age restriction despite several political interventions by Ministers and the Prime Minister. In the fall of 2011, we saw an optimistic sign when Japanese officials signaled publicly that they were contemplating requesting the independent Food Safety Commission to consider relaxing both the domestic testing and import requirements. The trial balloon does not appear to have been met with resistance from the Japanese public and we are therefore optimistic that we will make progress on beef access in the coming year. That said, there are many steps in the Japanese process and it is premature to predict a time frame.

### **European Union**

In late 2010, Canada was approved to gain a share of the EU's 20,000 tonne duty free beef import quota. In the first half of 2011, an additional 1,500 tonnes was added to the quota as Canada removed its retaliatory tariffs on certain EU goods. Unfortunately,

the demand from importers to obtain an allocation under the 21,500 tonne quota has caused a thriving business in the buying and selling of quota allocations. Currently, it costs close to 20 per cent of the value of the shipment to purchase the quota required to import the beef. Although the size of the quota is on track to increase to over 48,000 tonnes in 2012, competition to obtain quota allocations is expected to remain fierce.

This problem with quota allocations highlights the rationale for the CCA's insistence that the efforts to establish a Canada-EU Comprehensive Economic and Trade Agreement (CETA) should result in unlimited duty free access for beef.

Nine negotiating rounds were held through 2010 and 2011 aimed at reaching the CETA. Ministers on both sides have signaled their expectation to announce a successfully concluded agreement in 2012 and their resolve to do so remains high. The CCA has worked very closely with the negotiators and it is well understood on both sides that in order to be supported in Canada, the CETA needs to include major access for Canadian beef exports to Europe.

Due to the sensitivity for beef access in Europe, the CCA has undertaken the initiative to build relationships with European cattle producer organizations. In 2011 we conducted missions to France, Spain, England and Ireland as well as participated in four missions to Brussels as part of the Canadian Agri-food Trade Alliance.

#### **Committee Members:**

Martin Unrau, Chair; Lary Fossum, Vice-Chair; Kevin Antworth/Jennifer MacDonald; Jack

Hextall; John Schooten; John Gillespie; Rob Somerville; Bob Lowe; Kelly Olson; Curtis Royal; Ted Artz; Larry Delver; Don Winnicky; Jim Sutton (CBBC); John Masswohl (Staff); Mark Klassen (Staff); Dennis Laycraft (Staff)

## **Value Creation and Competitiveness Committee**

The Value Creation and Competitiveness Committee addresses quality and grading issues as part of a mandate that focuses on the ability to identify areas for improvement that could increase the value for Canadian cattle and beef. This may include determining ways to improve communication throughout the value chain and identifying how the industry can improve upon Canada's reputation as a leader in animal health and food safety.

The mandate of this committee is to seek out technologies, goods or services that create a more profitable business climate from birth to processing. The committee reviews issues related to competitiveness and adding value within the beef production chain.

Issues reviewed in 2011-2012 included:

- Support for a transitional approach to instrument grading of beef carcasses. The use of the e+ v camera was approved for grading and implementation is proceeding.
- Monitoring of future needs to export Canadian beef to the European Union. Revisions to on-farm protocols to make

them more practical and cost-effective were completed and submitted to the Canadian Food Inspection Agency (CFIA).

- Monitoring of progress for the new Beef InfoXchange System (BIXS). BIXS was released to cow-calf producers after considerable testing. This offers an electronic method of transferring animal health and other information to buyers who seek this information.

- Assessing benefits of evolving to the carcass yield assessment equation used in the U.S. This is supported by the Canadian Meat Council and National Cattle Feeders Association, in addition to the Canadian Cattlemen's Association (CCA).

- Support and mechanism for reporting to the Board for the CCA's on-farm food safety program, known as Verified Beef Production™.

- Review of issues that may stall productive research for the beef cattle industry.

Current issues the committee is monitoring:

Canada's Temporary Foreign Worker program – there is an identified need to adjust this Federal Government program due to a growing labour shortage in the feedlot sector and elsewhere. Canada's primary agricultural producers expect to require an additional 50,000 non-seasonal and 38,000 seasonal workers by the year 2013.



Cattlemen's Young Leaders (CYL) Development program - support for expansion of this CCA program to encourage young entrants into the cattle business and to develop leadership skills for advocacy. Launched by the CCA in 2010, the CYL program provides industry-specific training and mentorship to assist the beef industry into the future. This program provides a combination of formal and informal opportunities to learn from existing beef cattle industry leaders.

Priorities for Federal/Provincial Growing Forward funding - a review of industry needs to identify potential funding requirements for the upcoming renewal of the five year federal/provincial agriculture policy agreement. This includes input on priorities and where constraints need to be addressed to allow for a more competitive industry.

Board members and cattle industry representatives are encouraged to forward input to committee members so that we can continue to identify impediments and opportunities.

#### **Committee Members:**

Dan Darling, Chair; John Schooten, Vice-Chair; Jack Hextall; George Smith/Marilyn Carter; Rob Somerville; Kelly Olson; Bob Gordanier; Reg Schellenberg; Ted Artz; Ivan Johnson; Don Winnicky; Allan Marshall (CBBC); Mark Klassen (Staff); Larry Thomas (Staff); Terry Grajczyk (Staff).



## Canada Beef Inc.

Canada Beef Inc. is the organization created by the consolidation between the Canadian Beef Cattle Research, Market Development and Promotion Agency, the Beef Information Centre and the Canada Beef Export Federation.



### Board of Directors

The Board of Directors for Canada Beef Inc. is comprised of provincial representatives and funders. The inaugural Board will hold office from July 1, 2011 until the first Annual Forum and Board elections, anticipated for July 2012.

Ten provincial association members have been selected as inaugural board members: Brad Wildeman (Chair), SK; Dane Guignon (Vice-Chair), MB; Grant Huffman, BC; Chuck MacLean, AB; Jeff Warrack, AB; Paul Sharpe, ON; Gib Drury, QC; Jennifer MacDonald, NB; Jim Bremner, NS; and John MacDonald, PEI.

Industry representation covers all sectors along the beef value chain: Dwight Greer, Eastern Meat Solutions, Beef Processing and Distribution; Brian Read, XL Foods; Francis Labrecque, Levinoff Meat Products; Mike Kennedy, Cargill; Arthur Batista, Ecolait; and Scott Ellerton, Sysco Canada. The first board meeting was held July 26, 2011 at which time Brad Wildeman was named Chair and Dane Guignon was named Vice Chair.

Within the Board, four committees have been formed to oversee specific areas of business. Committees assume an active

role in governing Canada Beef. Members are accountable to the Board for fulfilling the mandates determined by the Board and actively performing their assigned duties related to the committee's business on behalf of the Board.

- Finance/ Audit and program Performance Management – Scott Ellerton
- Planning and Priorities – Brian Read
- Governance – Chuck MacLean
- International Beef Trade Access Policy Advisory – Mike Kennedy

### Executive

Robert Meijer was appointed President of Canada Beef Inc. effective August 1, 2011. Meijer, former Director of Corporate Affairs for Cargill Limited, brings 14 years of policy, regulatory, legislative, political and communications experience to Canada Beef Inc.

The executive team also includes the following:

John Baker, Executive VP Global Marketing  
Rob Giguere, VP Programs  
Ron Glaser, VP Corporate Affairs & Operations  
Michael Shittu, VP Finance

### Strategic Plan

Canada Beef Inc.'s 2012/13 inaugural annual business plan (15 months) establishes a clear direction for the new organization. The plan is designed to deliver programs and activities that will achieve measurable and impactful results with clear alignment to the three year strategic plan developed by Canada Beef's Planning and Priorities Committee, as well as the long term strategic goals of the Canadian Cattle Market Development Council.

The Canadian beef and cattle supply outlook (Canfax Outlook) for the next 24 months suggest that volume growth opportunities are limited due to industry consolidation and that maintaining domestic market share and optimizing value in export markets is a realistic goal. The projected reduction in cattle marketings also creates a new fiscal reality the organization must face moving forward. The inaugural Canada Beef plan will require program rationalization and difficult decisions related to priority and emerging markets.

### Strategic Focus

The strategic focus of the plan is to continue the commitment to defining, communicating and leveraging the unique points of differentiation for Canadian beef and veal. As a high cost producer of high quality grain fed beef, it is imperative that Canada Beef marketing programs are targeted at a very specific customer base that represents the best opportunity to provide a return on investment. Those targeted customers must be in markets and segments that can receive highest values for high quality grain fed beef and veal, and must value the quality and safety systems that Canadian producers/ industry/government invest in.

### Market Prioritization

In developing the plan and resources required to deliver on the outcomes, many factors have been considered. Where possible, programming that offers longer term benefits have been developed and will be implemented in markets where viable access is solidified. In markets where full or viable access is not yet solidified, programming has been scaled to offer the highest short term returns possible in limited access conditions, but with an eye

to the future when more favourable long term access conditions are realized.

In order to maximize values of the current level of production, direct input from industry was utilized to determine markets that represent the highest value in the current access conditions and can be enhanced through a marketing strategy of developing value propositions based on clear and meaningful product differentiation compared to competing alternatives in various global markets. The value propositions will be based on leveraging the relevant and meaningful attributes defined by the Canadian Beef Advantage (CBA).

The plan includes a comprehensive analysis provided by Canfax Research Services of projected supplies of both fed and non-fed production which serves as the basis for market prioritization. In order to prioritize markets an analysis was performed with industry of various factors including market access, as well as the product mix that historically makes up the export volumes and the ability to significantly differentiate those products based on value delivered through the points of differentiation. Less importance was placed in markets where the points of differentiation offered by the CBA are less impactful as opposed to markets where Canada clearly differentiates its products versus competing alternatives. The rationale is to identify markets that represent the most efficient return on investment and that support increased value. For the 2013/14 fiscal year business plan, Canfax Research Services will provide a more comprehensive approach to market/product analysis.



### Desired Outcomes by Priority Market

Considering the beef supply outlook over the term of the plan and available funding to implement the plan, desired outcomes by priority market have been identified and are reflective of the abilities of Canada Beef to effectively impact results based on those factors. The markets have been defined as:

- Canada
- Priority Markets (United States, Mexico, Japan, China/Hong Kong/Macau)
- Secondary Markets (Korea, Taiwan and emerging markets)

In order to be responsive to changing market access conditions, an opportunity budget will be allocated to allow for rapid allocation or re-allocation of resources to the applicable market to implement tactical initiatives. Specific tactics will be defined as required and approved by the board before implementation.

### Alignment with Industry

As part of the industry input process, Canada Beef Inc. has ensured that strategic and tactical alignment is leveraged with industry partners and their distribution networks in global markets wherever possible to identify target customers and priority products in key markets and segments.

### Commitment to Transparency

Canada Beef Inc. is committed to creating a global awareness around the value of the Canadian beef brand, and delivering return on investment for its funders. The plan is representative of our commitment to transparency. The plan includes strategies and tactical initiatives which will be deployed

in each market. Also included are expected outcomes of combined strategies and tactics, as well as clear performance metrics and projected budgeted expenses by market.

Canada Beef Inc. is an independent national organization representing the marketing and promotion of the Canadian cattle and beef industry worldwide. Its efforts to maximize demand for Canadian beef and optimize the value of Canadian beef products is funded by cattle producers through the National Beef Check-Off, which in turn makes it possible to access beef industry market development funds provided by the Government of Canada and the Government of Alberta.

For more information, please visit:  
[www.canadabeef.ca](http://www.canadabeef.ca)

## Canadian Cattle Identification Agency



The Canadian Cattle Identification Agency (CCIA) is a non-profit, industry-led organization incorporated to establish a national cattle identification program to promote beef consumption through the assurance of efficient trace back and containment of serious animal health and food safety concerns in the Canadian cattle herd. The agency is led by a Board of Directors made up of representatives from all sectors of the cattle industry.

### Board of Directors

In addition to their many other responsibilities as CCIA's Board of Directors Chair and Vice Chair, Darcy Eddleston and Dr. Pat Burrage have been actively raising awareness and educating the public, industry and international audiences through presentations engaging VIP delegates from Mexico, Japan, China, Korea and the International Meat Secretariat through Canada Beef Export Federation/Canada Beef Inc.; the Government of Alberta – Alberta Agriculture and Rural Development; and the Canadian Beef Breeds Council. CCIA is now fielding requests for these two speakers for events in 2012.

### Information Technology

Internally, CCIA recognized the need to improve our IT systems and business processes; therefore, an extensive architectural upgrade project was completed in 2011. In our continuing efforts to improve producer services, CCIA created a new online resource centre and eight Canadian Livestock Tracking System (CLTS) video tutorials to help simplify the CLTS user experience; and conducted an age verification data audit and implemented system enhancements to support producers to enter age verification data correctly and provide feedback.

Considering how critical the role of CCIA-approved RFID tag dealers is to accurate animal identification and traceability in Canada, CCIA has been working extensively with tag dealers (one-on-one training and group workshops) to educate and to help them meet their contractual requirements for selling RFID tags. CCIA continues to assess the current tag distribution system in order to maximize the integrity of data submitted

by the tag dealer network. Since the tag identification system is the basis for animal identification and movement tracking, CCIA will continue to align the current system with current and future strategic business practices in order to be more confident in the integrity of the tag information stored in the CLTS database.

### Tag Retention Project

In 2011, CCIA, Canadian Food Inspection Agency (CFIA) and Agriculture and Agri-Food Canada developed and initiated a long-term tag retention trial to collect baseline data on cattle tag retention and readability as well as recommend solutions to enhance tag retention and readability. This trial was designed to involve animals from various geographical areas ranging from British Columbia to Ontario to ensure appropriate representation of farming styles and environments. To date, 5,000 animals have been tagged with CCIA-approved tags with equal distribution of tag types/brands to each farm test site (selected based on appropriate handling facilities to optimize tag application and retention).

In this trial, all tags are applied per manufacturer's directions to three study groups (male and female calf-yearlings, mature cows and bulls). Moving forward, project activity reports will be available following each data collection event (at time of tagging, weaning, summer turn-out, fall gather). The final report will include data sets regarding tag retention and readability by ranch, brand of tag, and by each study group. Stay tuned for the first update in early 2012.

## **RFID Systems Applied Research Study**

Midway through 2011, CCIA released the results of Phase Two of the Applied Research Project evaluating the impact of fully-integrated radio frequency identification (RFID) systems at 13 auction markets and buying stations across Canada. The Applied Research Project is a multi-phase initiative developed in light of pending regulations for livestock traceability. Throughout this multi-phase project, more than 535,000 head of cattle were scanned and reported to the CLTS. This project has been successful at identifying many challenges for movement reporting at the auction mart and buying stations. It is also a success in terms of identifying the current benefits to industry and producers, and example of the cattle marketing sector and government working together towards a common goal.

## **National Cattle Traceability Summit**

CCIA and representatives of the Canadian beef and dairy industries participated in the National Cattle Traceability Summit in Saskatoon, SK, August 31 to September 2, 2011 – an event hosted by the Honourable Gerry Ritz, Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board, at the request of CCIA and industry. There were 64 participants in attendance – 51 from industry (i.e., cow-calf, dairy, feeders, dealers and auctions, and processing), and 13 from federal and provincial governments. With the goal of agreeing on the pace and extent of implementation, as well as developing a national action plan to address issues and gaps in the current traceability program, Summit participants discussed preferred

futures, strategies and actions for six core themes identified in a pre-summit survey (i.e., premises identification, movement, funding/costs, regulations/standards, information management, and communications) – establishing a variety of key messages for industry use and action items to move traceability forward in Canada through readiness and joint action by industry and governments.

## **CCIA Field Representatives**

Our collaborative relationship with the Alberta and Saskatchewan governments was amply demonstrated by the great work done in the field by the Mobile Field Representatives (MFR) in Alberta and the Producer Support Representatives in Saskatchewan. These individuals continue to provide great service and CLTS support to producers, feedlots and auction markets assisting with a wide range of traceability initiatives and providing invaluable information regarding best traceability practices. Field support services were expanded in partnership with the Government of Alberta – Alberta Agriculture and Rural Development to employ one new MFR to help Alberta livestock producers implement traceability initiatives in East-Central Alberta.

## **The Future**

In the future, CCIA will continue to advance the implementation and evolution of the national traceability system through collaborative and ongoing relationships with industry, provincial and federal governments and the CFIA. As a member of the Industry Government Advisory Committee (IGAC), discussions on traceability and collaborative processes with other service providers, CCIA is committed to discussing and

working together on a multi-species national traceability system.

For more information, please visit:  
**[www.canadaid.ca](http://www.canadaid.ca)**

## **Canadian Cattlemen Market Development Council**

The Canadian Cattlemen Market Development Council (CCMDC) was established under the Canadian Cattlemen's Association in 2006 to manage the \$80 million Legacy Fund. This Fund, comprised of Governments of Canada and Alberta contributions and matched by the National Check-off, was developed to recover and expand markets around the world for Canadian beef and cattle genetics. The Fund supports eligible export marketing activities completed through the national marketing organizations Canada Beef Inc. and Canadian Beef Breeds Council. A portion of the Fund, the Alberta International Beef Marketing Development Fund (AIB MDF), also provides Alberta-based companies or organizations funding for international market development programs for beef and cattle genetics products.



When the Legacy Fund was established in 2005 there was a concern that the industry and producers would “buy in” to the concept and that the development of the parameters of the Canadian Beef Advantage (CBA) would drive the necessary industry commitment to make changes and to add value. The Canadian beef and cattle industry has made a huge commitment to support the CBA value proposition and Canada Beef brand which seeks to differentiate Canadian beef products and cattle on the basis of a set of brand attributes.

The CCMDC is pleased with the progress to date measured against its three priority goals: to build awareness of the Canada Beef brand promise; to achieve growth in traditional, existing and new markets; and to maximize the total value realized by the Canadian beef and cattle genetics industry. Since the implementation of the Legacy Fund, the sector's commitment to the attributes that make up the CBA has been strengthened. For example, industry investments in food safety systems and interventions have been effective in greatly reducing the number of *E. coli* related product recalls thereby positively impacting consumer and customer confidence. This progress has enabled the creation of a much more comprehensive





set of messages that are used to define the Canada Beef brand. As industry adopts new production practices, it will be important to ensure these gains continue to be reflected in the brand.

Significant progress has been achieved on the Canada Beef brand licensing agreements over the past few years. With programs focussing on an estimated 75 per cent of market share in the retail and foodservice sectors, approximately 55 per cent of this segment now holds CBA license agreements. Canadian producers will find the Canada Beef brand at major restaurant and retail outlets in Canada and in a growing number of U.S. retail and restaurant outlets dedicated to Canadian beef.

Exports of Canadian beef in 2010 increased 8 per cent over 2009, reaching 407,500 tonnes. The value of cattle genetics exported in 2010 totalled \$20.37 million, up from \$15.48 million in 2009. Many international partnerships and programs established in the retail and foodservice sectors in previous years were maintained and/or strengthened, and new ones were developed. However availability of consistent supplies of Canadian product at competitive prices continues to be a challenge for partner commitment.

The reduction of supply of high quality beef globally has created the opportunity to shift the focus of the strategy from volume to value. The CCMDC goal of maximizing total value from each carcass is built around identified cuts that have the potential to realize more value. This allows specific marketing strategies to be developed to market these cuts to the highest value markets.

### Moving Forward

With larger exports in 2010, the proportion of Canadian beef production consumed in Canada declined from 62 per cent in 2009 to 60 per cent in 2010, with 30.5 per cent of production exported to the U.S., 4.4 per cent to Mexico, 1.9 per cent to Hong Kong and Macau, 1.4 per cent going to Japan, and 1.8 per cent destined for other international markets. Although beef exports increased in 2010, decreased beef supplies over the next few years will not continue to support this trend unless imports to Canada increase substantially which has not been the case to date. Reduced cattle marketings in 2011 and 2012 will result in less beef available for domestic consumption and/or export. In the near term, tighter supplies will support beef prices and as a result, marketing efforts will need to be carefully focused on identifying and concentrating on those markets that derive the highest value for portions of the carcass. Moving forward, the CCMDC is focused on funding marketing activities that progress from growing awareness of the CBA to creating customer commitment to Canadian product, with a particular emphasis on those portions of the carcass that are underutilized or undervalued, and our client needs.

### Financial

During 2006 through to 2011, expenditures under the Legacy Fund total \$52.3 million. These funds were matched by \$15.26 million in producer check-off dollars. The balance of the Legacy Fund at June 30, 2011 is \$31.2 million, including \$3.53 million interest.

### Canadian Beef Advantage - Beef InfoXchange System



In mid-October, after the last of a three-phase launch process, the Beef InfoXchange System (BIXS) became fully active for cow-calf producers nationwide to register and begin submitting data on their animals. At the time of launch, final versions of the user guides detailing how to register onto BIXS, submit data and use the export, import and reporting functions of BIXS were prepared. These guides are posted on the BIXS website and the BIXS portal.

The majority of the initial numbers of cattle coming into the BIXS database will come through the full engagement of platform partners and third party databases like the Pfizer Gold program, Canadian Angus Association, BeefBooster, and Beef Improvement Opportunities (BIO). These will include some of the largest cow-calf operations in the country. This process will occur through the balance of the fall and into early 2012.

With the launch to cow-calf producers achieved, the emphasis will shift to encouraging feedlots to join BIXS and submit data on an individual animal basis. The CCA is working with the Canadian Cattle Identification Agency to develop a web services application that would enable BIXS to import certain feedlot move-in data so that large amounts of animal data at the

feedlot segment could stream into BIXS in an automated process. It is expected that feedlot registrations and data submission could begin in January 2012 if this application development stays on schedule.

For carcass data, commitments have been achieved between the two major packers in Canada and the CCA to cost-share the collection and submission of data from the packers directly into BIXS. The target date for this to begin remains January 2012, which should cover most of the registered 2011 calf crop.

BIXS will support the smaller packers to make the task of getting data to BIXS easier to manage through carcass tracking solutions.

Most recently BIXS launched a service for BIXS registered producers to showcase their BIXS animals ahead of going to auction. The BIXS Cattle-Classifieds is a no-charge ad service found on the BIXS website that allows registered BIXS cow-calf producers to post information on their cattle and what auction market they intend to sell through, where that market is and when the sale will take place. Buyers have the ability to view and sort these ad listings based on attributes like sex, breed/cross; colour, vaccination details, castration information and more. It is expected this service will see limited use in 2011 due to the timing of launch (well into the tail end of the calf run) and the relative infancy of the BIXS program, but it should be well utilized through the 2012 marketing season.

For more information on BIXS, please visit:  
<http://bixs.cattle.ca>



# provincial association reports

## British Columbia Cattlemen's Association



### CCA Town Hall

The B.C. Cattlemen's Association (BCCA) thanks the Canadian Cattlemen's Association (CCA) staff and CCA President Travis Toews for bringing the CCA Town Hall to B.C. this fall. Nearly 80 ranchers from the Prince George area attended. After the vigorous discussion and participation at the meeting, BCCA General Manager Kevin Boon wished the event had been broadcast to every community hall in B.C. so that ranchers across the province could hear about the great work being done on their behalf by the CCA.

### AgriRecovery

The AgriRecovery funding for B.C. has not met the needs of cattle producers impacted by drought in 2010. The BCCA has been vocal about the shortcomings of this program and the need to improve the ways AgriRecovery applications are assessed. The BCCA has met with federal and provincial Agriculture Ministry staff to discuss this issue and to recommend that applications be assessed on a timely basis and that an independent committee be established with government and industry stakeholders to review the merits of applications.

### Bovine Tuberculosis in B.C.

The Canadian Food Inspection Agency (CFIA) investigation into the animal that tested positive for bovine Tuberculosis (TB) in May 2011 continues. The index herd was depopulated by the CFIA. Upon further testing

of these animals, five more positives were found. These positives were determined to be of the same strain as the two previous cases in B.C. At the time of this writing, nine herds remain under quarantine until further testing is completed. Trace-in investigation is ongoing. The BCCA has worked with producers, CFIA and BRM for AgriRecovery. The CFIA have been very cooperative to work with on this issue and have kept the BCCA up to speed throughout. It is doubtful that the source will be identified but this incident is not expected to have any trade implications.

### Trade Delegation

Again this year, the BCCA will be organizing and participating in a trade delegation to China. The goal for this second trade mission is to build on the inroads made by B.C. in the Chinese market on lumber trade and promote the province as a significant part of the Canadian beef industry. Viewed by many Asian markets as the 'Gateway to Canada,' B.C. plays an important role in communicating the attributes of its beef and lumber industries to facilitate further trade.

The BCCA is waiting to see what benefits, if any, will accrue to the industry as the B.C. government pursues their recently released Jobs Strategy with a focus on 'first dollar' industries. As they say, the devil is in the details. The BCCA has seen the strategy and finds it to be lacking in the details necessary to make it a success.

### Species At Risk Act

Enforcement of the Species at Risk Act is ramping up in B.C. Critical habitat is being identified and landowners notified if this habitat is identified to be within their

property. The government appears to be taking a 'stewardship first' approach and developing species-specific management strategies. Once a species is identified, a Recovery Strategy is drafted and consultation with landowners takes place. Not all habitat requires prohibition of land use activities but where protection is identified, landowners will be responsible for managing it. Active recovery planning is taking place and the BCCA is working to help make ranchers aware of the process.

### National Grassland Park in the South Okanagan

For several years, Parks Canada has been working to establish a Class A park in the South Okanagan to preserve grasslands. The BCCA has given its full support to the South Okanagan ranchers, who mostly oppose the establishment of the park. A significant amount of this area has already been preserved through provincial parks and ungrazed areas that were identified through a consensus-based process with essential stakeholders (known as Land and Resource Management Plans). The loss of grazing rights and tenures in this region would significantly impact the ranching community and result in a loss of infrastructure thereby making it more difficult for the remaining ranches to operate. Parks' inability to properly manage the wildlife puts ranchers and producers nationwide at risk when disease controls are not adhered to. The BCCA has drafted an official policy on the creation of Parks in agriculture areas as a result of this issue.

### Changes to the B.C. Prevention of Cruelty to Animals Act

In June, the Prevention of Cruelty to Animals

Act received Royal Assent. The amendments provide higher penalties for abuse/cruelty; ability to establish Code of Practice for sled dogs etc.; enable enforcement action against those in violation of Codes and prohibitions; special protection for law enforcement and other service animals. There is now a mandatory requirement for veterinarians to report suspected animal abuse to Special Constables of the Society for the Prevention of Cruelty to Animals (SPCA) or the RCMP.

Boon's concern is that primary animal agriculture organizations such as BCCA were not consulted about the changes to the Act nor was BCCA invited to provide comments. Strengthening the Act is probably good; however, doing it with industry input and feedback helps ensure that everyone is aware of the requirements so ranchers do not find themselves to be in non-compliance.

### Presentation to the Federal Standing Committee

In October, Boon made a presentation to the federal Standing Committee on Agriculture and Agri-Food regarding Science and Innovation for the next Growing Forward. This was a good opportunity to discuss the challenges faced by ranchers and offer some solutions to make research and its implementation more significant.

### B.C. Ecological Goods & Services Program

B.C. has now officially launched a province-wide Ecological Services program to reward landowners for their stewardship efforts. Thirteen demonstration projects have been established where biological and economic results will be monitored. The program is

divided into three phases: development and testing of Beneficial Management Practices; conduct demonstration projects around the province; and facilitate the implementation of a long term Ecological Goods & Services program for B.C.

The official program launch was held at Granville Island Market in downtown Vancouver. Several urban media reported on the launch of the program including CBC Almanac, CBC local morning show, City TV, Province newspaper, Country Life in BC, Tyee and others. To learn more about the B.C. Ecological Services Initiative, visit [www.bcesi.ca](http://www.bcesi.ca).

For more information, please visit:  
[www.cattlemen.bc.ca](http://www.cattlemen.bc.ca)

## Alberta Beef Producers

The Alberta Beef Producers (ABP) marked

the end of another full and productive year in early December at its Annual General Meeting (AGM) in Calgary.

It was a very good three days and the new delegates helped to bring a high level of energy and enthusiasm to the meeting. As witnessed at the fall meetings, the industry is still facing some challenges, but many producers are looking at the future positively. Better prices in 2011 and steady progress on export market access are among the reasons for their optimism. One or two years of better prices will not make up for 10 difficult years, but everybody is happier when prices improve.



As always, the AGM featured a busy schedule of elections, speakers, by-law amendments, and resolution debates. The delegates showed their confidence in the work done by the Board of Directors over the past year by returning 13 of the 16 directors to the Board. With Chuck MacLean leaving after two years as Chair, Doug Sawyer from Pine Lake moved up from Vice-Chair to the Chair position. Dave Solverson from Camrose stayed on the Executive as Vice-Chair, while former Environment Committee Chair Greg Bowie from Ponoka joined the Executive as Finance Chair. With one new Executive member and three new directors, ABP will have a nice balance of continuity and fresh outlooks for the coming year.

The speaking topics at the AGM focused on a number of issues of importance to cattle producers in Alberta. The new Alberta Minister of Agriculture and Rural Development, Evan Berger, and Andy Ridge, the Director of Water Policy for Alberta Environment and Water, provided their perspectives on the Land-use Framework (LUF) and the Water for Life strategy. After land and water use, two of the most important issues for producers are export market access and international marketing. Representatives from the Canadian Cattlemen's Association (CCA), Canadian Agri-Food Trade Alliance (CAFTA), and Canada Beef Inc. (CBI) updated the delegates on national and international policy, trade advocacy, and marketing efforts.

The AGM speaker topics illustrate ABP's commitment to working on behalf of cattle producers to address the issues that really affect the strength and competitiveness of the industry in Alberta. After three rounds of check-off refunds over the past one and

a half years, ABP is very pleased to receive support from producers across the province. While refunds have represented a significant loss of revenue, the check-off funds that producers have left invested with ABP provide the organization with a substantial budget that can be directed toward priority issues. ABP hopes to continue earning the support of producers by providing value for their check-off investment.

A big part of showing that value is communications. Once again, ABP has made improved communications with grass roots producers and other cattle industry organizations the top objective for the year. Led by Chuck MacLean, directors and delegates have worked hard to connect with producers, not just through the fall meetings, but also through town hall meetings and informal conversations at community events. They traveled across the province to attend meetings and did not turn down any invitations for a chance to talk with producers. Chuck MacLean and the Executive also have used every opportunity to meet with representatives of other producer organizations and have greatly improved relationships with elected government officials. ABP continues to work effectively with senior bureaucrats and has developed a good relationship with the directors and staff of the Alberta Livestock and Meat Agency (ALMA).

Access to the land and water resources of this province are critically important to the cattle industry and ABP delegates have had spirited discussions on this subject at recent general meetings. The Land-use Framework and five associated pieces of provincial legislation (Bill 50, Bill 19, Bill 36, Bill 24, Bill

10) created an uproar across rural Alberta as land owners have expressed strong concerns about the potential for these bills to adversely affect the use and value of their property. At ABP, the primary focus has been on Bill 36, the Alberta Land Stewardship Act (ALSA) and Bill 10, the Alberta Land Stewardship Amendment Act. ABP has been actively working on behalf of cattle producers by taking forward their concerns and seeking improvements to the legislation and the Land-use Framework. The new Premier has taken some positive steps toward addressing these concerns by amending Bill 19, asking for a review of Bill 50, questioning the carbon capture initiative that led to Bill 24, and creating a Property Rights Task Force, with Minister Evan Berger as Vice-Chair, to hear landowners' issues with the ALSA.

The ABP worked hard for the reinstatement of a non-refundable national levy in Alberta and think it is vital for the future of the industry that it remain non-refundable beyond the possible expiry date of March, 2013.

The ABP thinks the restructuring of the Beef Information Centre, Canada Beef Export Federation, and the Canadian Beef Cattle Research, Market Development and Promotion Agency (commonly referred to as the National Check-off Agency) into a single new organization, Canada Beef Inc., will be a key factor in retaining a non-refundable national levy. The ABP strongly supported the creation of CBI while Chuck MacLean played a key role in its development and continues to sit on the Board and as Chair of the Governance Committee. As CBI is taking shape and developing its strategic plan, we can see the industry moving closer to the goal of building a strong and effective



national organization to carry out domestic and international marketing and promotion of Canadian beef and beef products.

ABP continues work to address the regulatory costs and barriers that affect the competitiveness of the industry and traceability has the potential to impose significant costs on producers. The federal government set the end of 2011 as the target date for the implementation of a national mandatory traceability framework. While the cattle industry recognizes the importance of traceability for food safety, animal health, and export market access, we need to make sure that this framework does not hurt the competitiveness of our industry, impede commerce, or place undue regulatory burden on producers. ABP and the CCA participated in the recent National Cattle Traceability Summit and used the Guiding Principles for Beef Cattle Traceability, a document signed by ABP, CCA, Canadian Cattle Identification Agency (CCIA), Alberta Agriculture and Rural Development, ALMA and other cattle organizations, to form the basis of industry's position on a national traceability framework.

In addition to this ongoing work on communications, policy, market access and regulations, ABP also places a high priority on marketing and education initiatives. ABP is currently engaged in procuring funding from ALMA for a consumer-focused campaign aimed at revitalizing the Alberta Beef brand, redefining its world-class attributes and telling the Alberta Beef story, both within the province and across Canada. ABP wants to build on the recognition of Alberta Beef for its great taste and the positive image of the cattle industry in the province. A slow, but steady development

of ABP's Producer Loyalty Program, which provides producers with tangible savings on the services and products delivered by its partners, has been seen.

There will be more challenges in the coming year, but ABP has a strong Board of Directors and capable leadership in its Executive. An enthusiastic and committed staff is ready to implement the policies and directions developed by the Board. Everyone at ABP is looking forward to brighter future for the cattle industry in Alberta.

For more information, please visit:  
[www.albertabeef.org](http://www.albertabeef.org)

## Saskatchewan Cattlemen's Association



The first full year of operations collecting the provincial cattle levy at the Saskatchewan Cattlemen's Association (SCA) ended July 31, 2011. While the organization was established in January 2009, the completion of 'The Cattle Development Plan Regulations' and the transition of the levy collection activities to the SCA did not occur until early August, 2010.

Excess moisture in Saskatchewan in 2010 – with some areas receiving 50+ inches of rainfall – caused extreme hardship for

Saskatchewan beef producers, especially in the eastern parts of the province. In February 2011, the federal and provincial agriculture ministers announced a Feed and Transportation Program, where Saskatchewan livestock producers were eligible for up to \$30/tonne for feed purchased, \$0.22/tonne/mile for feed hauling and \$0.10/head/mile for hauling livestock to feed. The program was a joint AgriRecovery initiative that worked with the existing Saskatchewan Feed and Forage Program.

Excess moisture issues continued in 2011, especially in the southeast parts of the province. Producers and feedlots were eligible for disaster assistance with the Excess Moisture Assistance Programs in 2010 and 2011, again through AgriRecovery. While there was no assistance offered to feedlots for infrastructure damage in the 2010 program, the 2011 program did include assistance. However, that assistance was capped at \$250,000. The SCA continues to push for an increase or elimination of that cap, based on the rationale that as there are no caps for assistance to the grain industry, there should not be caps for assistance to the cattle industry.

The first event of 2011 involved the Saskatchewan Beef Industry Conference (SBIC), held January 19-22 in Saskatoon. The SBIC is a partnership with the SCA, the Saskatchewan Stock Growers Association, Saskatchewan Cattle Feeders Association, Saskatchewan Livestock Association and the Saskatchewan Beef and Forage Symposium Committee. The SBIC is held in conjunction with the SCA Annual General Meeting.

In the early part of the year, the SCA was involved in governance sessions with the Agri-Food Council of Saskatchewan. The board then attended an additional governance session that included members from all the Development Boards and Development Commissions operating in Saskatchewan. These sessions helped clarify roles, responsibilities and direction for SCA directors and staff, plus identified issues that can arise in board operations and gave suggestions on how to deal with them.

The SCA was also involved in a strategic review process in the first half of the year.

### Committees

SCA directors and staff have worked with producer, industry and government groups and staff on a wide range of issues through 2011. Current SCA committees include: Animal Health, Environment, Research, Audit and Finance, Communications, Saskatchewan Beef Industry Development Fund and a Traceability Working Group.

Visits to Ottawa included the CCA annual meeting in March and the CCA BBQ on Parliament Hill in September. In both cases, CCA staff arranged meetings with MPs and agriculture officials to help get our message out and maintain contacts with important players in government. The SCA currently has excellent relationships with federal and provincial agriculture departments and intends to further develop these relationships in the future.

An issue that has taken up considerable time through the year has been the upcoming relocation of the University of Saskatchewan

Beef Cattle Research and Teaching Unit. The current facility, which is in the middle of Saskatoon and on the bank of the South Saskatchewan River, is slated to be moved out of the city to a rural location in the near future.

The SCA is willing to make a significant contribution to the new facility, as an expression of faith that the industry has in the importance of research to the future of the cattle business in Saskatchewan. However, there is much work that still needs to be done before the final decisions are made, and work on a new state-of-the-art facility begins. The SCA research committee is playing an important role in these negotiations and the planning process of this venture, which will be a cornerstone of the Saskatchewan cattle industry for decades to come.

The Environment Committee has been involved in a variety of activities, including water management, conservation easements and carbon credit legislation. The Traceability Working Group has spent considerable time dealing with premises ID, tag retention issues and various other aspects of the traceability initiatives currently underway in the provincial and national beef industries.

### District Meetings

In 2011, the SCA ran district meetings, holding two per day, with five meetings in the south and five in the north, through the last week of October. The final meeting was held the following Monday. Of the six districts up for election, three directors returned without challenge, one director was replaced by an acclamation victory and two districts held elections.

CCA speakers at the district meetings included John Masswohl, Ryder Lee, Rob McNabb, Dennis Laycraft, Travis Toews and Martin Unrau. All meetings produced positive discussion on a wide range of issues and topics. Most meetings also included Canadian Cattle Identification Agency representatives to answer questions about their role and activities.

### Staffing

Staffing has entered a period of stability, following some initial growing pains. In late December 2010, Bill Strautman took on

the role of communications specialist. Crystal Siemens started as administrative assistant in January and Craig Douglas accepted the policy analyst position in June.



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### Agricultural Banking



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In mid-May, CEO Keith Robertson took a medical leave that continued until September 1. In his absence, Jamie Blacklock assumed the role of interim CEO and Jean Jones took over the role of temporary bookkeeper. Robertson has since returned to work as CEO and Blacklock has resumed her role as bookkeeper.

The original SCA office was housed in temporary facilities on a monthly rental agreement. In September, the SCA moved to its current location and has entered into a five-year lease, with an improved office space and more permanent location.

### Communications

At the end of 2010, the SCA launched The Saskatchewan Cattlemen's Connection, a magazine that is the association's main communications tool. It's used to inform cattle producers of meetings, nomination dates, association activities and other SCA notices, plus provide articles of interest to the cattle industry in the remaining editorial space. Five issues were published in 2011. In 2012, frequency is being boosted to eight issues.

The SCA recently developed a trade show display that can be customized for beef industry, grain industry or consumer-type trade shows. Plans for the next year include attendance at beef industry shows to promote the SCA to the cattle industry, at grain industry shows to promote joint opportunities for the beef and grain industries, plus attendance at consumer shows to promote the role the beef industry has in environmental stewardship, and in providing safe, healthy, nutritious food to the public.

The SCA also wants to be involved in dispelling some of the misconceptions and untruths that the public may be exposed to regarding the cattle industry.

The SCA forwards the weekly CCA Headlines package and a monthly Industry Update package of information to producer, industry and government emailing lists.

For more information, please visit:  
**[www.saskbeef.com](http://www.saskbeef.com)**

## Manitoba Beef Producers

### Flooding and High Moisture

The spring flooding of 2011 and high moisture conditions gave rise to one of the costliest natural disasters in the history of Manitoba.

Flooding occurred within the Assiniboine River watershed and around the Province's major lakes including Lake Manitoba, Lake Winnipeg, Lake Winnipegosis, Lake St. Martin and Lake Dauphin. High moisture conditions throughout the province caused significant infrastructure damage to all parts of the industry, from cow-calf producers through to feedlot operations.

Cow-calf producers, especially those near the lakes, have been severely impacted. Significant acreage of pasture and hay land will remain flooded through fall. This land was unusable in 2011 and will likely not be able to support full capacity in 2012.



Hay and pasture land throughout the province has been impacted as well. However, good production and high quality hay production on available land has reduced concerns regarding forage shortfalls somewhat.

The impacts of flooding and high moisture and flooding were also felt by the province's feedlot sector. Flooding has caused significant infrastructure losses in Manitoba feedlots. Flooded lots also experienced a significant increase in the conversion rate caused by heightened animal stress and the work required to move to feed and water.

Manitoba may see a decline in herd numbers as a direct result of this year's flooding.

### Flooding Funding Announcement

The Government of Manitoba announced a flood / high moisture assistance package for Manitoba agriculture.

The package was designed with the traditional 60/40 Federal-Provincial split. However, the Province of Manitoba and the Government of Canada (GoC) have not reached agreements on funding arrangements for significant portions of the package (e.g. infrastructure losses).

Of the funding announced by the Province of Manitoba, 41 per cent was aimed at the livestock sector.

The initial announcement included \$24.76 million to address forage shortfalls, as the need becomes apparent. It is unlikely that all of this funding will be required.

The announcement allocated \$23.5 million for forage restoration, estimated at \$50 per acre. As significant acreage remains flooded, it is unclear how much of this funding will be required or utilized.

It is unlikely that the \$5.2 million allocated for feed transportation assistance funding will be fully utilized either. Similarly, the \$1.275 million allocated into a green feed incentive program (estimated at \$15 per acre, and which required an arrangement between livestock producer and landowner) was not fully utilized.


It is almost certain that the \$8 million allocated to repair infrastructure losses for feedlots, dairy, and horticulture operations will be fully utilized. The GoC is not yet participating in this program. However, the Province of Manitoba is honouring its original commitment, which was to cover 80 per cent of costs up to a maximum payout of \$2 million.

The GoC announced it will offer tax deferrals to flooded livestock producers in disaster regions of Manitoba. The tax deferral allows eligible producers to defer income tax on the sale of breeding livestock for one year, to help replenish breeding stock in the following year.

### Environment

The Government of Manitoba passed Bill 46, known as the Save Lake Winnipeg Act. The bill purports to introduce measures that will reduce the significant algae blooms that have appeared on Lake Winnipeg in recent years. A basic premise of Bill 46 is that nutrient loading, and phosphorus in particular, is the cause of the algae blooms on Lake Winnipeg.





Agriculture is a significant target of the bill, despite science that demonstrates that agriculture contributes a small portion of the nutrients flowing into the Lake. While hog production was a particular target of Bill 46, MBP strongly objected to this legislation for a number of important reasons:

- Bill 46 is not based on sound science. MBP believes all environmental regulations should be based on strong defensible science.
- Bill 46 contributes to a widening divide between urban Canada and agriculture. More and more, agriculture is viewed as a problem (in this case a source of manure going into Lake Winnipeg) instead of an economic driver and source of wealth and prosperity.
- Hog production may have been the primary target for this particular piece of legislation but MBP feels it is only a matter of time before non-science regulatory limitations are turned upon beef producers.

### **Animal Health**

Bovine Tuberculosis (TB) in the area surrounding Riding Mountain National Park continues to be of concern to Manitoba's beef producers. The testing mandated by the Canadian Food Inspection Agency (CFIA) costs producers \$14 per head, an estimate based on work done by Manitoba Agriculture, Food and Rural Initiatives.

Prior to the 2011/2012 testing season, producers had been receiving \$7 per head to cover mustering fees, with \$6 from the Government of Manitoba and \$1 from MBP. The GoC did not contribute to the mustering

fee. Unfortunately, funding for the \$6 from the Government of Manitoba has since expired. The Province has indicated that they will not fund the program without participation from the GoC.

MBP is looking to the GoC and the Province of Manitoba to agree to cover all of the costs associated with carrying out control measures. MBP does not believe that these producers should be forced to stand alone in bearing all the costs of protecting the industry at large.

MBP continues to participate on the TB Task Force, and provide recommendations to Provincial and Federal Ministers to deal with this ongoing issue. Over the past number of months it has become clear that an eradication strategy cannot be accomplished without coordination of efforts between multiple departments.

MBP has created a proposal that would see the appointment of a TB Coordinator who would oversee the eradication efforts of all departments. The TB Coordinator would be given the specific mandate to eradicate TB from the Riding Mountain Eradication Area (RMEA). Under our proposal the TB Coordinator would report to the Ministers who head the Departments involved in the TB issue. Provincially, these departments are Manitoba Agriculture, Food and Rural Initiatives and Manitoba Conservation; federally, the responsible departments include the CFIA, Agriculture and Agri-Food Canada and Parks Canada.

It is important that the TB Coordinator report to Ministers, to ensure that the politicians responsible fully understand what is

happening in the RMEA and to ensure the political will is there to carry out the measures necessary to move us closer to eradication.

### **Biosecurity**

MBP generally supports the approach to biosecurity that has been developed through an ongoing consulting contract with Matt Taylor. Key elements to our support are that:

- Biosecurity programs must remain voluntary;
- Current biosecurity programs must be primarily focused on education and awareness;
- Delivery of biosecurity programs must remain in the control of producers.

### **Research**

MBP is supporting a recently developed research project at the University of Manitoba aimed at "Developing Algorithm for Fertilizer Equivalence of Different Manure."

Project funding has been allocated to a three year research project on leafy spurge and a three year greenhouse gas mitigation project.

MBP has recently completed a solid manure utilization project, conducted through the University of Manitoba.

MBP is participating in a Residual Feed Intake project coordinated through the University of Manitoba. Through partnerships with other cattle organizations and governments the project has been able to be expanded prairie wide.

MBP has recently supported a project from the University of Manitoba that will survey production practices across Western

Canada. The project is supported by various levels of government as well as other beef organizations.

### **Dealer Bankruptcy**

Bankruptcies of licensed livestock dealers have significantly impacted the viability of some beef producers in Manitoba. Producer concern was evident at MBP fall district meetings, where the issue was raised at almost every District Meeting held throughout Manitoba this fall. Resolutions on this subject were also passed at our Annual General Meeting.

MBP will be focusing on both issues dealing with dealer bankruptcy over the next few months. The issue of bonding/assurance requires a long-term solution, working in coordination with other provinces and the Canadian Cattlemen's Association.

In the short-term, MBP will be lobbying the provincial government to immediately take a leadership role in addressing the oversight of licensed dealers. Two areas MBP views as necessary to improving licensee vigilance are in reporting and communication. There may be opportunities to work with other provinces on a common licensing approach.

### **Remembering Past President Major Jay Fox**

MBP is deeply saddened that on Dec. 23, 2011, Major Jay Fox passed away at the age of 32 years. Jay served two terms as President of MBP in 2010 and 2011, one term as Second Vice President in 2009, and six years as District 12 Director.

Jay, a fourth generation cow-calf producer in Eddystone, is survived by his loving wife Angie

and his children Devon, Charlee, Porter and Major.

Throughout his career and life as a cattleman, Jay worked to change the landscape of the beef industry.

His integrity and tireless efforts on critical issues benefited all beef producers in Manitoba. Jay was a true champion of the beef industry in Canada.

MBP extends our deepest condolences and support to Jay's family and friends at this sad time. Should friends so desire, memorial donations may be made in memory of Jay to a trust fund for his children. Donations may be made at any branch of TD Canada Trust.

#### **New Directors and Executive**

MBP welcomes five new directors to its Board of Directors:

- Ramona Blyth of MacGregor, Manitoba
- Stan Foster of Benito, Manitoba
- Dave Koslowsky of Killarney, Manitoba
- Bill Murray of Makinak, Manitoba
- Heinz Reimer of Steinbach, Manitoba

MBP appreciates the individuals who have stepped forward and made a two year commitment to the organization.

MBP has also elected a new Executive for 2012:

- Ray Armbruster, President
- Mac McRae, Vice-President
- Theresa Zuk, Treasurer
- Trevor Atchison, Secretary

For more information, please visit:

**[www.mbbeef.ca](http://www.mbbeef.ca)**

## **Ontario Cattlemen's Association**



The Ontario Cattlemen's Association (OCA) is pleased with a number of our accomplishments in 2011. We were able to build a number of important alliances that proved to be a success in the establishment of and improvements in a number of producer programs in Ontario. As an industry, we experienced strong prices in all sectors of the industry with prices that approached or exceeded those not seen since 2001. Although high input costs remained to be an issue for our feedlot producers, on a positive note, we saw strong stocker prices in both the spring and fall for our cow-calf producers.

As an organization, the OCA was involved in a number of initiatives to assist producers in improving the longevity and success of their individual operations, as well as the entire beef industry in the province.

#### **Ontario's Risk Management Insurance Program**

Perhaps our most significant accomplishment was the establishment and implementation of a permanent Risk Management Insurance Program (RMIP) for all non-supply managed commodities. For more than two years, the OCA memberships' number one priority with government was to establish a permanent RMIP. This program will ensure our producers have a predictable and bankable program upon which they can confidently make investment decisions. Ontario consumers

will also have the assurance that safe, environmentally responsible, locally grown food will remain a viable option for them and their families in the future.

The insurance-based program was delivered to producers in the fall of 2011 through a number of information sessions across the province. Applications were accepted and processed in late fall.

#### **Government Relations**

Ontario voters went to the polls in October 2011 for a provincial election where Liberal Premier Dalton McGuinty won his third consecutive election in a minority government. As a result, Ontario agriculture saw a significant change to the political situation with the loss of a number of rural Members of Provincial Parliament (MPP). The OCA will be working closely with the new Minister of Agriculture, Food and Rural Affairs, The Honourable Ted McMeekin, and all new MPPs to discuss plans for agriculture and the beef sector moving forward and ensuring they are up to speed on the issues facing our members.

Federally, the OCA continues to be involved

in an MP Working Group with a number of other Ontario agricultural commodities. The MPs involved have an interest in Ontario agriculture and desire to represent Ontario farming and its unique needs to Agriculture and Agri-Food Minister Gerry Ritz and their urban and rural caucus. This collaboration allows all participants to discuss and explore

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avenues for improving the business risk management programs that are available to Ontario producers.

### **Ontario Feeder Finance Co-operative Program**

In August, the Ontario Government continued its support for the Ontario beef industry by announcing an increase in the amount of funding available for the Ontario Feeder Cattle Co-operative Program from \$80 million to \$130 million. This was welcome news for our industry as the Ontario Feeder Cattle Co-operative Program has been a successful venture for more than 20 years in the province. The much needed increase of funding will ensure continued support for the cattle feeder sector in Ontario and will provide the resources to help our young farmers establish themselves in the cattle industry. Since the inception of the program, over 1.3 million cattle have been purchased by more than 3,000 members. The number of young farmers in the program is well above the industry average, indicating the need for such a program to assist young farmers to get established in the industry.

### **Leadership Development Program**

In collaboration with the Rural Ontario Institute (ROI), the OCA has committed to the development and implementation of a pilot program to recruit and retain a group of visionary organization leaders who are capable of moving the Ontario beef industry forward. The pilot program will increase the leadership skills of existing or potential organization leaders, and better prepare leaders to move the industry forward in times of change or challenge.

The concept of this program arose from a county resolution brought forward to the OCA. The pilot program is scheduled to begin in early spring of 2012 for approximately 40 selected participants and will include a number of training days covering various topics such as governance, meeting management, leadership styles and organization assessment and planning.

### **Ontario Corn-Fed Beef**

The OCA continues to support the Ontario Corn-Fed Beef Program, a program that was established to provide a high-quality, premium branded, beef program for the Ontario marketplace. The OCA was pleased to see that one of Canada's largest grocery retailers introduced Ontario Corn-Fed Beef in more than 150 retail locations across the province in the summer of 2011. With retail sales exceeding expectations, this is a great opportunity to grow and strengthen our entire beef industry.

### **Biosecurity**

The OCA last reported that we had been working with the sheep, veal, goat and rabbit commodities on Phase II of a biosecurity gap analysis project which assessed the on-farm biosecurity practices and emergency response capabilities for the cow-calf, backgrounder and feedlot sectors in Ontario. A new cost calculator model is now available to help the livestock industry put a price tag on disease outbreaks. The program, built in an Excel spreadsheet, will calculate the cost of moderate or severe outbreaks of specific diseases on beef, veal, sheep, goat and rabbit farms. This includes Bovine Viral Diarrhea (BVD) and mycoplasmosis in cattle.

Producers must input a series of data in the spreadsheet, such as feed costs, average daily gain, mortality rates and others, in order for the model to generate results. The goal behind the model is to get producers thinking about the impact disease and sickness has on certain variables such as feed conversion which ultimately impact a producer's bottom line.

A communications and education program based on the findings of the project is also underway. Part of this includes the development of a livestock purchasing guide which provides producers with simple recommendations for buying, movement and transportation, isolation and introduction, health and housing, and breeding and reproductive management which help promote good management practices that work to reduce the prevalence of on-farm disease.

### **Research**

The OCA currently has 14 Farm Innovation Program (FIP) research projects in-progress, the purpose of each project falls under one of the research priorities set by the organization. The priorities are as follows:

- Economic Research and Analysis as it Relates to Ontario Beef Production
- Environmental Sustainability
- Improved Animal Health and Welfare
- Marketing Opportunities for Ontario Beef – Product Development
- Production Efficiency
- Safe Product

\*All FIP projects are to be completed by the end of 2012.

### **Supporting the Development of Calf Clubs to Foster Improved Margins for Cow-Calf Producers**

The Ontario feedlot sector requires approximately 600,000 feeder cattle per year. With the Ontario beef cow herd being less than 350,000, there is a great potential for Ontario cow-calf producers to meet an obvious need. Since 2010, the OCA has worked with selected cow-calf producers to develop (and expand existing) calf clubs that will raise similar-type cattle under defined protocols with the intent of placing attractive sized lots of preconditioned Ontario calves into special calf sales. Participating producers have been encouraged to get involved in benchmarking surveys and grazing mentorship relationships. We have been building upon the premise ID information that has been gathered through past programs to enhance the traceability aspect of these calf clubs. This project will give us documented evidence to show Ontario's cow-calf producers that being proactive and working together can result in improved profitability. It will show producers clear steps they can take in order to increase their returns, and meet the needs of Ontario's feedlots. New clubs have worked throughout the year to increase offerings of these calves. Overall strong prices have narrowed the price differential, but consignors and buyers continue to support this initiative. The funding to this program is set to end in December of 2012.

### **Beef-Specific Johne's Disease Awareness Program**

With funding from the Agricultural Adaptation Council, the OCA and OMAFRA have partnered on a beef-specific project to raise awareness of the incidence of



Johne's Disease in purebred beef herds in Ontario, and to develop best management practices that will be available to the industry as a whole to mitigate the spread of the disease. The goal is to enrol 75 herds with average herd numbers of 40 cows. The herd veterinarians will take blood samples from the cows and the samples will be tested at the Animal Health Lab in Guelph. Once the results are available, the veterinarians will return to the respective farms and provide a farm-specific Risk Assessment and Management Plan (RAMP) to the farmer.

To date, 78 herds have enrolled in the program and 45 of these farms have been tested and have completed an on-farm RAMP. Testing identified Johne's disease in 20 herds, with 12 of them showing the disease in multiple animals. These results suggest that Johne's disease is a contagious disease.

### **Verified Beef Production™ On-Farm Food Safety Program**

The challenges continued for the Verified Beef Production™ (VBP) program in Ontario in 2011. The program has carried out more on-farm audits for producers who viewed VBP registration as a component of their own marketing program. To date, 2,777 producers have received training under the national on-farm food safety program; 122 operations in Ontario are now registered. The VBP program continues to provide training and materials for special producer groups to set the foundation for brand evolution strategies.

Our hope is that inclusion in the Growing Forward II with funding support similar to other provinces would reinvigorate the program and encourage increased uptake

in On-Farm Food Safety for our Ontario Beef Producers. We are pleased that VBP participation has been included as an eventual eligibility requirement for Ontario's Risk Management Insurance Program for cattle.

For more information, please visit:  
[www.cattle.guelph.on.ca](http://www.cattle.guelph.on.ca)

## **New Brunswick Cattle Producers**



The past few years have been very challenging for the New Brunswick Cattle Producers (NBCP) and all other agriculture organizations.

We have faced setbacks, but are slowly implementing small changes that are improving the outlook for producers. While we have not solved all our issues, we are a work in progress and determined to improve the industry for our producers.

The past year has been a very busy one for NBCP. We have been successful lobbying government for funding for projects for producers to improve their operations. The projects initiated during 2010-2011 are as follows:

### **Genetic Enhancement Program**

The objective of this program is to foster continued improvement of the genetic base of the New Brunswick livestock sectors through the purchase or the retention of genetically superior animals. The continual introduction of genetically superior animals will ensure

producers have the ability to consistently produce the highest quality livestock on a competitive basis, thereby giving producers the means to adapt to and take advantage of new production and marketing opportunities in our sector. The Board worked with Department of Agriculture staff to ensure this program was available and we were very fortunate to have this program offered again.

### **Herd Health Program**

The overall objective of this project is to encourage cow-calf producers to add value to their calves by following prescribed vaccination and de-worming protocols. The goal is to enhance market opportunities by promoting value-added calves, to develop a whole herd health program in conjunction with veterinarians and to improve financial returns for cow-calf producers as well as feedlot operators. We were both surprised and pleased with the uptake of the program. This goes to show that producers are interested in improving the health of their herds and garnering a premium price for their animals.

### **ATQ Traceability Pilot Project**

The NBCP has partnered with the Government of New Brunswick and Agri-Traçabilité Québec for this 8 to 10 month project. The goals of the project are to collect traceability data with automated systems for participants in New Brunswick's pilot project; collect a history of animal movements through New Brunswick and last-visited premises from Québec and provide a date of birth for New Brunswick cattle to abattoirs and auctions.

### **Premium Market Initiative Project**

Another project underway is the two year

Marketing Adaptation project. We have secured funding to help producers understand and adapt to what is needed for marketing calves for the greatest return possible. As we all know it is a different world we live in now and with costs escalating, we need to realize every dollar we can and mitigate discounts. We have hired a Project Manager who will:

- Identify the requirements of the marketplace for feeder calves in Quebec and elsewhere;
- Conduct a needs assessment on New Brunswick farms to determine how best to harmonize New Brunswick cattle offerings with the needs of the external market with a major emphasis on Quebec;
- Develop a standard template enabling producers to meet or exceed market requirements;
- Recruit 30 producers willing to participate in the pilot project.

### **N.B. Beef Conference**

The N.B. Beef Conference held November 19-20, 2010 was a great success. The conference was attended by 75 people. The attendees consisted of mostly beef producers and also included government representatives and industry representatives. Most of the beef producers came from New Brunswick but there were also a few from Prince Edward Island and Nova Scotia. The conference had a trade show with 10 booths advertising to the conference participants and the speakers were excellent.

### **Financial Update**

The finances of the NBCP have improved from a year ago, however we have a long way to go before we are where we need to

be. It is a requirement by the Farm Products Commission that the Board have one full year's operating expenses in the bank.

It is imperative that producers work with the Board to ensure that they only sell their animals to Licensed Livestock Dealers and that the Dealer is deducting the check-off. It is also imperative that the Licensed Livestock Dealers remit the check-off that they deduct from the producer's along with the copy of the producer's field report so that producers can participate in projects and programs in the coming year.

### NBCP Member in Good Standing

All producers will need to be in good standing with NBCP in order to participate in any project or program sponsored, administered or funded by the NBCP, and some government programs. In order to be in good standing producers will need to:

- Ensure that levy is paid for all animals sold;
- Sell their animals to only those licensed livestock dealers, abattoirs or auction barns who have a current valid license;
- Remit levies directly to the NBCP for all animals sold other than to licensed dealers, abattoirs or auction barns.

### Cross Compliance

Cross Compliance was initiated as of July 15, 2011 and all producers will need to be in Good Standing with NBCP in order to participate in any project or program sponsored, administered or funded by the NBCP, and some government programs.

Cross compliance means that certain criteria will be required by producers to be eligible

to participate under some programs and projects initiated and/or administered by the NBCP. The NBCP has government support for cross compliance for programs NBCP administers and this may also include certain government administered programs.

The Board office will be maintaining a database for sale transactions received from livestock dealers, abattoirs, auction barns and producers. The database will be used to verify that producers' levies have been paid and remitted to the NBCP.

To participate in programs and projects producers are required to:

- Be a member in good standing;
- Submit receipts (livestock dealer field receipt or auction barn receipt) showing levies paid for all animals sold with all applications to participate in programs and projects;
- Producers who retain their animals and wish to participate in programs will be required to sign an affidavit in lieu of sales receipts and return it with their application for programs and projects.

We are encouraged by the positive producer support for these initiatives implemented in the past year. These initiatives will benefit everyone in the industry as long as we continue to have a strong united organization moving forward.

NBCP Chair, Jennifer MacDonald would like to express her gratitude to the Directors who have sat on the Board for the past year. They are determined and committed to improving the industry in New Brunswick and give their time willingly to see that goal achieved.

## Nova Scotia Cattle Producers



Profitability has returned to the market place. Since the spring, strong pricing has helped nurse the turnaround the industry needs. Producers finally have a little more money in their pockets to begin the long, slow and difficult process of rebuilding cow herds decimated by years of low prices and challenging margins.

Optimism is one thing, and recovery is quite another. Is better pricing the answer to the enormous challenges facing producers and the industry? Do \$1.40 calves solve all problems? Has the marketplace finally provided a long-term solution?

Out West, producers talk about 'the 60/60 program.' Basically, this means when the price for cull cows reaches 60 cents per pound, a producer reaches 60 years of age and it's time to sell out. We are witnessing far too much 60/60 in Nova Scotia.

Perhaps there's also a '50/50 program' for younger farmers. Producers find themselves reduced to selling 50 per cent of their cows to meet 50 per cent of their debt. There's far too much 50/50 in Nova Scotia. Herds disappear as individuals are forced to pay down debt with equity, giving away the equity the 60/60 crowd is chasing.

This fall we learned something very significant from our shipbuilding crowd. They invested a decade of time, money and leadership in a strange version of 'buy local.' Their industry

developed and supported the strategic principle that the future of the shipbuilding industry relies on the fundamental proposition that cheaper boats built offshore create less value than those built at home. Close to \$30 billion, captured by that strategic paradigm, is now targeted for long-term investment in the Nova Scotian shipbuilding industry by the Government of Canada. Some strategy; some success.

In cattle terms that means cheaper meat from elsewhere does not create the value of meat grown at home. In other words, there's a lot more money to be made and a lot more industry to grow if Nova Scotians are feeding Nova Scotians. If we want success, we need to find again the strength in the tradition of Nova Scotian independence. We need to develop our own approaches to our own market place in order to end decades of dependency on imported beef. We need to work as hard as we can to sell more and better beef right here at home.

This fall we also learned something very important from the lobster industry. It's possible to tag and trace lobsters. Furthermore, retail chains love the idea. In the past few months we have experienced a strange marine version of traceability. Consumers now know a lot more about the lobster they buy than the beef they purchase. Tagging, traceability, and protocols have created a significant advantage in the market place for the lobster industry – a buy local hybrid. Consumers have access to a complete value chain right back to the lobster trap – a kind of Beef InfoXchange System (BIXS) for fish. Food in Nova Scotia is slowly moving away from its historical commodity-based

structure. The cattle industry cannot afford to ignore the market place challenge thrown down by the fishery.

In spite of these challenges, there have been a number of important initiatives this year.

The critical importance of research in the beef sector has clarified this year. There has been a significant increase in research proposals and projects throughout the region. On July 26th, a Regional Research Meeting held at the Nappan Experimental Station brought focus to the increasing importance of research in the beef sector. There is significant research being done through the Beef Cattle Research Council (BCRC), the Agricultural College, the Nappan Experimental Centre, and the Cape John Project of the Provincial government. A powerful dialogue is opening up between the beef industry and the research community in Eastern Canada. There is no doubt that research will have a large role to play in the renewal of our industry.

The Maritime Beef Council (MBC) has finally become formalized, legalized and regulated. The idea for a regional organization representing the shared interests of Maritime producers had been promoted more than five years ago. The idea was revitalized in the fall of 2010 and the last documents were finalized this fall. The MBC's focus is on research and the regional strengths of the beef industry, which is both relevant and current. There are many ways for the three Maritime Provinces to co-operate in order to strengthen the beef industry in this part of the country.

A genetic enhancement program has been operating in Nova Scotia since April. The Province is investing in better cattle by improving herd genetics. One critical element in the Genetics Program is a compulsory record keeping approach. The Nova Scotia Cattle Producers (NSCP) believes that, in the long run, enhanced records will be more valuable than direct, but capped, price support for the purchase of heifers and bulls. More attention to the details of herd genetics can only lead to a strengthened industry.

The 'buy local' movement is very important in Nova Scotia agriculture. In the past five years growth in the farm market sector has exploded. At the same time, many producers have begun marketing directly through social media. In short, change is coming to the beef market place. The proposition that there should be Nova Scotia meat on Nova Scotian tables is gaining a profile in local markets. The Slow Food movement is also beginning to create interest around a variety of choices in the marketplace. The basic proposition seems to be that surely the Nova Scotian marketplace for food is meant to exist beyond two national chains.

The NSCP Board includes voting representation from the Dairy Farmers of Nova Scotia. That link is a critical part of a strong beef sector. There is a significant cull cow and veal industry supported by the dairy industry in this province. Our advocacy for improved market access and full traceability are important. The work done by the beef industry to ensure access to American markets plays out for dairy producers in strong prices for cull cows. Improved equity is critical, for all producers – both dairy and beef. Nova Scotia

beef producers are working hard to build the beef industry up – not to tear the dairy industry down.

For more information, please visit:  
**[www.nscattle.ca](http://www.nscattle.ca)**

## Prince Edward Island Cattle Producers



The Prince Edward Island Cattle Producers (PEICP) will hold its next Annual Meeting in March, 2012. Following this meeting, the new Board will come into effect.

### Board of Directors

The new board consists of Peter Verleun, Chair; Ivan Johnson, Vice-Chair; Brian Morrison, Secretary-Treasurer; David McCloskey; Jeremy Stead; and Sterling Jay. Ex-Officio Director, Ronnie MacWilliams, will represent the Dairy Farmers of PEI.

### Staff

PEICP staff consists of Rinnie Bradley, Executive Director and Amanda Tweedy, Atlantic Verified Beef Production™ (VBP) Coordinator and Traceability Project Coordinator.

### Levy Collected/Refunded

The Board collects a mandatory, non-refundable levy of \$4 per head on animals at the time of slaughter. During 2011, \$62,482 in levies was collected from producers.

### Activities

Amanda Tweedy was hired to deliver the VBP program in the Atlantic Provinces. She recently developed a newsletter that was sent to all beef producers in Atlantic Canada. Tweedy continues to provide direction and training to individuals who want to participate in the VBP program. She is also the coordinator for the PEI Traceability Pilot Project titled Using Technology for Tracking Beef Information that will collect data from the birth date of calves through age verification and follow the animals through to Atlantic Beef Products, capturing health, movement and carcass data on each animal. This project will measure the effectiveness of the traceability systems in capturing and sharing data that are currently available to Island producers. Tweedy is also working with producers to capture premise data so that producers can be allocated a premises ID number from the PEI Department of Agriculture.





The PEICP is a member of the Maritime Beef Council (MBC). The Council has recently been formalized. A new Board of Directors has been selected and meetings will begin in the New Year. The MBC is unique in that it provides a forum for the three Maritime cattle organizations to discuss and collaborate on issues of mutual concern. A strategy for the MBC was developed and details will be released in the coming months. The strategy promises to provide solid direction to the beef industry in Atlantic Canada.

Promotion is an important part of our mandate. Throughout the year the PEICP participated in promotions at various events. During the summers they are represented at fairs and exhibitions through Savour the Flavours. This promotion uses Island beef in recipes that are prepared and shared with the public in attendance. During these presentations, facts about the Island beef industry are shared with the audience. In April, the PEICP launched its first PEI Burger Love campaign. During this campaign, 14 participating restaurants vied for the public's affection by inviting them to sample their burger and asking them to rate it online. Votes were tabulated, and there was a tie declared for PEI's Most Loved Burger.

Last August the PEICP hosted a BBQ for the entire Liberal Caucus. This event provided directors with an opportunity to promote the Island's beef industry to the current reigning provincial government. Additional events occurred throughout the year where beef was promoted. This was especially true during the fall months when the PEI Fall Flavours promotion was underway. A signature event: Beef 'n Blues, was held in Summerside, PEI. PEICP believes it is important to participate in

these events in order to promote the industry and the beef produced on the Island, and seize every opportunity to do so.

The PEICP continues to partner with the PEI Department of Agriculture by offering the Beef Industry Initiative which provides funding for Herd Health, Handling Facilities, Premium Sires and Genetic Heifer Retention. All of these programs have contributed to a significant improvement in the health and genetics of our beef herd. These projects are geared toward increasing the profitability of the Island's beef industry, something the PEICP will continue to strive for.

The PEICP has two representatives at the national level. Ivan Johnson sits on the Board of the Canadian Cattlemen's Association (CCA) and John MacDonald sits on the Board of Canada Beef Inc. Both these individuals take their responsibilities very seriously and are doing a stellar job in keeping the PEICP Board up to speed on national issues.

The PEICP is focused on improving its financial situation and is pleased that the National Check-Off system is in place. Over the next six months the organization will be undergoing an internal review to determine areas where levy collections is inadequate, where spending cuts need to occur and where other revenues can be realised. Part of this process includes a review of the PEICP's Strategic Plan. It's important to make sure that we are meeting our goals and objectives and controlling the costs of doing so. This review should be completed before March 31, 2012.

A lot of effort has been directed toward the repayment of Severe Economic Hardship

loans from the Advanced Payments Program. Producers in PEI took out a significant amount of money under these loans and while repayment has been delayed several times already, the latest stay of default repayment conditions have a lot of producers concerned. We are currently working with both the Provincial and Federal governments to find a solution that will help our producers repay these loans without going into default. We recognise that this problem is mainly focused in PEI, and we believe that is because our prices have rebounded at a slower rate than those in the rest of the country. As well, other provinces received significant amounts of

provincial funding for other programs that helped to off-set these loans. Regardless, it continues to be a major issue for us, and cannot be ignored. The PEICP will continue to work on behalf of our producers to find solutions to this problem.

It has been a busy year for the PEICP and we are pleased to see the direction the industry is heading. Prices are steadily improving and the industry is finally on more stable footing. Let's hope this trend continues.

For more information, please visit:  
**[www.peicattleproducers.com](http://www.peicattleproducers.com)**

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# financial report

## Schedule of Operations and Net Assets

Year ended June 30, 2011, with comparative figures for 2010

		2011	2010
<b>Revenue</b>	<b>Assessments</b>		
	British Columbia	95,332	92,498
	Alberta	1,504,559	1,522,566
	Saskatchewan	582,083	555,888
	Manitoba	247,342	225,670
	Ontario	337,568	404,432
	Quebec	-	-
	Prince Edward Island	9,513	9,630
	New Brunswick	9,793	9,914
	Nova Scotia	11,751	11,896
		<b><u>2,797,941</u></b>	<b><u>2,832,494</u></b>
	Legal Assessment	261,760	737,354
	Interest	6,248	564
	Other	92,884	43,714
		<b><u>3,158,833</u></b>	<b><u>3,614,126</u></b>
<b>Expenditure</b>	CCA Division Services	248,211	202,399
	Calgary Office	828,784	761,656
	Ottawa Office	344,477	324,097
	Legal Reserve	567,849	737,354
	Communications	34,129	70,331
	Convention	23,228	6,810
	Executive & Finance	179,065	188,838
	Advocate Services	658,319	538,451
	Annual Meeting	79,075	92,897
	Semi Annual Meeting	56,458	49,435
	Animal Health & Meat Inspection	102,112	66,925
	Animal Care Committee	23,138	16,585
	Value Creation & Competitiveness	3,726	3,939
	Foreign Trade Committee	43,128	36,347
	Domestic Ag Policy	17,728	15,449
	5 - Country	13,741	26,168
	Young Leaders Program	48,571	-
	Environment	32,090	34,800
		<b><u>3,303,829</u></b>	<b><u>3,172,481</u></b>
	Excess (deficiency) of revenue over expenditure	(144,996)	441,645
	Net assets, beginning of year	<u>648,104</u>	<u>206,459</u>
	<b>Net assets, end of year</b>	<b>503,108</b>	<b>648,104</b>









# partners program

The CCA Partners Program is a corporate membership program for organizations wishing to affiliate themselves with the CCA and the Canadian beef industry. In addition to showing support for Canadian cattle producers, the program also provides corporations an opportunity to become more active in this vital part of our economy and to participate in issues affecting the industry. As a non-voting industry member, it is a unique method to foster great relationships with those involved in the cattle industry, including industry leaders, government representatives and more than 83,000 Canadian beef producers.

The program consists of three levels of partnership - Prime, AAA or AA, allowing organizations to choose the level of involvement that best suits their corporate sponsorship goals.

We encourage you to become involved to help ensure the future of this exciting and vital industry. Together, with your support, we will continue to work towards having Canadian beef recognized as the most outstanding by Canadian and world customers.

To become a partner, visit the CCA website at [www.cattle.ca/become-cca-partner](http://www.cattle.ca/become-cca-partner) or call the CCA office at 403.275.8558.

## Prime Partners

### Farm Credit Canada



As Canada's leading agriculture lender, FCC is advancing the business of agriculture. With a healthy portfolio of more than \$21 billion and 18 consecutive years of portfolio growth, FCC is strong and stable – committed to serving the industry through all cycles. FCC provides financing, insurance, software, learning programs and other business services to producers, agribusinesses and agri-food operations. FCC employees are passionate about agriculture and committed to the success of customers and the industry. For more information, visit [www.fcc.ca](http://www.fcc.ca)

### Merck Animal Health



Merck Animal Health, is a fully owned subsidiary of Merck & Co. Inc., based in Whitehouse Station, NJ, USA. Focused on the research, development, manufacturing and marketing of animal health products, the company offers customers one of the broadest, most innovative animal health portfolios, ranging from products to support performance to products that prevent, treat and control disease in all major farm and companion animal species. Merck Animal Health is located in Kirkland (Montreal), Quebec.

### Scotiabank

## Agricultural Banking



Scotiabank is one of North America's premier financial institutions and Canada's most international bank. With more than 75,000 employees, Scotiabank Group and its affiliates serve some 19 million customers in more than 55 countries around the world. Scotiabank offers a broad range of products and services including personal, commercial, corporate and investment banking. With assets above \$575 billion (as at October 31, 2011), Scotiabank trades on the Toronto (BNS) and New York Exchanges (BNS). For more information please visit [www.scotiabank.com](http://www.scotiabank.com).

## AAA Partners

### Merial Canada Inc.



Merial is a world-leading, innovation-driven animal health company, providing a comprehensive range of products to enhance the health, well-being and performance of a wide range of animals. Merial employs approximately 5,700 people and is the Animal Health subsidiary of sanofi-aventis. For more information, please see [www.merial.com](http://www.merial.com).

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## AA Partners

### GrowSafe Systems Ltd.



Since 1990, GrowSafe's engineers and scientists have been developing RFID based automation tools and applications for livestock producers which maximize profitability through better decision-making, ensuring animal health and well being. GrowSafe feed intake and behaviour technology has been installed worldwide identifying those animals that grow as quickly as possible, eat the least amount of feed, require the least amount of medical treatment, and produce the best grading carcass, enabling selection for animals that perform consistently on the ranch and in the feedlot. A strong supporter of Canadian agriculture GrowSafe is proud to be a sponsor of the Canadian Cattlemen's Association.

### CIBC



For what matters.

CIBC has been in the business of serving agriculture clients and local communities for over 125 years. We have a wealth of experience in delivering financial solutions that meet the unique needs of your agriculture business and are ideally suited to helping you achieve your goals. CIBC offers a wide range of customized solutions, whether it is managing day-to-day expenses, expanding your business or investing for the future, your team of dedicated CIBC advisors and Agriculture Specialists can help you find everything you need for your agriculture business.

# 2011

Our vision for a dynamic, profitable Canadian beef industry  
is to have Canada's high-quality beef products recognized  
as the most outstanding by customers at home and around the world.



Canadian Cattlemen's Association

310, 6715 - 8 Street NE Calgary, AB T2E 7H7  
Tel: 403.275.8558 • Fax: 403.274.5686  
[www.cattle.ca](http://www.cattle.ca)

