

2010

Canadian Cattlemen's Association **ANNUAL REPORT**



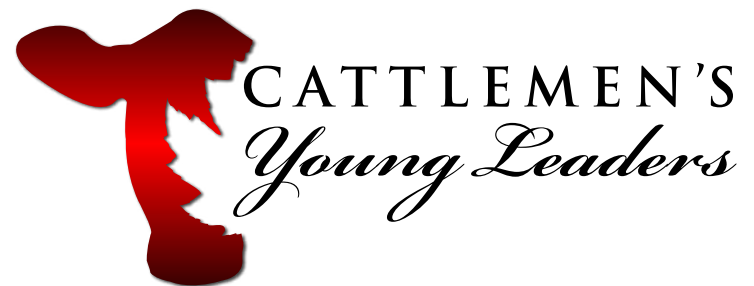
renewed optimism





renewed optimism

CYL Alberta participant Rosie Templeton (R) and her mentor, Dianne Finstad, an agriculture media veteran from Red Deer.



Improving market fundamentals aren't the only reason for the renewed optimism in the Canadian cattle industry. In 2010, the Canadian Cattlemen's Association (CCA) launched a youth mentorship program that enables promising 'up and comers' in the beef industry to acquire the knowledge, connections, experiences and business acumen required to excel as future leaders.

Following a successful pilot in Alberta, the Cattlemen's Young Leaders (CYL) Development Program will launch nationwide in 2011.

For more information, visit the CYL website at www.cattlemensyoungleaders.com.



CYL participants with Temple Grandin at the Five Nations Beef Alliance Young Ranchers Program during the National Western Stock Show in Denver, CO.

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2010-11



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President's Report

Travis Toews



As I look back on the events of the past year, there are a few challenges that producers faced that remain particularly noteworthy.

The abnormal weather on the prairies leaving many areas saturated with water

will no doubt be one of the major stories of 2010. Unseeded crops as well as increased mud conditions in feed yards and in some cases pastures created incredible challenges for some producers. At the same time we saw the beginning of stronger price fundamentals for cattle in North America, although this was tempered to some degree for Canadian producers due to our appreciating dollar.

Tighter cattle numbers in North America and around the world resulted in improved market fundamentals. As economies continue to recover and restaurant demand rebounds, prices for beef and cattle are expected to steadily improve. To ensure that Canadian cattle producers are able to take full advantage of future opportunities, the Canadian Cattlemen's Association (CCA) continues to work on critical issues to further promote improvement in our industry.

We made some headway on the market front last year. The groundbreaking agreement with China marked the first time China has resumed imports of beef from a country that has had a case of bovine spongiform encephalopathy (BSE). While this agreement has not yet resulted in Canadian beef exports, Chinese officials inspected Canadian facilities in December and we are hopeful trade will begin early in 2011.

Under the staged full market access agreement, China will first resume imports of Canadian tallow and boneless beef from cattle under-30-months (UTM) of age. China later agreed to formally lift its ban on these products, a key regulatory step in activating the market access agreement.

The market access agreement with China is directly attributable to confidence in Canada's strong regulatory controls and the efforts of the Canadian cattle and beef industry to ensure the safety of its beef. Of course, the substantial efforts of the Government of Canada and specifically Agri-Food Minister Gerry Ritz to regain trade played a key role.

I spent Canada Day in Shanghai with Minister Ritz and Governor General Michaëlle Jean, promoting Canadian beef at the 2010 Expo event. The event was the first opportunity for Chinese citizens to eat Canadian beef since May 2003 and the beef was very well-received. With the fastest growing economy in the world, China provides significant potential for the Canadian beef and cattle industry in the next decade.

With respect to the U.S. Country of Origin WTO case, the CCA remained fully engaged with the capable Canadian Government team in developing the arguments and gathering evidence. In 2010 there were two substantial written submissions, two oral hearings in Geneva, and detailed responses to literally hundreds of questions from the panel. While it is a challenging case, we believe the Canadian submission presented a very compelling argument to the panel.

We saw good progress in Russia, including access for some boneless over-30-month (OTM) products. Remaining work here includes getting additional facilities approved for export since Russia has not yet approved a systems approach.

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

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

The CCA remained engaged on our other important market access files including Korea, Japan, and Mexico. Canadian carcass value potential will not be fully realized until these markets are fully opened.

Our work to expand the customer base for Canadian beef through the negotiation of a comprehensive economic and trade agreement with the European Union (EU) continued throughout 2010. The CCA strongly endorses the negotiation of such an agreement with the EU, which could be the biggest single opportunity for the Canadian cattle and beef industry since the Canada-U.S. FTA.

Canada's free trade negotiation with the EU will be hitting the critical stages in 2011 with the CCA pressing for significant duty free access.

Late in 2010, we finally obtained access to the EU 20,000 tonne duty free quota awarded to the U.S. as a result of a positive WTO panel ruling regarding our collective hormone challenge. Our Federal government is currently negotiating additional volume to be added to Canada's quota. This quota will expand to more than 45,000 tonnes in two years, and will provide good commercial opportunity for supply chains that are able to meet the EU protocol.

The CCA continued to press for a National Cattle Price and Basis Insurance Program. A national program would give all Canadian producers access to this important market-based risk management tool in what has become an increasingly volatile business environment.

The Cattle Price and Basis Insurance Program and the EU trade negotiation were among the many points I raised during my

To ensure that Canadian cattle producers are able to take full advantage of future opportunities, the CCA continues to work on critical issues to further promote improvement in our industry.

presentation to federal and provincial agriculture ministers at the Federal/Provincial/Territorial (FPT) Ministerial Meeting in July. My comments to the Ministers also included the following:

- The CCA welcomed the recent announcement from the federal government outlining the latest details of the SRM programs first announced in the 2010 Federal budget. The cost of SRM collection and disposal is reducing the competitiveness of Canadian processing plants, particularly for smaller provincial abattoirs. The programs assist in offsetting the costs of SRM disposal and provide funding for processors to implement new technologies to reduce the volumes and costs of disposal. Costs at most small provincial abattoirs are higher than the maximum program allowances. We urge provincial governments to consider adding to this funding to ensure slaughter capacity doesn't move away from cattle. Expanding market access opportunities for provincially inspected beef across provincial borders would also provide relief to this sector.

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

- AgriRecovery has been activated several times in the past few years. While the program has been very helpful, we believe that triggers should be clearly defined and science-based. This will improve the transparency and predictability of the program, and will enable producers to make timely decisions.

- Cattle producers could face a tough time this fall if millions of acres of farmland go unseeded. The widespread wet conditions on the prairies may result in feed shortages, particularly with respect to feed grains. For the benefit of both grain growers and cattle producers, we asked the Ministers to ensure the crop insurance programs do not provide any disincentive to seed when conditions allow. We also asked that any other program response that may be considered be tailored in the same manner.

- And finally, our longstanding AgriStability recommendations remain outstanding. In our view, AgriStability will work better for all producers by redefining or temporarily eliminating the viability test, increasing negative margin coverage to 70 per cent from 60 per cent, improving reference margin calculations by allowing the best of Olympic or last three years and eliminating caps.

Looking ahead, industry competitiveness will continue to be the CCA's fundamental objective as we move forward.

Playing a big role is the Beef InfoXchange System or BIXS. BIXS facilitates the sharing of individual animal performance, genetic, animal health and carcass data through the entire beef chain. BIXS will enable better communication between the cow-calf, marketing, feedlot and packing sectors on an individual animal basis and will offer another mechanism for producers to develop business opportunities.

Following a successful pilot, BIXS was rolled-out to cow-calf producers on high-speed Internet. BIXS has the potential to provide incredible value to the long-term competitiveness of the Canadian cattle industry.

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

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

Encouraged by an industry agreement in Alberta, the Alberta Government has reinstated the mandatory National Check-off in that Province. This is very positive for the industry across the country, as it will ensure funding predictability for market development and research, and will allow us to collect a check-off levy on beef imports.

This research focuses on improving productivity through better feed efficiency, economical SRM disposal alternatives, improved animal health and welfare, and more productive forage and

grasslands. Improved product value is achieved through research focused on improved food safety and improved product quality.

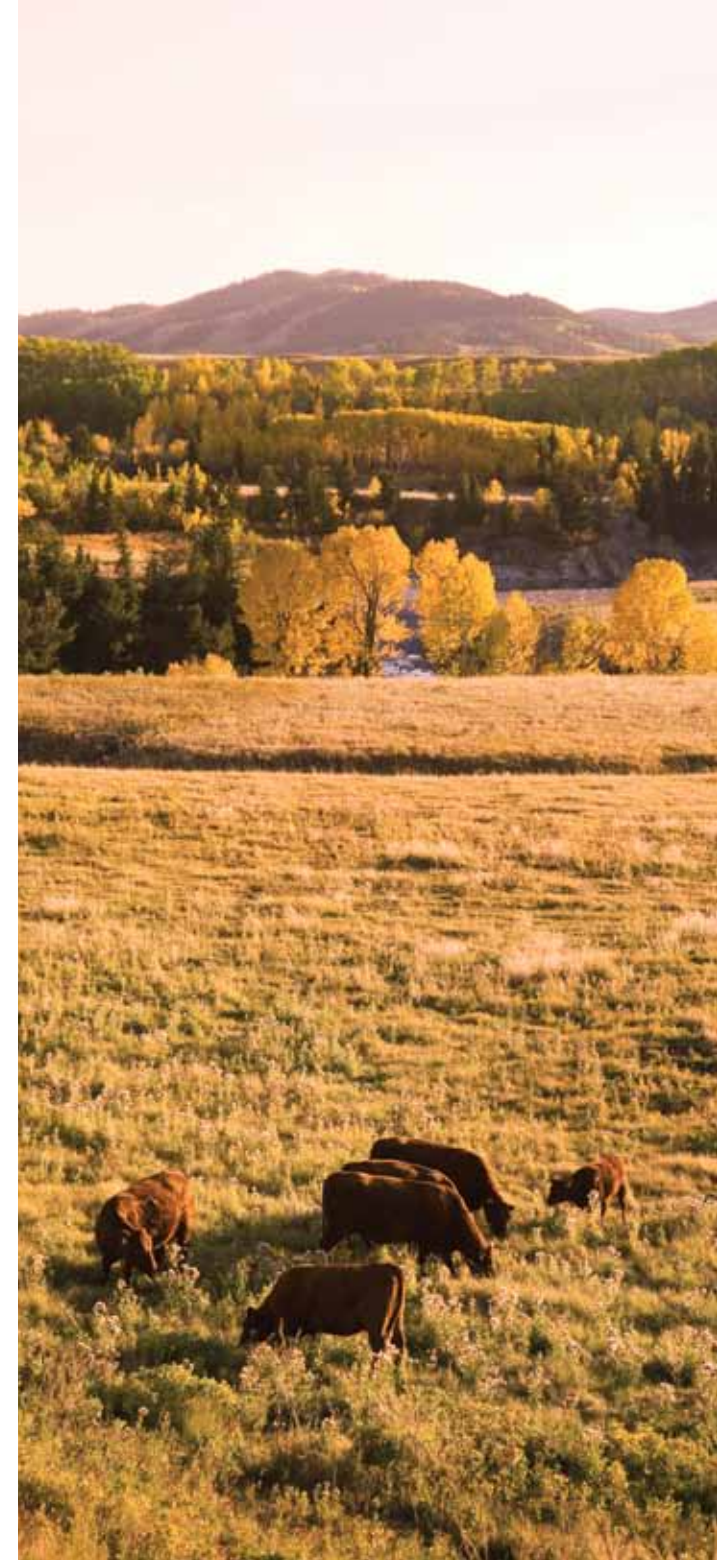
Of course, attracting young people to the industry is crucial. In August, 20 students were on hand for the ILC Calgary Beef 2010, including students from Brazil, Australia, the U.S. and across Canada. For many students, meeting seasoned cattle industry leaders was the highlight of the event. Participating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

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

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

Respectfully submitted,
Travis Toews

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Executive Vice President's Report

Dennis Laycraft



After a difficult start to the year, all indications are that 2010 marked the beginning of a prolonged recovery and resurgence of our beef cattle industry in Canada. There are numerous

fundamental reasons that lead us to feel optimistic about the future.

We have moved to stronger prices, even with a strong Canadian dollar, and higher grain prices - which are essential to our future. Value creation that flows back to cattle producers becomes imperative to sustain this recovery and is a top priority for the Canadian Cattlemen's Association (CCA).

The CCA's top priorities include:

Restoring Industry Profitability

- Competitiveness
- Market Access
- Value Creation
- Innovation

Advocacy - Positive Public Attitudes

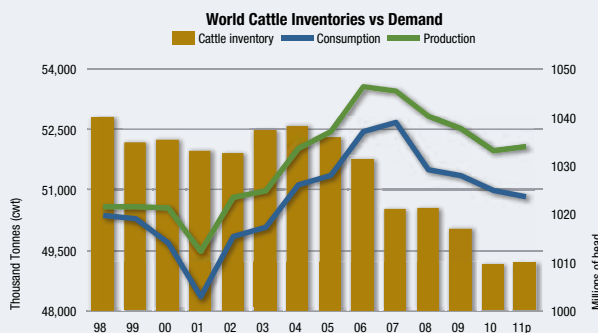
- Positively positioning the importance of cattle producers and the beef cattle industry; and protecting against numerous threats and disparagement

Crisis Management Preparedness

Factors for Optimism

Supply and Demand

World cattle inventories continue to decline while beef consumption is forecast to increase modestly over the next five to 10 years. Supply and demand are shaping up favourably. As incomes increase in emerging markets, high quality grain-fed beef demand is also increasing. Canada and the United States (U.S.) are the two premium suppliers, with Australia and Brazil producing some grain-fed product. The U.S. is at a 50 year low on cattle numbers. Australia has severe constraints on feed grains. Brazil is likely to remain a dominant grass-finishing industry. We believe we are in a stronger position than our main competitors to increase our world market share for high quality beef.



The supply situation will tighten further when producers begin to increase inventories by retaining more heifers for breeding. It will take at least three years before any increase in cattle production would result in increased beef cattle slaughter, and likely much longer.

Demand is showing some recovery in North America with higher end foodservice demand improving, helping middle meat values. Canada is also benefiting from increased market access but is still disadvantaged in a number of key markets, most notably Japan and Korea.

With our current supply situation, our market access priorities have shifted fully to increasing value. We can sell every pound of beef Canada produces. We need access to the highest value customers in the world. We also need to ensure

Canadian packers can out-compete U.S. competitors for the approximately one million head of live cattle we export each year. North America is the highest value market on some cuts, Asia on others, Europe on others, and on and on. It is common for cuts and specialty products from every animal ending up in five or 10 different countries. Our marketing efforts under the Canadian Beef Advantage (CBA) strategy are focusing on full carcass optimization. Simply put, it's finding the highest value customers for every cut and product from every animal that we produce.

For the first time since the establishment of tariff rate quotas (TRQ) for beef in Canada and the U.S. we had increased exports, experienced stronger cow and bull slaughter prices and saw lower manufacturing beef imports from offshore suppliers.

This means world supply and demand is tight enough to prevent the normal back-filling of our market that we have seen in the past.

Competitiveness

Canada's competitive advantage remains in the production of high quality grain-fed beef. Our principal competitor is the U.S. As indicated earlier, Australia and Brazil also feedlot some cattle but are not likely to challenge the dominant position of North America. Our challenge is to compete successfully with the U.S. Our higher Canadian dollar revealed any competitive weakness we have relative to the U.S.

The Beef Value Chain Roundtable (BVCRT) has been systematically addressing numerous regulatory impediments. We have seen the approval process for new veterinarian and animal products become far more efficient and eliminate any backlogs. We are now pursuing similar progress on approval of new plant varieties for forages and feed grains. The BVCRT continues to work on a range of other competitiveness, regulatory and market access issues that impact our industry. The Beef Cattle Industry Science Cluster was established this past year. It brings industry and government together to ensure sufficient research capacity is available and engaged in

undertaking the research most important to our industry. The Cluster is also working to see research and innovation adopted and applied by our industry.

A new Agri-Subcommittee on Food Safety that reports directly to the Deputy Minister of Agriculture was established at the recommendation of the various agriculture roundtables to ensure industry and government is working in partnership on important food safety initiatives.

The CCA struck a task force with leaders in Canada's beef cattle industry and with the Canadian Cattle Identification Agency (CCIA) to establish key principles on national traceability that will guide Federal and Provincial policies expected in 2011. I encourage everyone to study this document, found on our website at www.cattle.ca/leading-edge-initiatives-traceability. It is very important that national traceability policy is done right or it can cause more harm than good. We are recommending a very practical and thoughtful approach to move forward.

World Trade Organization Disputes

This past year saw a huge amount of work and cost go into the mandatory Country of Origin Labelling (COOL) case against the U.S. and the BSE import restrictions that Korea continues to unfairly impose against Canada.

We can expect decisions from the World Trade Organization (WTO) on both cases in 2011 – and it is likely the decisions will be subject to appeals. Both cases have shown Canada's resolve to defend its producers. We have worked in support of the two highly skilled teams carrying the cases forward on our behalf.

With respect to the Korea case, there is a good chance that a negotiated solution can be reached. However with the strength of our case, it must be a sound solution.

The COOL case, which is about the treatment of live cattle imports, will almost certainly run its full course. We have now completed the two public hearings and are expecting the ruling

in July 2011. Our Government of Canada legal team worked closely with the CCA team and presented the strongest possible case.

Summary and Key Future Events

As 2010 progressed it brought an improved outlook to our industry and many efforts are underway to capture the growing opportunities in North America and the global beef market. Even with our higher currency, we are competing successfully against our main competitors and in particular the U.S.

We are also working with these countries through a Five Nations Beef Alliance to address common issues related to animal health, animal welfare, and carbon footprint and sustainability issues.

We are preparing for critical meetings in 2011 on the Canada European Union (EU) Comprehensive Economic and Trade Agreement (CETA) and the WTO negotiations, which appear to have new life. The EU has the potential to become our second largest export market.

It is an exciting time in our industry again. We have a lot of work to do to realize the growing opportunities in front of us. I hope we can all pull together to achieve this.

Respectfully submitted,
Dennis Laycraft

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Division Reports

Beef Information Centre



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

Domestic and Commercial Beef Markets

Awareness of the Canadian Beef Brand

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

The BIC has worked with 168 industry partners and has signed 94 brand license agreements (including 17 with U.S. partners) with retail, foodservice and processing operations, including:

XL Fine Foods; Costco Canada; Canada Safeway; McDonald's; Boston Pizza; Panago Pizza; Freson's IGA; Cargill Meat Solutions; Sobeys; and Quiznos.

Achieve Growth in the Domestic and U.S. Markets

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

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

Campaign results: Awareness of the Canadian beef brand mark increased significantly following the consumer brand campaign – in the GTA, 30 per cent awareness was achieved; 20 per cent awareness was achieved in Alberta. Consumer perception of the healthfulness of beef was nine per cent higher in both regions, for consumers who were aware of the campaign. Several key beef attributes scored higher among consumers aware of the campaign including, "Beef is an important part of a healthy eating plan"; "Ground beef is nutritious"; "Canadian beef is a nutritious and healthy product".

Public relations initiatives targeting food and lifestyle media reached more than 30 million Canadian consumers with positive beef messaging. Since its January launch, the Canadian beef Facebook page has attracted more than 4,300 fans. The BIC's Make it Beef (MIB) Club initiatives and recipe booklets reached more than 3.5 million consumers at retail and

in leading consumer magazines. The MIB monthly e-newsletter has nearly 20,000 subscribers.

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

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

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

Maximizing Value Through Optimization of Carcass Value

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

The BIC provides training to retail operators, distributors, processors, end users and education partners to communicate

the CBA and increase use of Canadian beef. In the current year, the BIC has worked extensively with leading retailers such as Costco, Canada Safeway and Sobeys.

The BIC works with foodservice industry partners to build awareness and comprehension around the brand position while leveraging Canadian beef brand attributes, and assisting supply chain alignment where required. The BIC educates the foodservice trade through focused seminars, trade shows and editorials; and works directly with national foodservice distributors to build awareness of the CBA. The BIC also worked extensively with leading restaurant chains such as McDonald's, Boston Pizza, abc Country Restaurants, Quiznos, Jack Astor's and White Spot.

Key to increasing market size and maintaining a higher share of the domestic market is development of new products and reformulation of existing products utilizing Canadian beef. The BIC has worked with industry partners on 11 new product development initiatives. In the six years since the inception of the Product Development and Reformulations Partners Program, the BIC has managed 111 projects involving fed and commercial beef with a total value of more than \$7.04 million. Of that total, approximately \$1.8 million was funded through the BIC.

U.S. Market

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

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

The BIC developed a comprehensive communications package around COOL and is delivering the message to small to mid-

sized U.S. retail operations with U.S. packer participation in strategic U.S. markets. The BIC launched a COOL website (www.meatcool.info) to communicate details of COOL regulations, and placed trade advertisements about COOL mitigation in U.S. trade media publications.

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

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

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

Despite COOL, market intelligence suggests opportunities exist for Canadian market development initiatives to positively impact the marketing of beef from Canadian fed cattle exports within the U.S. market. The BIC's Live Cattle Strategy involves work with U.S. packers to identify key customers in target markets and segments, to maintain and enhance demand, and to optimize competitive bidding for Canadian live cattle. Efforts include enhancing the U.S. industry's awareness around quality and safety assurance systems in the Canadian cattle production industry, enhancing understanding of Canadian cattle production systems, increasing understanding of consumer perceptions regarding mixed origin beef products, and development of branded elements to support retailer brand initiatives utilizing B labelled products (multiple countries of origin).

In Conclusion

An environmental scan of check-off programs in Canada and competing jurisdictions, conducted by Dr. John Cranfield at the University of Guelph, evaluated how Canada compares globally to other commodities' check-off investment and addressed key questions around producer return on investment, impact on industry competitiveness and demand for Canadian beef. The study found on average from 2005 to 2008, that every check-off dollar invested in research and marketing activities earned

\$9 for Canadian beef producers. This is higher than the check-off return for either Australia (5:1) or the United States (5.5:1). Marketing activities specifically delivered an average return of \$7.55 in producer benefits for every check-off dollar invested.

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

www.bic.cattle.ca
www.beefinfo.org

CBEF is a CCA AAA Partner

TAKING THE CANADIAN BEEF ADVANTAGE TO MARKET



Developing Global Markets for Canadian Beef

Around the world, the Canada Beef Export Federation is creating recognition and demand for Canadian beef. Building upon Canada's leading animal health and food safety systems, we are differentiating Canadian beef for its competitive advantages – and positioning it as the world-wide symbol of excellence and quality.

We operate offices in the key export markets of Japan, Korea, Taiwan, China (Shanghai & Hong Kong) and Mexico. Our Services include: ■ Member Information & Liaison ■ Local Market Representation
■ CANADA BEEF Seminars ■ Retail & Food Service Promotions ■ Food Shows
■ VIP Beef Awareness Missions ■ Partners Market Development Program
■ Market Research & Market Intelligence ■ Technical Services

Find out more about the Canada Beef Export Federation.
You can reach us online at: www.cbef.com
Email: canada@cbef.com Telephone: (403) 274-0005



Canfax and Canfax Research Services



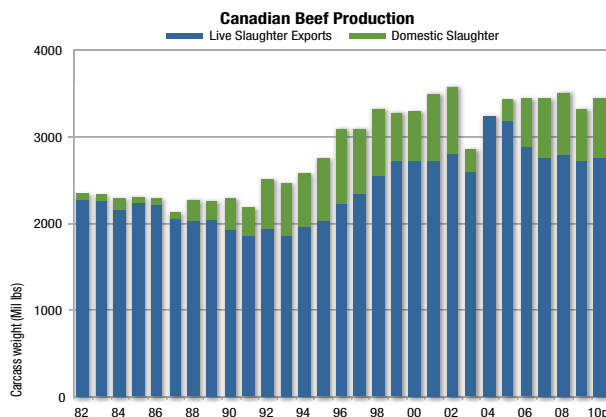
The North American beef industry enters 2011 with high expectations after seeing prices outperform market expectations throughout 2010. U.S. fed prices reached new record highs in the last two weeks of December, and futures markets

into 2011 look extremely strong, however these expectations will be difficult to achieve in 2011. Beef and cattle prices will ultimately be determined by consumer demand which remains cautious. Small signals of increased spending are a result of improved consumer confidence and job security. In the U.S., employment rates appear to be stabilizing. However, unemployment at 9.3 per cent in the U.S. (November) and 7.6 per cent in Canada (December) remains high and will continue to hamper consumer spending. As fed prices increase, retail prices will have to move up this spring, challenging consumer resilience and financial stability. Look for modest GDP growth in 2011, similar to 2010.

The Canadian pork industry increased exports in 2010 from higher pork production as the industry continued to liquidate. They will not be able to maintain production levels in 2011 as the breeding herd has been severely reduced. They continue to be challenged by the strong dollar, Country of Origin Labelling (COOL) and feed costs. Smaller supplies of pork will provide beef with an opportunity. Producers in all proteins are waiting to see more robust signs of consumer demand before increasing production. With poultry able to respond the quickest to any demand change, they are expected to gain market share in 2011 while pork supplies shrink.

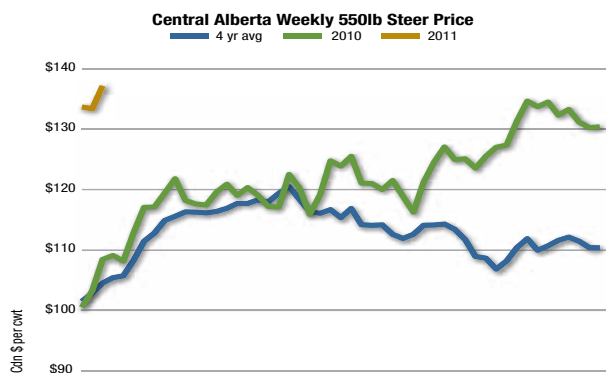
Canadian beef supplies bounced back in 2010 with feeder exports to the U.S. down 55 per cent in 2009, therefore increasing fed supplies. Beef production was up 3.8 per cent at 3.53 billion pounds. Fed cattle production was up 6 per cent while non-fed production was down 4.7 per cent on smaller cow slaughter. The percentage that non-fed production makes up of the total has declined from 21 per cent in 2008 to 18 per cent in 2010 given the increased fed production in 2010, and also as a result of the shrinking cow herd. Beef production is

anticipated to be down in 2011, even falling below 2009 levels. Although feeder exports were smaller in 2010, it will not be enough to offset the smaller calf crop coming forward.



Tighter supplies in the second half of 2010 combined with stronger export demand has supported fed and feeder prices. While domestic demand has been slow, strength has been seen in a number of international markets. Alberta fed cattle prices averaged \$88.73/cwt in 2010 up \$2.98 from 2009. Increases in the annual average were modest due to the low prices in the first half of the year. Fed prices in December at \$96.78/cwt were up \$19/cwt or \$260/head from last December. Feedlot profitability in 2010, based on the Canfax Trends program using the cash market for steer calves was good, with 10 out of 12 months showing positive returns. Yearling and calf prices reached their highest levels during the fall run since 2005 at \$112/cwt for 800-900 lb steers and \$133/cwt for 500-600 lb steers in November.

Fed prices are projected to follow seasonal trends in 2011 with prices stronger in the second half of the year as the smaller calf



crop becomes evident. Producers currently have opportunities to lock in record high live cattle and feeder futures. The Canfax Trends program is projecting positive returns for feedlots in five out of the first eight months of 2011.

Producers continued to reduce the national herd in 2010 with cow marketings down 5 per cent, while heifer's placements into feedlots remained above 40 per cent of total placements. Despite higher calf prices last fall, which brought renewed optimism to the industry, strong cow prices are expected to keep cows coming to market with inventories declining in 2011. Higher prices do not necessarily mean profitability or a signal for cow-calf producers to expand their herds. Beef cow numbers are expected to decline in 2011, albeit moderately, as cow-calf producers will be looking for a number of profitable years to rebuild equity lost over the last eight years and more confidence that higher prices will be here to stay before they expand.

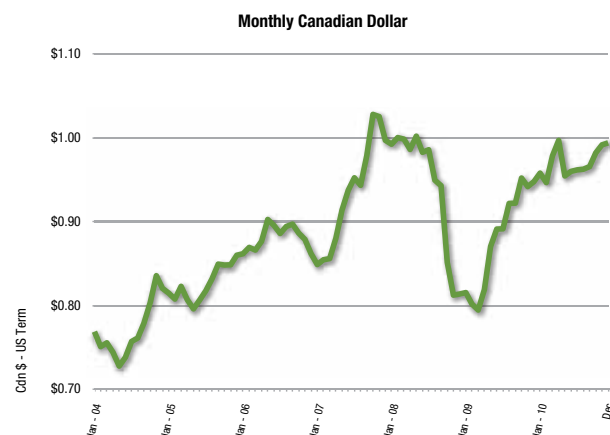
In 2010, supply and demand factors reasserted themselves in the global meat market. Cattle herd reductions and reduced beef supplies are not just a North American occurrence, but have been occurring in the global market. Price response to reduced supplies has been limited by the recession and disappointingly slow recovery. However, as demand increases prices will move higher supporting increases in production.

The past year was once again a year noted for its lackluster economic recovery. The outlook for 2011 does not look much different. While disappointing, this is not surprising given the severity and nature of the recession. Consumers in the U.S., as well as in a number of European countries, had been living well beyond their means for years. The global crisis ruthlessly exposed this, as well as revealing serious shortcomings in financial sectors and weaknesses in public finances. Balance sheets are being reviewed and repaired; this is a necessary but prolonged process that will continue to drag on economic growth. Rising government debt in many countries along with rising unemployment means the adjustment process will be a difficult one. In this uncertain economic climate, businesses are remaining cautious in their investment decisions.

Exchange Rate

The Canadian dollar is expected to trade close to par throughout the year with periods slightly below. Oil prices reached a high of \$99/barrel in early January with tighter U.S.

inventories. OPEC has announced if oil goes above \$100/barrel for a sustained period they will consider increasing supplies. Similar to 2008, once the dollar reached par it has largely decoupled from following oil prices as it tends to when below par. Oil prices are expected to range widely in 2011 with higher prices supported by smaller inventories but at the same time testing consumer strength. Higher oil prices will also impact feed costs.

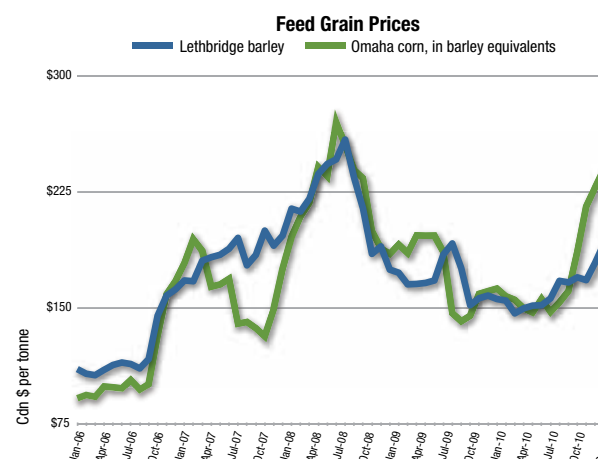


Feed Grains

Feed grains have seen a year with more risk and volatility, especially over the last five months. Tighter ending stocks resulted in prices moving higher. While recent price increases have evoked memories of 2008, the difference between 2008 and 2010 is that this time it is not following two years of crop failure in Australia. However, the production losses and the subsequent export bans for wheat in Russia, Ukraine and the Black Sea Region in general has changed the entire grain market for 2010 and will impact much of 2011. Expectations are for the futures to remain historically high in the first half of 2011 as it will take time and record production levels to rebuild ending stocks as demand continues to increase.

Canadian barley production is down 20 per cent from 2009 and 35 per cent from 2008. Production in Alberta is up 18 per cent from 2009 but 17 per cent below 2008 levels, and represents 60 per cent of total production. The largest declines in barley production were seen in the flooded areas of Saskatchewan (-53 per cent) and Manitoba (-49 per cent). While yields have been better than expected in Alberta, quality was worse. Barley ending stocks for the 10/11 crop year are projected

to be down 61 per cent to 1.0 million tonnes. This carryover would be the lowest on record (since 1980) and would take the ending stocks-to-use ratio to 13 per cent, also the lowest on record; the next lowest being in 2006 when it was 16 per cent. However, the demand for feed grains has increased dramatically since 2006 putting prices into a new trading range. Domestic use of barley is forecast to decline modestly by 1 per cent with smaller hog and cattle inventories. Canada did maintain some feeding advantages in 2010, even though it had reduced barley supplies. A difficult growing season in Western Canada left a large amount of feed wheat supplies which cushioned the Canadian feeders from the large increase in feed prices U.S. producers faced. This was welcomed by Canadian feeders, but it is not a market condition that can be relied on in the future.



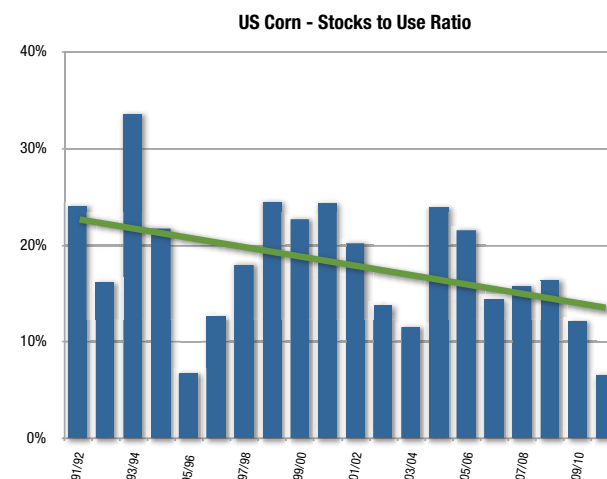
The U.S. Department of Agriculture (USDA) January report showed smaller corn yields, reducing 2010 corn production to 12.4 billion bushels, down 5 per cent from 2009 and tightening ending stocks to 745 million bushels, (a mere three week supply) the smallest since 1995/96. Any production challenges or delay in the 2011 corn crop will have a significant price impact on feed grain prices. 2011 U.S. acreage for principal crops is projected at 321.6 million acres with corn at 92 million, soybeans at 77.5 million, and wheat at 56.1 million. A historical trend for yield and steady demand would put 2011 corn prices at \$5.20/bu up from \$4.25/bu in 2010. The big questions for corn price in 2011 are average yield, shrinking summer fallow acres, and the need to ration demand. Drought resulting in poor

pasture conditions in the southern U.S. has pushed calves into feedlots early, which is not helping the corn usage situation.

Summary

Moving into 2011, higher cattle prices are being forecast with tighter supplies in North America and globally, combined with increasing demand from emerging countries. Overall, the livestock outlook for 2011 is for limited supplies and moderate recovery in consumer demand supporting higher producer prices - these factors will be countered by a strong Canadian dollar and continued strong feed costs. As a result, average margins will hover around breakeven, dampening any incentive to expand the national herd. Domestic packers will be challenged by shrinking supplies and how they can maintain utilization levels. Higher feed costs and inputs in general as commodity prices increase will need to be carefully managed to protect equity.

Canadian beef exports increased in 2010 with increased market access and recovery in the economic situation in many countries. Growth in exports, while encouraging, cannot be sustained with a shrinking national herd. While beef production is projected to be down in 2011, a portion of this decline will



come from live cattle exports - as the basis narrows. In addition, domestic consumption is projected to be smaller, due to a slow economic recovery and also tightening beef supplies that will see higher beef prices and limit growth in consumption. This leaves beef supplies projected for export steady to slightly higher.

Beef Cattle Research Council



The Beef Cattle Research Council (BCRC) administers the research funding allocation of the National Check-off. The BCRC was established by the Canadian Cattlemen's Association (CCA) in 1997 to sponsor cattle and beef research and technology development in national priority areas. The Council also facilitates and encourages collaboration and coordination among researchers, funding agencies, and industry in order to maximize the benefits obtained from beef cattle research.

Research and innovation play an important role in addressing many of the competitiveness issues that the Canadian beef industry is challenged with both today and in the future. Consequently the BCRC is focused on strengthening research and development to address current and future competitive challenges. Since 2009, the BCRC has worked closely with Agriculture and Agri-Food Canada (AAFC) to develop and implement Canada's Beef Cattle Industry Science Cluster (Beef Science Cluster). Industry and government research funding commitments through the Beef Science Cluster total \$11.25 million. This initiative, in which every producer dollar directed toward the BCRC is matched by six AAFC research dollars, will help ensure that Canada's main public and industry beef research funders use their resources to address industry's research priorities.

In addition to the investments made through the Beef Science Cluster, since inception the BCRC has contributed more than \$4 million in funding to more than 50 research projects and initiatives. Industry's investment in research through the BCRC has resulted in significant leveraging of other industry and government dollars, with total investments in these research initiatives, including BCRC's contribution, being more than \$20 million.

The Beef Science Cluster's research activities are focused on areas with the greatest potential to improve the Canadian beef industry's competitiveness, and help promote the Canadian Beef Advantage (CBA) brand strategy. These six priority areas are:

Reduced Production Costs

1. Animal Health and Welfare: Respiratory disease is a leading cause of death and treatment costs in feedlot calves. Reducing the death loss in fall placed feeder calves from 2 per cent to 1.5 per cent would save the Canadian beef industry more than \$10 million annually (over and above treatment and feed savings).

2. Forage and Grassland: Approximately 80 per cent of Canada's beef production occurs while animals consume only forage. Keeping all of Canada's beef cows and replacement heifers on pasture for one more day every winter would save the cow-calf sector \$3.8 million annually.

3. Feed Efficiency: Reducing winter feeding costs by 1 per cent would save Canada's cow-calf sector \$6 million annually, and improving feed:gain ratio by 1 per cent would save Canada's feedlot sector \$10 million annually.

4. SRM Disposal: Costs of specified risk material (SRM) disposal have escalated since 2003. Deadstock pickup services for farms and feedlots have increased from \$0 to more than \$75 per head. SRM disposal under the enhanced feed ban is costing small abattoirs close to \$30 per head.

Improved Product Value

5. Food Safety: Saving 1 cent per pound (carcass weight basis) due to reduced food safety recalls would save Canada's beef industry \$21 million per year.

6. Beef Quality: A 1 per cent improvement in the value of cuts from the loin, rib and sirloin would be worth \$27 million per year to Canada's beef industry. A 1 per cent improvement in the value of cuts from the hip, chuck, brisket and shank would be worth \$39 million per year to Canada's beef industry. Reducing the incidence of dark cutters to 1999 levels would save the Canadian beef industry \$13 million annually.

A complete list of projects being invested in under each priority area is available at <http://www.cattle.ca/projects-in-progress>. Factsheets for completed research projects are also available on the website.

The BCRC has also increased its communication efforts over the past year. Research factsheets continue to be posted on

the CCA website and circulated through the CCA's Action News. Monthly research articles are submitted to provincial organization newsletters, email updates and magazines in B.C., Alberta, Saskatchewan, Manitoba, Ontario, and Quebec. A regular research column appears in Canadian Cattlemen magazine. A number of industry stakeholders including Verified Beef Production, the feed industry and veterinarians are also on our circulation list, and we anticipate that this communication effort will continue to expand in 2011. The BCRC has also worked with the Beef Information Centre, as well as the CCA's Animal Health, Animal Care, and Environment Committees on specific issues bearing on particular public communication and policy issues. This collaboration will help to ensure that the results of research funded by the National Check-off are available to support industry communication tools and aid in the development of science-based policy.

As a part of the Beef Science Cluster, a long-term Technology Transfer strategy is also being developed to improve technology transfer and knowledge dissemination, with a clear focus on accelerating the uptake of research results and outcomes by industry. The BCRC is committed to taking a leading role in enhancing technology transfer in the beef industry and is working to determine the most appropriate long-term strategies and methods that it can implement to encourage greater industry uptake of research results and technologies. The development of this strategy is in the very early stages, and will progress over the course of the year.

The BCRC also oversees and supports the national Verified Beef Production™ (VBP) program - the Canadian beef cattle industry's on-farm food safety program. Originally the Quality Starts Here initiative, VBP augments the industry's vision for high quality Canadian beef.

For more information, please visit:
www.cattle.ca/research

Verified Beef Production™



Verified Beef Production

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

The Verified Beef Production™ (VBP) program is based on the principles of a systematic approach to food safety known as HACCP (Hazard Analysis Critical Control Point), and is recognized by the Canadian Food Inspection Agency (CFIA).

Training workshops increased by 26 per cent last year, with the total number of operations completing a VBP workshop now nearing 15,000. This represents 35-45 per cent of beef cattle production in Canada, and growth in the 2009-2010 meeting season has been the result of improved interest from feedlot operations.

VBP focuses on:

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

About 500 beef cattle operations have used the audit option to become fully recognized with the VBP program. The on-farm visit known as a validation audit has proved to be a positive experience for those utilizing this option.

The program continues to focus on meeting withdrawal times for animal health products or feed medications, and to reduce the potential for broken needle fragments in live cattle.

Producers in the second year of the registration option are required to submit a sample review of records to ensure program maintenance. While the new process may be somewhat unfamiliar, in the end it is a cost-effective method to

determine on-going program conformance. The submission of sample records, which are not kept by delivery administration, are reviewed for adherence to the Must Do's of the VBP program.

The web-based version of the producer workshop has been requested by more than 700 producers, and is proving to be a time-saver for those who either work off the farm or prefer the convenience of home-based learning. It is easy to use, especially for those with dial-up internet connections.

VBP producers participated in the pilot for the Beef InfoXchange System or BIXS, as many are keen to utilize information on their cattle for further management purposes or relationships with potential customers. Also in some provinces, VBP-registered producers participated in the pilot project to develop a cattle industry standard for biosecurity. VBP remains committed to the

base goal of a proactive approach to food safety, at the same time ensuring future programs are complementary to the VBP program in a low-cost manner. Program developers continue to work with other programs to ensure mutual benefits, either potentially adding value or reducing costs for beef producers.

VBP is proud that it is "developed by producers, for producers." Taking a practical approach, the program demonstrates that the cattle industry takes its role seriously in food safety measures at the farm level. The program continues to be guided by producers through the Beef Cattle Research Council (BCRC), a division of the Canadian Cattlemen's Association.

For more information, please visit:

www.verifiedbeef.org

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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 and set positive examples for other cattle producers and the general public.

Since 1996, 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 14 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

2010 Provincial Winners

Rainer and Gigi Krumsiek

Big Bear Ranch

Horsefly, British Columbia

B.C. Cattlemen's Association TESA Recipient



Ted, Becky and Matt Artz

Artz family farm

Pierson, Manitoba

Manitoba Cattle Producers' Association TESA Recipient



Charlie and Kim Sytsma

Eighth Line Farm

Athens, Ontario

Ontario Cattlemen's Association TESA Recipient



Glen and Dawn Ekert

Ekert family farm

Moosomin, Saskatchewan

Saskatchewan Stock Growers Association TESA Recipient



National Winner

Waldron Grazing Cooperative Ltd., Stavely, Alberta

Alberta Beef Producers Environmental Stewardship Award Recipient

The Waldron Grazing Cooperative Ltd. is The Environmental Stewardship Award (TESA) recipient for 2010. The Waldron, a 54,480 acre operation with a 10,000 head grazing capacity, received the national award in recognition of management practices that ensure a sustainable resource for future generations.

At the provincial level, the Waldron's dedication to best management practices earned them the Alberta Beef Producers (ABP) Environmental Stewardship Award and the distinction of being the first cooperative operation to be selected as a recipient in that award's 18-year history.

Mike Roberts, General Manager of The Waldron, thanked the CCA and the ABP for recognizing the Waldron's management efforts. The Waldron cooperative has had as many as 127 members. Roberts noted that the directors who were elected out of those members over the years had the foresight and the courage to move ahead and use all the tools available to them to transform the land into what it is today.

Located mainly in the Foothills Montane Sub Region and encompassing a large area of the Oldman River Watershed, the Waldron's innovative stewardship practices focus on riparian management, watering systems, controlling invasive species, rangeland health and wildlife management. The Waldron strives to protect the environment and to provide numerous

opportunities for research and education. The group has worked closely on environmentally-focused projects with groups like Cows & Fish, Sustainable Resource Development and the Alberta Conservation Association.

Water quality is an important part of the Waldron's sustainability initiatives. Gravity watering systems are used where possible to provide cattle with better quality water and to protect the health of riparian areas. Sheep are used to graze leafy spurge, eliminating the use of herbicides and turning the control of a noxious weed from a liability into an asset by producing meat instead of using herbicides.

Air pollution is reduced by using horses for cattle handling and replacing the use of larger vehicles with more fuel efficient and less impactful ATVs for salt and mineral placement and fencing activities.

The Waldron places high value on rangeland health, such as grasses, sedges and trees for erosion control and preservation of native species. Pasture rotation and timing also play a very important role to encourage an increase in desirable grass species. Proper rotation allows for increased efficiency in grass utilization, even during times of drought.

The Waldron has moved from a continuous grazing system in which the lowland and riparian areas were being severely over-grazed to a controlled grazing system in which cross-fenced and developed water systems enhance the health of the range lands and riparian areas. Encouraging the delayed entry of

livestock in the spring has helped to strengthen the Waldron's grasses, ensuring a sustainable resource to pass on to future generations.



Committee Reports

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.

Even though Animal Care is a fairly new stand-alone committee, there's no shortage of items to report on for 2010.

Animal care is an international hot-button issue, as discussed by the Five Nations Beef Alliance (FNBA) meeting in New Zealand in February 2010. Each member country's (Canada, U.S., Mexico, Australia and New Zealand) cattle industry is facing pressure on the animal care front for one issue or another. This pressure comes from a sophisticated, motivated group of mostly anti-animal agriculture activists. The topic was also part of the International Meat Secretariat's World Meat Congress in Buenos Aires in September. However, at that conference, discussions of animal care took a back seat to sustainability. Far from replacing animal care, the sustainability push aims to roll animal care into the "Sustainable Agriculture" banner. The definition of "sustainable" within the industry is still being discussed and often depends on the viewpoint of the speaker more than science to date.

In May, the North American Animal Wellbeing Commission for Beef had its first meeting at Kansas State University. The National Cattlemen's Beef Association, Cargill, and Dr. Dan Thomson of Kansas State University brought this group of cattle researchers together. This was a useful gathering of the relatively small group of scientists focusing on beef cattle.

In Canada, much work has been going on within the topic of animal care. The Code of Practice for the Care and Handling

of Beef Cattle is being renewed following the National Farm Animal Care Council (NFACC) process. A multi-stakeholder Code Development Committee held its first meeting and will continue meeting and drafting until the new code is finished. The committee includes producers Robert Acton from New Brunswick, Alain Juneau from Quebec, Kim Hextall from Saskatchewan, John Schooten from Alberta and Ian McKillop from Ontario, who chairs the committee. There are also representatives from the Canadian Veterinary Medical Association (Dr. John Campbell from Western College of Veterinary Medicine in Saskatoon), Transport (Randy Scott of Hyndman Transport in Guelph), Animal Welfare (Geoff Urton from Canadian Federation of Humane Societies in Vancouver), Regulatory Enforcement (Morris Airey from Alberta Society for the Prevention of Cruelty to Animals – retired), Processors (Mike Siemens from Cargill), Canadian Food Inspection Agency (CFIA) (Genevieve Benard), and Provincial Governments (Melinda German from Manitoba). Allison Taylor from Ontario is the coordinator. This project is funded through the AgriFlexibility fund from AAFC.

The NFACC Board and Executive, which includes CCA representative Ryder Lee, is continually looked to by Agriculture Canada for animal care issues. Despite the importance of this body to the federal government, the NFACC is funded by industry for its operations. Currently, NFACC's operating budget runs about \$80,000 per year. Much of that is for two days per week of a general manager's time. The rest goes toward two meetings per year of the board and regular conference calls.

The multi-stakeholder nature of the NFACC is unique to Canada. The value of the organization is that it facilitates the discussion of animal care issues between veterinarians, regulators, animal welfare organizations and industry in a respectful, open venue, which builds trust around the NFACC table. It will be a positive development for the several Codes of Practice to be completed using the NFACC process. This will add some concrete output to the hard-to-measure value that NFACC has delivered in its short existence.

The Certified Livestock Transport program continues to strive to become a national program. This program is part of an application for AgriFlexibility funding. The CCA supports this Alberta program becoming national and has committed to it financially. Lobbying continues to see if this undertaking will be approved or if alternate means need to be pursued. A training program for livestock transporters can help to better enable cattle handlers and improve outcomes for cattle in transit.

Developing a new code of practice, promoting national training for transporters, communicating with lawmakers and regulators, supporting new research and watching for emerging threats to the industry made up much of the committee's activity in 2010. The last item of note is the long time pending animal transport regulations update. The CFIA has been in pre-publishing consultation mode for about a decade. Recent leaks suggest that these regulations will be coming out soon. Research funded by the Alberta Beef Producers and Ontario Cattlemen's Association has informed these regulations. New research may yet be undertaken to ensure Canadian regulations are based on Canadian science.

Stay tuned as this file is sure to grow in 2011.

Committee Members: Dave Solverson, Chair; Dan Darling; Martin Unrau; Martin Rossmann; Kevin Antworth; Rob Somerville; Curtis Royal; John Schooten; George Smith; 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

In 2010 CCA President Travis Toews convened a task group of stakeholders that represented the sectors of the beef value chain engaged in animal ID and traceability. The purpose of the task group was to develop a policy recommendation for the beef cattle industry as it relates to the next steps of traceability implementation. The Federal/Provincial/Territorial (FPT) Ministers have an agenda to undertake a mandatory comprehensive national system for livestock traceability (animal identification, premise identification and movement reporting) by June 2011.

The recommendation by the task group was made to the CCA Board of Directors at the August semi-annual board meeting. Further consultation with the CCA provincial members resulted in a final policy document circulated in December, including a submission to the Federal Minister.

The task group noted that the draft Canadian Cattle Identification Agency (CCIA) Cattle Implementation Plan dated January 21, 2010 continues to be the appropriate roadmap for the Canadian beef cattle industry's traceability system. However, the timelines noted in the plan are unachievable given the limitations of the technology. Research on new tag technology, as well as tighter standards, may provide a more reasonable and expeditious solution to readability and speed of commerce. The main recommendations to accommodate a phased-in approach for a mandatory comprehensive traceability system for beef cattle include:

- 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 backgrounder/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.

National Farmed Animal Health and Welfare Strategy

The CCA continued to provide leadership in advancing the strategy. Options for the operation and funding of a proposed national farmed animal health and welfare council/advisory body, and options for the implementation of the National Farmed Animal Health and Welfare Strategy, were presented to Regulatory Assistant Deputy Ministers (ADM), Deputy Ministers (DM) and Ministers of Agriculture as well as consultation with industry stakeholders.

This resulted in the creation of a collaborative mechanism to work toward the eight outcomes of the National Farmed Animal Health and Welfare Strategy – a National Farmed Animal Health and Welfare (NFAHW) Council.

The work of the proposed council is to:

- Provide leadership to achieve the strategic outcomes of the National Farmed Animal Health and Welfare Strategy (NFAHW Strategy),

- Reports to industry and FPT Ministers of Agriculture through the Regulatory ADMs/DMs,
- Monitor and report on strategic and measurable outcomes of the NFAHW Strategy,
- Ensure fully-participatory consultation with all stakeholders,
- Monitor and report progress of policy and program decisions,
- Base decision-making on a consensus model employing agreed upon rules and commonly-held criteria,
- Provide non-partisan analysis of issues to stakeholders,
- Disclose bias and special interest where appropriate,
- Operate in a bilingual environment.

The inaugural meeting of the Council took place in October 2010 with a schedule established to meet quarterly and communicate its recommendations on a regular basis.

National Biosecurity Standard for Beef Cattle

At the 2009 CCA Annual General Meeting, a proposal was brought forward to explore the development of a national standard for on-farm biosecurity for the beef industry. Since that time, CCA staff has met with the Canadian Food Inspection Agency (CFIA) Office of Biosecurity who are eager to support the CCA in the development of such a standard. The CFIA have been provided with resources to undertake a statistically significant survey of current biosecurity practices on farms, ranches and feedlots. This process, led by the CCA, will result in a set of good management practices that can be readily implemented by producers in a cost and time effective manner to reduce the risk of introducing disease to an operation. The CCA will engage and work with the provincial cattle organizations where Growing Forward funds are being made available to implement biosecurity through the provincial programs. A national standard is needed first to determine what is actually to be implemented.

The on-farm consultations have gone very well. In addition to the advisory group which provided input on the design and implementation of the on-farm consultation, an "expert" group has been formed. This group will review all the published material on biosecurity standards. Both groups will work together using the published materials and the consultation results to develop the best practices for on-farm biosecurity for the beef cattle industry.

Anaplasmosis

An industry/government steering group formed in the fall of 2009 continued to examine options for dealing with Anaplasmosis in Canada throughout 2010. Options included, but are not limited to, maintaining the current regulatory status as a reportable disease with associated programs (eradication and compensation), amending the regulations to have Anaplasmosis listed as an immediately notifiable disease with adjustments to the program, and deregulation with no government support.

To ensure that informed decisions are made, two sub-groups were formed, one to deal with the science and technical aspects of the disease and the second to deal with the economic impact the various options would have on all stakeholders. The economic working group is dependent on the science and technical group's work to define the science impact for the options being considered. The science and technical group has just completed their work with the economic group doing the analysis for its mandate.

It is anticipated that once the reports from both groups are complete, further consultation will be conducted with all stakeholders before a final decision is made.

National Voluntary Johne's Disease Control and Prevention (NVJDCP) Program

On behalf of the CCA and the Dairy Farmers of Canada (DFC), the Canadian Animal Health Coalition (CAHC) is facilitating the coordination of some of the core elements for a national approach to controlling and mitigating the risk of Johne's Disease in the Canadian bovine herd. These core elements include awareness and education for beef and dairy producers and promotion of management practices that will contribute to reducing the risk of spreading Johne's Disease. The intent is to create a national coordinating body under the auspices of the CAHC for maintaining the core elements of the program which provincial working groups can then adopt and adjust for delivery to producers.

Committee Members: Pat Hayes, Chair; Don Winnicky; Martin Rossmann; Larry Delver; Brian Edge; Ray Armbruster; Bill Herron; Ivan Johnson; Louis Desautels (Resource); Rob McNabb (Staff)

Convention Committee

The Convention Committee plans the National CCA Convention and Semi-Annual Meeting to provide local cattle producers an opportunity to view their national organization at work, discuss relevant industry issues and network with industry affiliates. The convention is held annually in August. To facilitate access cross-country, the convention typically moves from province to province each year.

In 2010, the CCA tested a new approach and partnered with the International Livestock Congress (ILC) to hold a joint event in Calgary, Alberta. Hosting the 2010 event in partnership with the ILC resulted in a reduced participation level for the Convention Committee, with the committee chair and CCA staff, working together with the ILC committee. Typically, the Convention Committee includes CCA Board members, local cattle producers, CCA staff and members of the host province's cattle organization.

Event Highlights

The 2010 National Convention and TESA Luncheon

The CCA 2010 National Convention was held in partnership with the ILC on Wednesday, August 11 at the Deerfoot Inn and Casino in Calgary, AB. The event was a great success and generated a lot of positive feedback. Partnering with ILC provided several measurable benefits - most notable the networking opportunities between students and industry representatives. An audience of about 350 people enjoyed an excellent lineup of speakers who presented their views on 'Raising Optimism' and 'Global Strategies' in the beef industry – the theme of the 2010 event.

The Environmental Stewardship Award (TESA) luncheon was held during the convention's lunch hour. The Waldron Grazing Cooperative Ltd. in Southern Alberta was named as the recipient of the 2010 TESA. Mike Roberts and Mark Burles accepted the award on behalf of the Waldron's shareholders. Our congratulations and gratitude for their extensive work in the area of environmental stewardship goes to the Waldron and all of the TESA nominees.

Golf Tournament and Half-Day Tour

A total of 18 people registered for the golf tournament at the HeatherGlen Golf Course, located on the Eastern edge of Calgary's city limits. Unfortunately, extreme weather conditions prevented the golfers from completing the course. Team and individual prizes were awarded to everyone who braved the weather. We thank our golf prize sponsors for their generosity.

Twenty-six people joined us on the half-day tour, which visited Alberta's first cottage winery and the operations of a family who own and manage a purebred ranch and nearby butcher shop. Weather conditions prohibited a planned visit to a fly-fishing resort on the Bow River. Despite the weather, it was a very enjoyable and informative afternoon.

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 dinner, 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 veterinary products. With the help of the auctioneering prowess of Steve Primrose, the live auction earned a total of \$5,670, which was divided equally between the Canadian 4-H Council and the 4-H Foundation of Alberta. Our thanks again to Steve Primrose for an excellent job as the auctioneer.

Committee Members: Erik Butters, Chair; 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.

National price and basis insurance was the most discussed policy for the committee in 2010. In August, the CCA Board

of Directors passed the committee's latest motion that the CCA lobby the federal government to join with provincial governments to implement the cattle price and basis insurance programs with a cost-shared premium structure similar to the crop insurance programs. Work continues to advance this and other existing policies. That work is not new and judging from the feedback from Federal and Provincial Ministers, it won't be over soon. That group has signaled firmly that changes to the Business Risk Management (BRM) suite of programs will wait until Growing Forward's replacement suite is brought forward in 2013.

That time frame is not what the committee would like to see but it does shine light on the reality of agriculture policy in Canada today. The federal government is not looking to implement policy or budget for that policy on its own. Without the commitment of provincial governments, program change is not being driven from Ottawa unless it is a national-only program. In agriculture there are few national programs that do not involve the provinces.

This requirement for change reaches into another area of concern for the committee, AgriRecovery. The CCA began lobbying for a disaster response program following the discovery of bovine spongiform encephalopathy (BSE) in 2003. The experience following the border closure made it clear that a better plan was needed to effectively deal with the aftermath of a natural or like-natural disaster. Without changes, timelines get too long, producers have to make decisions without certainty of government response and frustration grows. AgriRecovery is a step in the right direction to designing a response to these events. Unfortunately over the past several years, the program has been frustrating to producers. AgriRecovery has been invoked several times and the major common complaint from producers is that it is different every time.

Producers have been frustrated regardless of whether an AgriRecovery response varies by province, by year within the same province, or even by industry within a province. The CCA has been lobbying to clarify what triggers AgriRecovery and what happens once it is triggered. The current framework is leading to political decision making that is neither timely nor helpful at a time when the need is greatest.

South of the border the Grain Inspection Packers and

Stockyards Administration (GIPSA) proposed some new rules that will affect the livestock industry in the United States (U.S.). Given that our industries are so intertwined, these changes will undoubtedly affect Canadian producers. The proposed rule is quite controversial. It spurred a lot of feedback that may take a long time to sort through. At the time of this writing the U.S. Department of Agriculture had just committed to further economic analysis of the proposal along with analysis of the feedback on the draft rule. Canadians will keep watching with interest but this story is far from finished.

Meanwhile, the CCA commissioned a market power study to examine some of the same things in Canada that the GIPSA rule was addressing in the U.S. A preliminary draft was due in December. The final study will come out in late 2011 and perhaps the CCA will have some recommendations for Canada's lawmakers or regulators.

Late in the year, committee work included Growing Forward's replacement. The committee heard from Agriculture and Agri-Food Canada (AAFC) personnel about current policy goals and the budget committed to those goals for BRM and non-BRM programs. AAFC staff also talked about where the consultations on Growing Forward's replacement are headed. This process allowed the committee to develop recommendations for AAFC. There will be numerous consultations before the final programming is announced. This should arm producers with the CCA recommendations for those consultations.

The last issue that keeps surfacing is the Advance Payments Program. This is one of those federal-only programs. In 2008-2009, Federal Agriculture Minister Gerry Ritz made an announcement to change the availability of funds from this program due to "special economic hardship." These funds were due to be repaid in the fall of 2009. Before they came due, a stay of default was announced moving the due date to fall of 2010. In September, another stay of default was announced allowing for repayments to wait until June 1, 2011 with final payments due by March 31, 2012. This announcement has met with quite a bit of concern from those with outstanding amounts.

The issue varies by province as some accessed this program more than others. Even in provinces that used the program at a fairly high rate, there is uncertainty if anything else should be

done due to fairness concerns. There are also concerns about the long-term availability of the program if the Minister is asked to make further allowances. This complex issue will also be part of committee discussions of the future. The Advance Payments Program can work better for cattle producers by reflecting the marketing cycle of the cattle business.

There is no end of issues the committee could discuss. These are the issues that made it to the top of the agenda in 2010.

Committee Members: Curtis Royal, Co-Chair; Bob Ivey, Co-Chair; Ray Armbruster; Lary Fossum; Erik Butters; Ivan Johnson; Brian Edge; Lynn Grant; Dave Solverson; John Gillespie; Kevin Antworth; 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 year 2010 ended with a new favorite word – sustainability – and we learned the language of carbon footprints and life cycle analysis (LCA). In early 2010, Walmart Canada announced plans for a sustainable product index, saying it will help customers' evaluate the sustainability of the products they purchase. It is the same process and product the retailer initiated in the U.S. a year earlier. The CCA is looking to enter into discussions with Walmart to help define what that will mean for beef producers.

In early November, the CCA attended a Global Conference on Sustainable Beef, organized by the World Wildlife Fund US (WWF), and sponsored by Cargill, JBS, McDonald's, Walmart, and Intervet Schering-Plough. The purpose was "to achieve greater clarity and a deeper alignment around key environmental issues, e.g., greenhouse gas, biodiversity, energy, community, land management, labor & business, nutrition & safety, and water." WWF Canada promotes a Meatless Monday

action in their Take Action promotions. Next steps for the CCA will be regional with actions as yet undefined.

The CCA has been following various initiatives in developing beef life cycle assessments. In March 2010, Beauchemin et al., published *Life cycle assessment of greenhouse gas emissions from beef production in western Canada: A case study*. The life cycle assessment (LCA) estimated the greenhouse gas (GHG) intensity of beef production in this system at 22 kg CO₂ equivalent (kg carcass) comparable to figures calculated in other countries. Enteric CH₄ was the largest contributing source of GHG accounting for 63 per cent of total emissions. Since about 84 per cent of enteric CH₄ was from the cow-calf herd, mostly from mature cows, the paper suggests that mitigation practices to reduce GHG emissions from beef production should focus on reducing enteric CH₄ production from mature beef cows. It also identified that "mitigation approaches must also recognize that the cow-calf production system also has many ancillary environmental benefits, allowing use of grazing and forage lands that can preserve soil carbon reserves and provide other ecosystems services."

Early in the fall, Environment Canada notified stakeholders that as a result of input and a change of regulatory priorities, they were no longer looking for regulatory amendments to the Migratory Birds Convention Act. The CCA was very pleased with the change of focus to the development of practices that will help sustain populations of migratory birds. The CCA and other agriculture commodity groups will be undertaking a discussion with Environment Canada on this issue in the new year. Groups will be presenting existing beneficial management practices in the form of case studies.

The CCA and other natural resource-based industry associations are lobbying Environment Canada through the Species at Risk Advisory Committee to develop policy to allow the use of Species at Risk Act, Section 11 conservation agreements as a risk management tool for incidental take. We have presented that need for legislation change during hearings for the mandatory five year parliamentary review of the Species at Risk Act. It is the intent of the CCA and the Canadian Federation of Agriculture to study the use of the Safe Harbor clause and conservation agreements in the U.S. Endangered Species Act for utilization in Canada.

Since 1996, the CCA's Environmental Stewardship Award (TESA) has recognized producers who go above and beyond standard industry conservation practices and set positive examples for other producers as well as the general public. TESA was selected as a case study for inclusion in the first Canadian Business and Biodiversity Case Study Compendium showcasing best practices from Canadian businesses operating in the area of biodiversity conservation. The release of this compendium coincided with 2010, the official Year of Biodiversity. Our case study was also part of Canada's presentation to the Convention of Biological Diversity meeting in Nagoya, Japan in October.

The committee assisted in the development of the grass/forage component of the Beef Science Cluster. The Cluster recognizes the contribution that grasses and forages make to the industry's competitiveness in the first of two core research objectives: Reduce production costs through improved forage and grassland productivity, increased feed efficiency, decreased impact of animal health and welfare issues, and improved utilization of specified risk materials. Nineteen per cent of the Beef Science Cluster budget is allocated to forage and grassland research projects.

Underlying much of the committee's environmental lobbying efforts is the fact that about 80 per cent of Canada's beef production occurs while animals consume only grasses and forage. The significance of managing that resource is emphasized by studies showing that keeping all of Canada's beef cows and replacement heifers on pasture for one more day every winter would save the cow-calf sector about \$3.8 million annually.

The CCA is waiting to hear about two project proposals submitted to Growing Forward Programs. The first project was submitted to Innovative Approaches. The three major objectives are: 1. Quantification of the effectiveness of a mentoring approach to technology transfer to increase producers' competitiveness, improve environmental performance and address agri-environmental challenges and opportunities. 2. Develop a preliminary framework to support a Sustainability Index which will quantify/qualify grazing Beneficial Management Practices (BMPs). 3. Develop a recommended biodiversity conservation module for inclusion in Environmental Farm Plans.

The second project was jointly submitted with the Soil Conservation Council of Canada to the Agricultural Greenhouse Gases Program. The objective is: Delivering science-based producer level extension information to producers to facilitate the adoption of BMPs that mitigate GHG emissions and increase carbon sequestration. The BMPs are management practices such as forages in crop rotations, improved grazing and nutrient management, zero tillage and cover crops. The end products are technology transfers to producers in three ways; demonstrations of BMPs that reduce GHGs; economic analysis of adopting BMPs; and improvements to the Holos greenhouse gas calculator.

The CCA Environment Strategy was completed and is shaping committee activities. A gap analysis identified seven issues which showed the potential for financial, reputational and regulatory risks to the industry and so warranted continued monitoring by the CCA. In order of highest inherent risk the issues are: climate variability, greenhouse gas emissions, species at risk, and manure management. Three environmental issues determined to have average inherent risk are: ammonia emissions, biodiversity conservation, and water supply.

The CCA will continue to work with the strategy and looks forward to discussions with provincial affiliates to develop cooperative approaches to issues management. Recognizing that access to resources will likely continue to be constrained a coordinated approach will allow for targeted and effective action.

Committee Members: Lynn Grant, Chair; Ray Armbruster, Vice Chair; Bob Lowe, George Smith; Erik Butters; Pat Hayes; Dave Solverson; Martin Rossmann; Jack Hextall; Peggy Strankman (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.

We have all been well aware for some time that work on market access issues more often than not involves multi-year processes. Through 2010, that definitely continued to be true as progress continued on several fronts. The CCA works with Government and other industry partners to advance the various trade issues using a combination of negotiation, advocacy and litigation.

In 2010 we gained expansion of access to Russia to include some over-30-month (OTM) products and we started to benefit from the full access into Hong Kong that had been announced at the end of 2009. The other major positive trade results in 2010 were an agreement with China to resume full trade in phases and access to a duty-free quota in the European Union (EU). Overall, beef demand in global markets improved and Canadian beef exports performed well despite the disadvantage of a strong Canadian dollar.

The United States

The WTO dispute panel over Country of Origin Labelling (COOL) is the dominant trade issue with the U.S. The panel was formally established in November 2009. It took until May 2010 to select the panelists that will hear the case and make the decision. The collection of evidence, witnesses' statements and preparation of economic analysis continued through the early months of 2010. In the spring and summer, all of the evidence was transformed into the written submissions forming the initial arguments and rebuttals presented to the panel. In September and December, two oral hearings before the panel were held, each of which was followed by extensive written questions, answers and rebuttals. It can now be said that the panel has all the information to make its ruling, which is expected to occur in the summer of 2011.

With most of our 2010 efforts focused on the COOL litigation, 2011 provides the hope of a positive ruling and, should it come, the opportunity to negotiate for an acceptable legislated change from Washington. The CCA intends to devote considerable resources towards advocacy aimed at preparing the groundwork for such negotiations.

Korea

Beef access to Korea is the subject of a second WTO panel that Canada is pursuing. Like the COOL case, arguments have been submitted both in written and oral form, but unlike COOL

(which will depend on economic factors) the Korea case is based on scientific arguments which necessitated the panel convening a special hearing of technical experts in October. The CCA believes that the evidence received by the panel as well as the opinions of the scientific experts is very strongly in support of Canada's claim for resumption of beef access. We understand that the Koreans believe this to be true as well. Consequently, Korea may be motivated to resolve this case and provide commercially meaningful access before a ruling against them is published. The CCA has been open to the potential for a negotiated settlement whereby we could suspend the case and resume trade well in advance of an appeal process playing out.

China

During the visit of Chinese President Hu Jintao to Ottawa in June 2010, a commitment was made to Prime Minister Stephen Harper that China would fully open, in stages, to Canadian beef. Immediately thereafter special permits were issued to allow Canadian beef to be served at the World Expo in Shanghai and technical work began to bring the first stage, boneless OTM beef and tallow, into effect. In December, two teams of Chinese officials spent nearly two weeks in Canada to see Canada's bovine spongiform encephalopathy (BSE) control measures in action. We are hopeful that commercial beef and tallow shipments will commence early in 2011.

Mexico

The CCA has focused on normalizing two-way beef trade between Canada and Mexico. Federal Agriculture Minister Gerry Ritz met with his Mexican counterparts and Mexican cattle industry leaders in January 2010 and was assured the matter would move forward. Following that meeting, a workplan was established whereby the Canadian Food Inspection Agency (CFIA) inspected Mexican export facilities in April and May and the Mexican health authorities were provided (again) with all the information they needed to assess the importation of Canadian OTM beef. In July, the CFIA presented its preliminary assessment of the Mexican beef export facilities and in August, the Mexican authorities finally acknowledged that they had received all information from Canada necessary to complete their assessment of the importation of OTM Canadian beef. Mexico gave a commitment that it would complete its assessment by the end of December 2010. Unfortunately, as January 2011 arrived, Mexico had not honoured this commitment.

Japan and Taiwan

There has been no movement by Japan in 2010 towards expanding access for Canadian beef beyond the current 21 month age restriction despite several political interventions by Ministers and the Prime Minister. Similarly, Taiwan has made no effort in 2010 to expand access beyond the current boneless under-30-months (UTM).

European Union

In November 2010, Canada joined the U.S. and Australia in being approved to gain a share of the EU's 20,000 tonne duty-free beef import quota. The size of the quota will increase to more than 48,000 tonnes in 2012 once certain conditions are met. This new access represents a path forward to compensation for the EU maintaining its ban on growth promotants, including hormones, in livestock production.

Five negotiating rounds were held in 2010 aimed at reaching a Comprehensive Economic and Trade Agreement (CETA) between Canada and the EU. The 5th round represented the scheduled mid-point of the negotiations after which a stocktaking by Ministers took place. In early December 2010, the Canadian and EU trade Ministers declared that they were very pleased with the progress and that negotiations will continue with the expectation to reach a CETA in 2011. 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.

The other reality that remained true in 2010 is that the cost of having the CCA work on all these trade fronts is immense both in terms of staff and Directors' time, and dollars spent on expert advisors and travel. It will be a challenge in 2011 to maintain the pace of activity so necessary to our industry in light of the uncertainties surrounding funding for the organization, but we will endeavour to continue to do all we can to secure profitable access for Canadian beef and cattle.

Committee Members: Martin Unrau, Chair; Larry Delver, Vice Chair; Kevin Antworth; Jack Hextall; John Schooten; John Gillespie; Rob Somerville; Lary Fossum; Don Winnicky; Bob Lowe; Ted Artz; 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 cattle industry is challenged with a myriad of issues that affect competitiveness or have the potential to create value within sectors of the beef production chain. The committee continues to keep updated on the progress of important issues, projects and additional items to be reviewed.

Most Relevant Initiatives During the Past Year

Instrument Grading of Carcasses

Evaluation of the E+V camera for beef grading was completed and approval was granted by the Canadian Food Inspection Agency (CFIA) for use of the instrument as a grading tool in Canada. Assessment work was supported by the Alberta Livestock and Meat Agency (ALMA). Additional work is required on installation protocols. The use of electronic instruments to augment manual grading can provide new information for industry use. A transitional approach to implementing this technology is supported.

The goal is to have the cold (ribeye) camera available to all plants slaughtering 1,000 head or more per week. Industry also supports development of a portable version for medium to small sized plants (100 to 1,000 head slaughter capacity per week) to assist facilities which do not utilize a moving rail.

Increased Access to the European Union

In addition to the recently acquired tariff-free quota shared with the U.S., there is strong support for additional zero tariff quota in a new Canada-Europe trade agreement. Federal government officials along with CCA board members continue to work toward this potential new achievement. A revised protocol to simplify the "non-growth promotant" production protocols will

be shared with the EU. The CCA is also working on other barriers to trade such as food safety interventions at packing plants.

New Product Registration and Outcome Based Regulation

With the goal to improve access to new or previously-approved animal health products, we have supported a pilot project with Health Canada/Veterinary Drug Directorate (VDD). This is also a priority of Canada's Beef Value Chain Roundtable, along with outcome-based regulations. The CCA has been eager to implement a pilot project, however in the past year this has met a lukewarm response from the VDD.

Support for Seasonal Agricultural Workers

A proposed seasonal agricultural worker program with Mexico was reviewed with the Mexican Embassy in Ottawa. The CCA solicited provincial letters of support describing evidence that labour shortages exist in the livestock industry. This priority also was cited at the Beef Value Chain Roundtable.

Cattlemen's Young Leaders (CYL) Program

This 'good news' initiative has met with enthusiasm from a lot of producers and organizations. A steering committee was formed for a pilot project in Alberta via ALMA funding, which has transformed into a national initiative. Benefits to individual participants include: developing skills, networking, insights into areas of interest, and providing valuable input to industry and government.

Other Ongoing Projects and Programs

On-Farm Food Safety

This committee has reviewed the changing or non-existent government support for the Verified Beef Production™ program. The de-centralization of Growing Forward funding resulted in an interruption or suspension of services in many regions. The provinces of Alberta, Saskatchewan, and Manitoba have been notable in support for workshops, the optional audit, and equipment purchase assistance. Producers are heartened by such programming as it recognizes their efforts at the farm level. For more information, see the Verified Beef Production™ report on page 15 of this report.

New Colour Standard Tool for Referencing Dark Cutters

As dark cutters remain a recurring concern in fed cattle production, a colour chit has been developed for use by graders. This tool assists in identifying dark cutters and is under

review for approval by the CFIA. The need to support the CFIA's continued collaboration with the Canadian Beef Grading Agency was also identified.

Identify Magnitude of Debt Load of Cattle Producers

This was identified as a potential concern and could be a future issue if interest rates rise to unmanageable levels. A need to quantify this in preparation for further work was forwarded to the Domestic Agriculture committee.

2010-2011 Beef Quality Audit

An analysis of carcass non-conformances is underway and a benchmark of consumer satisfaction at the retail level was completed. Results from a consumer survey indicate an improvement in consumer satisfaction with beef steaks. The CCA is coordinating the study with the assistance of Canadian packing plants. Funding was provided by the National Check-off and Agriculture and Agri-Food Canada through the Beef Cattle Research Council (BCRC)/Beef Science Research Cluster. Producers and industry stakeholders are invited 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; Rob Somerville; Bob Ivey; Don Winnicky; Bill Herron; Ted Artz; Ivan Johnson; Allan Marshall (CBBC); Mark Klassen (Staff); Larry Thomas (Staff); Terry Grajczyk (Staff)

Working Together

Canada Beef Export Federation



The promise of export prosperity which the global marketplace holds for Canadian beef was amply demonstrated in the first half of 2010. From

January to June of this year, Canadian beef exports to key markets in Asia and Mexico increased 50 per cent by volume and 70 per cent by value.

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

The export results indicate Canada is shipping a higher-valued mix of products and achieving full international value premiums on its exports in these key markets. Commercially viable access to key international markets has the ability to add \$85 per head in added value for beef derived from under-30-months (UTM) cattle over what can be generated in Canada. This stands in comparison to the reality that those same products sold in the U.S. are sold at a \$15 per head discount as compared to the domestic market – a total value difference of \$100 when selling in Asia plus Mexico as compared to the U.S.

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

The Federation recently received the January to September

export statistics for beef and veal from Canada to Russia. It appears that Canadian beef and veal exports increased 27 per cent by volume and 115 per cent by value over the first nine months of 2010 as compared to the same period last year. Canada's total beef and veal exports to Russia reached 5,100 tonnes (\$5.7 million) in 2009 and 4,600 tonnes (\$8.4 million) during the first nine months of 2010. Not only are volumes increasing, but the proportion of high value beef and veal cuts is increasing rapidly. It is clear that our business is no longer based on liver exports for sausage production.

The Canadian cattle and beef industry has focused its long-term development targets on increasing and diversifying international markets and sales. Last year – in addition to its market development programs for Asia and Mexico – the Federation created a 'New Markets' section within its Strategic Business Plan that specifically targeted Russia, the Middle East and the European Union (EU). The current 2010-2011 Strategic Business plan continues this strategy and calls for Canadian beef representation at the SIAL food show in Paris, the ProdExpo Show in Russia and the Gulfood Show in the United Arab Emirates, as well as a Russian VIP Beef Awareness Mission to Canada and Canadian Beef Demand Building Seminars in Russia.

These programs are being carried out. These programs are delivering results.

The Federation's Export Members attributed 41 per cent of their export sales outside of the U.S. in 2009 to CBEF program and services – indicating that the Federation was directly responsible for \$143 million in Canadian beef and veal exports in 2009. In terms of return on investment, every dollar invested in the CBEF resulted in over \$19 in beef exports last year.

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

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

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

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

The Federation is continuing to actively pursue market access normalization in our key Asian and Mexico markets as well as developing new markets in Russia, the EU and the Middle East. We are delivering a full slate of market development programs in key markets. Canada's beef exports are substantially increasing in volume and value. Now in its 20th year of existence, the Federation continues to strongly validate the rationale that in 1989 created an independent organization based on a partnership between beef producers, beef processors and beef distributors. As CBEF continues its mission of market expansion and market development for Canadian beef, it is leading the way to renewed prosperity for the entire Canadian cattle and beef industry.

For more information, please visit
www.cbef.com

National Check-off Agency



The Canadian Beef Cattle Research, Market Development and Promotion Agency, commonly known as the National Check-off Agency, has been in operation since 2002. The Domestic Levy Order was registered on April 14, 2005. The

NCO Agency is pleased to report that British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Prince Edward Island and Nova Scotia are signatories to the Agency's agreements in their respective provinces.

As such, all Canadian provinces with a structured beef cattle organization are in a position to collect the federal levy, referred to as the National Check-off (NCO), on beef and cattle sold in inter-provincial trade and pay the levy to the Agency. Efforts continue in the Maritimes to address collection procedures to accommodate inter-provincial sales and collection of the levies.

Now that all provinces have finalized their authority and entered into formal agreements with the Agency, the program is truly national and the Agency will be able to finalize the Import Levy Order for imported animals and carcass equivalent beef products. We are hoping this can be achieved as soon as mid-year 2011.

The check-off is directly associated with Canadian cattle marketings. Canfax Research Services reported that Canada's national herd declined for the fifth consecutive year in 2010. The downward trend is due to reduced cattle inventory, and the period of increased live cattle exports to the U.S. as market access expanded to include all classes of cattle post-BSE. Canadian cattle inventories were down 4.9 per cent on July 1, 2010 to 14 million head. Inventories are now 17 per cent below the peak in 2005 and nine per cent below 2002 (pre-BSE) levels.

The NCO is the "industry funding" used as the basis to obtain matching funds from the industry-led Canadian Beef and Cattle Market Development Fund and Beef Science Cluster for the industry's long-term marketing and research plan, respectively.

The Beef Cattle Research Council (BCRC) is the national research group funded through the NCO Agency. Its purpose is

to sponsor research and technology development and adoption in support of the vision of the Canadian beef industry to have high quality Canadian beef products recognized as the most outstanding by both Canadian and international customers.

The Beef Information Centre (BIC) is the national organization that provides market development programs for Canadian beef in Canada and the U.S. – for fed and non-fed beef. The domestic market continues to be the most important and stable market for Canadian beef.

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

Provincial organizations can utilize NCO funds to support projects that address provincial-specific research, and marketing and promotion of beef and veal products. For 2009/10, NCO transferred funds for projects by the Manitoba Beef Producers (formerly the Manitoba Cattle Producers Association) and the Ontario Cattlemen's Association for the Ontario veal industry.

The NCO Agency proceeded with an independent review of the Canadian beef cattle check-off. Proposals were solicited from various researchers capable of providing this kind of economic evaluation. An agricultural economist, Dr. John Cranfield, professor in the Department of Food, Agricultural and Resource Economics, University of Guelph and his graduate student, Michael von Massow, were selected in March 2009. The study was completed March 2010.

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Key findings from the study include:

- On average from 2005 and 2008, every check-off dollar invested in national research and marketing activities earned back \$9 for Canadian cattle producers.
- Research delivered a return of \$46 in producer benefits for every check-off dollar invested.
- Marketing delivered a return of \$7.55 in producer benefits for every check-off dollar invested.
- As well, by 2008 the return to the average dollar invested slightly exceeded the return to the average dollar invested prior to the BSE crisis.
- Despite positive benefits, there has been under-investment in research and marketing activities for the Canadian beef cattle industry.

Canadian Cattle Identification Agency



The Canadian Cattle Identification Agency (CCIA) is an industry initiated and industry led

organization that manages the Canadian Livestock Tracking System (CLTS) - a trace back system designed and developed for the containment and eradication of animal disease.

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

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

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

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

The CCIA is now offering CLTS MOBO, a mobile version of the CLTS to provide producers with a method of accessing their CLTS accounts while away from home. Producers now have the ability to access and pull up information such as tag numbers, transaction numbers, animal information, premises information, and birth certificates. This free feature is compatible with iPhones or other smartphones that run Android 1.6 or higher. Through the resource centre, the CCIA provides one convenient location for all CLTS user information. All of the tools and resources within the centre are specifically designed to simplify the user's experience.

Through collaborative activities with industry and governments, the CCIA is moving towards animal movement tracking through the completion of Premises Identification and continuing

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

Tag technology and retention issues are continually under review and efforts will be made to keep the public updated as to the status of new technologies and field trials. Tag and Technology Manager, Paul Laronde, continues to establish quality assurance procedures and processes around the technology of Radio Frequency Identification (RFID) tags and

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readers, as well as investigating other emergent technologies that may provide value to industry sectors. Working with veterinarians, producers and other industry partners will ensure traceability technology can continually improve. The CCIA welcomes feedback from all industry partners as we work together to find a solution to common technological issues.

In 2010, the CCIA completed Phase One of the Auction Market Applied Research Project to determine the costs and benefits for full scale implementation of RFID systems in auction markets. The full report along with key findings can be found on the CCIA website. Project Manager, Donna Henuset is now in the beginning stages of Phase Two of the research project in cooperation with the Livestock Markets Association of Canada (LMAC). Phase Two will focus on the implementation of commercial software to align RFID hardware with business process and test new configurations of hardware. Phase Two plans also include the original ten auction markets as well as three additional buying stations.

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

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

For more information, please visit
www.canadaid.ca

Canadian Cattlemen Market Development Council



The Canadian Cattlemen Market Development Council (CCMDC) was established under the CCA in 2006 to manage the \$80 million in funding contributed from the Governments of Canada and Alberta in 2005 to recover and expand markets around the world for Canadian beef and cattle genetics. These contributions make up the Canadian Beef and Cattle Market Development Fund (CBCMDF) or Legacy Fund which supports the long-term development of Canada's beef and genetics industry. Matched by the National Check-off paid by cattle producers, the combined Legacy Fund and industry contribution is expected to provide more than \$170 million from 2005 to 2015.

The CBCMDF supports eligible export marketing activities completed through the national marketing organizations, including the Beef Information Centre (BIC), Canada Beef Export Federation (CBEF) and Canada Beef Breeds Council (CBBC).

A portion of the Fund, the Alberta International Beef Marketing Development Fund (AIBMDF), also provides Alberta-based companies or organizations funding for international market development programs for beef and cattle genetics products.

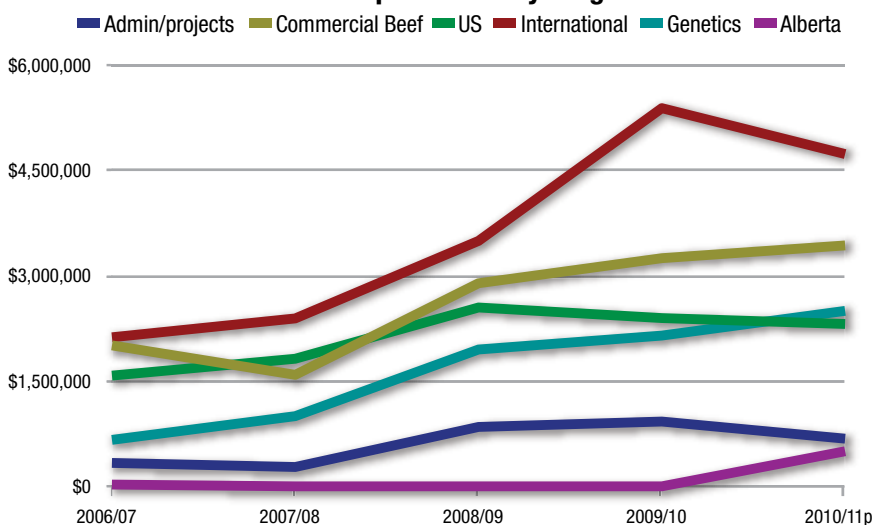
With input from industry, the CCMDC has identified the following three priority goals to be supported by the Fund: build awareness of the Canadian Beef Advantage (CBA); achieve growth in traditional, existing, new and emerging markets for Canadian beef or Canadian genetics products; and maximize total value realized for Canadian beef and cattle genetics industry through optimization of carcass, genetics and live cattle values.

The Canadian Beef Advantage

The value proposition of positioning the Canadian beef industry as a leader in animal health and beef safety remains a commitment of the Canadian beef industry and the CCMDC. It is represented by the CBA - the combination of differentiators such as animal health, superior genetics, on-farm food safety, and environment, combined with the assurance that Canada can deliver on this proposition. The CBA brand and its corresponding attributes were prominently displayed or referenced on Canadian beef and genetics resources across Canada and in international markets with very encouraging results over the past year. There were increases in awareness and comprehension of specific CBA attributes, including food

safety and quality, as a result of programs implemented and resources developed. McDonald's Canada, which displays the CBA logo on their website, is one of several partners who have reinforced their strong commitment to the CBA. Confidence in Canadian beef by international consumers also increased with the use of CBA materials, increasing the value of the brand. A CBA toolkit, internet sites, print resources, retail and foodservice promotions and the World Angus Forum held in Calgary proved to be very effective in building awareness and knowledge of the CBA.

CCMDC Expenditures by Program



Achieve Growth in Traditional, Existing, New and Emerging Markets

The decreased supplies of Canadian commercial beef in 2009 was the driving force behind commercial beef market share decreasing from 74 per cent in 2008 to 53 per cent in 2009. However, several foodservice chains reaffirmed their commitment to Canadian beef and many programs supported the development of new products utilizing Canadian commercial beef. A number of branded initiatives with U.S. partners utilizing 100 per cent Canadian beef were also developed resulting in increased sales of Canadian beef. As of June 30, 2010, 97 Canadian beef brand license agreements had been signed with partners.

Several new international markets for Canadian beef were established including niche markets with importers and distributors in remote Mexican regions as well as markets with high profile foodservice partners in large population centers and tourist destinations. In Japan, the focus was on securing large family restaurants, lunch box companies and typical regional retailers. New clients in retail and high end restaurants in Taiwan were gained, resulting in more importers purchasing Canadian beef. New markets were established for Canadian beef genetics in Colombia and Panama as a result of Free Trade Agreements, with new partnerships to be established.

Maximize Total Value Through Optimization of Carcass, Genetics and Live Cattle Values

In 2009 the AAA and AA cutout values averaged \$163/cwt and \$160/cwt respectively, down a marginal two per cent from 2008, which was impressive given recessionary pressures and mandatory Country of Origin Labelling (COOL) coming into effect in the U.S. The fact that Canadian beef is selling at the top of the market wherever in the world it is sold is the first step towards higher cut-out values and fed cattle prices domestically.

Fund Balance and Moving Forward

The 2009/10 marketing year was the midpoint of the 10-year Legacy Fund. Since Fund inception, expenditures under the Legacy Fund total \$39.82 million with the balance of Legacy Fund at \$43.53 million on June 30, 2010. Given the 2010/11 Legacy Fund budget of \$14.16 million, the fund balance at June 30, 2011 is projected at \$29.37 million. No funds were allocated under the AIBMDF over the past year, however the

revised guidelines reflecting broader funding criteria have resulted in projects being approved for 2010/11. The CCMDC is currently consulting with a broad range of industry stakeholders to plan for the use of the remainder of the Legacy Fund, including the AIBMDF, to 2015.

Canadian Beef Advantage – Beef InfoXchange System



The Beef InfoXchange System (BIXS) is a key component of the CBA. Established in 2009, BIXS is a comprehensive information exchange system to enable producers

to actively participate in the CBA. This will empower producers in the development of an auditable and credible Canadian beef brand promise. BIXS is designed to add the value and power of information across the value chain. Information sharing this way will result in improved production efficiencies and ultimately profitability.

The standards, technical requirements and information elements of the system were identified and the bulk of the front-end technology was developed by late 2009. The system underwent producer testing in 2010 to help refine the system prior to roll-out across Canada. Interested producers were recruited to assist in evaluating the system and provide input on making the system functional and user-friendly. These enhancements were incorporated throughout 2010 with progressive stages of testing.

By mid-December 2010, it appeared a phased launch to cow-calf producers nation-wide could begin. This phased launch will continue through the first quarter of 2011 leading up to full roll-out once confidence in system functionality is fully realized. Throughout this time the CCA will engage its communications strategy related to BIXS.

Initial funding for the conceptual development of the BIXS was provided by the CCMDC, which determined that BIXS was an innovative tool to support the marketing strategy for Canadian beef and genetics. It became apparent that funding from CCMDC was not sustainable as considerable investments were required to provide the system to producers and ensure all sectors could exchange their relevant information at the speed of the internet.

The CCA was encouraged to apply to the AgriFlexibility Program for the necessary funding of all aspects of the BIXS program. A contribution agreement was finalized in December 2010, with the January 2011 announcement that \$5.36 million representing 75 per cent of the total costs was awarded to the CCA to administrate.

At the time of this report's submission, the roll-out of BIXS to the cow-calf sector is fully underway. Activities include the training of system trainers and delivery of regional training sessions for producer-registrants of BIXS. Emphasis will also be placed on addressing technical requirements so feedlots can connect to BIXS via web services. Work continues on facilitating the instalment and implementation of electronic carcass evaluation equipment into packing facilities so that by the spring of 2011, detailed carcass data linked to the animal's Canadian Cattle Identification Agency (CCIA) ID tag number is streaming into BIXS.

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



Provincial Association Reports

British Columbia Cattlemen's Association



Changes, both positive and challenging, have been plentiful over the last six months for the B.C. Cattlemen's Association (BCCA). New faces within the BCCA office and the provincial government, impacts from environmental events,

and managing long-term issues has kept the BCCA busy and alert. However, with change comes opportunity. Increases in market prices and prospects in international marketplaces are generating optimism within the industry.

Animal Health

Foot and Mouth Disease

On October 6th, 2010 the BCCA hosted a Foot and Mouth Disease (FMD) table top exercise in Prince George. A contractor from Smart Risk Control Inc. presented an overview of the principles of the Foreign Animal Disease Emergency Support (FADES) plan and offered a scenario for the group to practice: a test response to an FMD outbreak. A total of 32 participants took part including representatives from the Canadian Food Inspection Agency (CFIA), Ministry of Agriculture, Regional Districts, and auction marts, as well as producers. The members worked in small groups to answer a number of questions regarding roles, responses and requirements during an animal health emergency. The exercise served as a good starting point for communication between industry stakeholders and confirmed how crucial industry participation is during such an event.

Premises ID

B.C. continues to struggle with implementing premises ID numbers due to our unique land descriptions. Without a solution, B.C. will be unable to implement and abide by the traceability laws coming into effect next year.

Environment

Drought Aid Request

In light of this year's severe drought conditions in many areas of B.C., the BCCA has made a request to the province to trigger AgriRecovery for a \$50/head payment on breeding stock. The request was based on immediate effects caused from this year, as well as long-term effects from previous years of drought. The BCCA is now working with the provincial government to assess the impact in specific regions. A drought survey is being completed by B.C. producers to obtain the necessary data to present the case to the federal government. Impacts from forest fires, grasshoppers and flooding are also being included in the request.

Predator Program

The BCCA Predator Program is currently without proper funding. The program provides mitigation and compensation for producers faced with livestock losses due to predators. The pilot program has been successful. Since June 2010 the program has seen the mitigation of 90 wolves, eight coyotes, two black bears, one grizzly and one cougar. There have been difficulties with the funding requirements and parameters through the current funding source. The BCCA has made requests to provincial Ministries of Environment and Agriculture, as well as the Provincial Standing Committee on Finance, for financial support of the program. Our goal is to secure long term funding for the mitigation portion of this valuable program.

Public Affairs

Meet A Rancher Pilot Project

The first instalment of the Meet A Rancher project was successfully held in the Vancouver area on August 28th & 29th, 2010. Four B.C. ranching families visited 16 Save-On-Foods stores to promote beef and educate consumers. Beef Information Centre representatives played an important role in preparing the producers during a training day in July. Displays, recipe pamphlets, beef samples and in-store specials added to public interest. Media coverage and appearances by two local MLA's also increased public attention.

A variety of questions were asked by consumers, ranging from how to choose and prepare beef to animal transport and slaughter practices. Ranchers were able to assist and inform the urban public. A consumer survey was also conducted during the event to obtain information on consumer priorities and preferences when purchasing beef. More than 750 surveys were completed and the results showed a strong interest for local, quality products. The information collected also indicated differences in demographics including age-groups, income levels and ethnicities.

Overall the project was a success for producers, consumers and retailers. The event increased public knowledge, confidence and perception of ranchers, and as an added bonus, increased beef sales. The BCCA will continue to work with Overwaitea Food Group on the Meet A Rancher project and plans to host the next phase of the program are in development.

Trade Mission to China and Japan

Three BCCA representatives participated in the New West Partnership Trade Mission to China and Japan. Mark Grafton, Larry Garrett and Roland Baumann (CBEF) joined B.C., Alberta and Federal Ministers to promote Canadian beef and encourage trade. During the seven day tour, the delegates toured grocery markets, a processing plant, and met with government, importers and processors in both countries. The positive response from China was encouraging to the delegates. China sees Canada as a producer of high quality products with a reputation for safety and reliability. The trip to Japan was eye opening. Though trade with Japan may be an important long term market, it will not be a quick or easy market to obtain.

Government

B.C. Government Changes

Significant changes in the B.C. government resulted from the October 25th cabinet shuffle. The changes included a new cabinet minister and new or changed portfolios for 16 current ministers. Hon. Ben Stewart was named the new Minister of Agriculture, and Hon. Steve Thompson was appointed minister of the new Ministry of Natural Resource Operations (MNRO).

One of the most concerning results was the break-up of the Department of Range between Agriculture and MNRO. Also, the Ranching Task Force lost its Parliamentary Secretary. The BCCA is taking steps to ensure that past and present issues will not be lost in the transition and our executive board is working to set up meetings with the new government bodies. Leaders of the two main political parties have stepped down and a leadership race was to begin in January.

Harmonized Sales Tax (HST)

A 12 per cent HST is now effective in B.C. The removal of our old PST system appears to be beneficial for ranchers as more input costs are now considered deductible.

Marketing and Research Grant

The \$5 million provincial and federal funding agreement for beef marketing and research is expected to be signed in early January 2011. Application forms and eligibility criteria will be available through the B.C. Ministry of Agriculture following the signing of the agreement.

BCCA Projects

Highway Fencing Program

A five year Highway and Railway Fencing Program has been launched through the BCCA, B.C. Ministry of Transportation, and B.C. Ministry of Forests, Mines and Lands. Producers located in eligible areas can apply for the program. Construction will begin in the spring of 2011.

Livestock Hauling Guide

The BCCA has completed and published a Livestock Hauling Guide. The guide contains answers to frequently asked questions regarding hauling livestock. Also included are details on trailer licensing and insurance requirements.

Ongoing Consultation

The BCCA continues to work with the provincial government on several important and extensive reviews, which include the Agricultural Land Reserve, Water Act Modernization and Animal Health Policy.

For more information, please visit:

www.cattlemen.bc.ca

Alberta Beef Producers



The Alberta Beef Producers (ABP) ended an exciting and productive year with a successful Annual

General Meeting (AGM) in Calgary during early December. In a continuation of the prevailing mood at our fall producer meetings, there was a generally positive atmosphere among the delegates in attendance at the AGM. Cattle producers in Alberta are aware that both they and the industry still face significant challenges, but we are seeing hopeful signs that are contributing to some sense of optimism for the future. No doubt, the mood at the AGM was greatly helped by the announcement the week prior to the meeting, that ABP and the Government of Alberta had completed the regulatory amendments required for the ABP to begin collecting a \$1 non-refundable levy to support national marketing and research programs. Higher prices for calves and slaughter cows this fall and gains in export market access also made delegates feel better about their business.

The ABP faced a challenging year with the implementation of a refund process for the refundable service charge (check-off) that was imposed on the organization, effective April 1, 2010. The first round of check-off refunds produced results that were disappointing, but not surprising. A relatively small number of producers requested refunds, but the total amount of the refund requests represented a significant portion of the check-off that was collected. Large-scale producers accounted for a very high percentage of the total value of refund requests. The first refund period was only three months long and did not include many calf sales so we will have a better idea of the trend for refund requests from our second round of requests in January 2011.

Despite the administrative and financial strains created by the refundable check-off, the ABP board of directors established an ambitious set of objectives for the year. The success in achieving these objectives was reflected in the strong support from delegates that the directors received at the AGM. In the elections for zone directors, council directors, and directors at

large, 14 of the 16 returning directors were successful. The directors then demonstrated their confidence in the executive by returning Chair Chuck MacLean, Vice-Chair Doug Sawyer, and Finance Chair Dave Solverson to their positions unopposed. Our long-term goals and priorities have not changed, but these objectives were specifically designed to provide value to producers for their check-off dollars and demonstrate the benefits of their check-off investment.

National Levy

When we started planning for the refundable service charge that was imposed on our industry, the ABP began working actively for the reinstatement of a \$1 non-refundable levy to support national market development, promotion, and research programs. The board of directors and our delegates at the semi-annual meeting last summer identified this levy as one of our top objectives for the year.

Meeting this objective was made more difficult by the perceptions and misconceptions that existed through the industry in Alberta. The ABP and most producers in Alberta know the benefits of investing producer dollars in marketing and research activities and the cost to the industry of National Check-off refunds in Alberta, but not all cattle organizations accepted our position. We also faced a significant problem with people not understanding the distinction between the National Check-off funding used for marketing and research activities and the service charge that is used for provincial and national policy activities. One of our most important documents in dealing with this confusion was a flow chart that we developed to clearly and simply show the distribution and use of the check-off deductions.

The real breakthrough on this issue came at the end of the summer in a series of meetings between the executives of ABP and the Alberta Cattle Feeders' Association (ACFA) that were initiated by Minister of Agriculture & Rural Development (ARD) Jack Hayden. With the help of Minister Hayden, senior ARD staff, and a facilitator, the two executives created a Memorandum of Agreement (MOA) that ultimately led to the implementation of the \$1 non-refundable levy. Although the negotiations were difficult and intense, the executive members of ABP and ACFA were willing to look beyond our respective organizations to reach an agreement that will generate substantial benefits for cattle producers and the beef industry

in Alberta and across Canada. Even with this extraordinary MOA completed, though, there was a further two months of negotiation and discussion needed before the levy could be implemented. We join all cattle producers in welcoming the reinstatement of a non-refundable national levy.

AgriRecovery Funding

In sharp contrast to the past few years, both of our general meetings this year started on positive notes. Our semi-annual meeting in June came eight days after the announcement of the 2010 Canada-Alberta Pasture Recovery Initiative (CAPRI), \$114 million in AgriRecovery funding support for primary producers in Alberta and Saskatchewan affected by the disastrous drought of 2009 and the spring of 2010. Long and intensive work by the ABP Cow/Calf Council, board of directors and staff members was a major factor in the decision by the federal and provincial governments to provide AgriRecovery funding and many people have said that this initiative would not have happened without the efforts of the ABP.

ABP Policy

We addressed two key policy areas this year with work on one of them now completed and work on the other issue just moving into full swing. The ABP joined the CCA, ARD, the Alberta Livestock and Meat Agency (ALMA), and other industry organizations in developing and signing the Guiding Principles for Beef Cattle Traceability. These five principles are consistent with the traceability policies previously established by the CCA and ABP and are intended to form an Alberta industry/government position on the proposed national traceability system. It is our hope that this document will help to ensure that a national traceability system enhances the competitive position of our industry and supports industry standards for commerce.

On the second issue, the implementation of the Land-Use Framework in Alberta is causing serious concerns among cattle producers and ABP is quickly raising our level of engagement in this process. The board of directors has established a committee to coordinate our responses to the framework plans and we will be actively seeking input and support from producers.

ABP Communications and Marketing

Not surprisingly with the advent of a refundable service charge, enhanced communications with producers, industry partners, government and the public has been a very high priority for us

this year. We developed an 'Own Your Industry' brochure that discusses the need for a check-off, the value of the check-off, and the impact of check-off refunds on the industry. We continue to use our radio broadcasts, Grass Routes newsletters, website, and producer meetings to distribute our messages. Our executive and directors worked hard and made significant progress in enhancing our relationships and level of influence with elected officials and staff of the Alberta government. In a move to provide real and tangible benefits for producers, we launched a Producer Loyalty Program where producers received a card making them eligible for savings on business and personal purchases at selected retailers who are official partners in the program. We also conducted extensive and complex consumer and retail trade research to provide priorities and direction for our provincial marketing initiatives.

The ABP has had a good year considering the difficult circumstances under which we are operating, but we know we will face new challenges and changes in the next year. We are optimistic that the strong leadership in our board of directors and a great group of enthusiastic and dedicated staff members will help us to address these issues on behalf of the cattle producers in Alberta.

For more information, please visit:

www.albertabeef.org

Saskatchewan Cattlemen's Association



according to The Cattle Development Plan Regulations under the supervision of the Agri-Food Council. As a development commission, the SCA provides for the effective development and promotion of the industry by investing levies collected through the sale of beef cattle in the province.

The SCA will promote and develop the sustainable production and marketing of cattle within Saskatchewan in addition to

the administration of check-offs (both federal and provincial) associated with the sale of cattle. Finalizing The Cattle Development Plan Regulations was a lengthy, time consuming process. The completion of this transition took place on August 4th, 2010.

Fundamental to our core operations is our policy statement which embraces four priorities:

1. Protecting the existing cow herd and cattle feeding infrastructure
2. Reducing barriers to business
3. Advancing market opportunities and strategies
4. Sustaining effective research and development capacity

The SCA is guided by a board of directors which consists of 11 elected producers (as per crop districts), and two representatives appointed by each the Saskatchewan Cattle Feeders Association (SCFA) and the Saskatchewan Stock Growers Association (SSGA). The 16 member board also includes the immediate past chairperson of the SCA. This board contains representation from all sectors of the industry as well as every region in the province. The development process for the SCA has focused on creating an organizational and governance structure to support our mission statement: "To promote the well being of all production sectors of the Saskatchewan beef cattle industry through effective representation from all regions of the province." The SCA Board of Directors meets monthly in order to discuss and debate issues relevant to the cattle producers of Saskatchewan. Direction for the SCA is an outcome of these monthly meetings.

We are indebted to the following individuals who serve on the SCA Board: Jack Hextall (Chair), Ryan Thompson (Vice Chair), Bill Jameson, Larry Grant, Rick Toney, Duane Thompson, Howard Toews, Leon Stang, Bruce Holmquist, Lyal Fox, David Stuart and Bob Ivey (Past Chair). Representing the SCFA are: Richard Wilson and Brad Welter and representing the SSGA are Ryan Beierbach and Doug Gillespie.

Spring Creek Consulting (Janice Bruynooghe and Sandy Russell) provided their expertise and leadership through the SCA's infancy stages. Keith Robertson was hired effective October 26, 2009 as the Chief Executive Officer. In February 2010, both Jenel Anderson (Administrative Assistant) and Lorna MacMillan (Communications Specialist) began their employment with the SCA. Adrian Uzea joined as the SCA's Policy Analyst. Jamie Blacklock provides book keeping services.

In October, we welcomed Melanie Chubbs to the team as administrative assistant, to replace the departing Anderson. In late December, MacMillan moved on to another field of work. A replacement is Bill Strautman.

Previously

The Saskatchewan Coyote Control Program ran from November 2009 to March 31, 2010. This program saw the provincial government paying hunters and producers \$20 per coyote in an effort to minimize the impact predators inflict. It is reported more than 71,000 coyotes were eradicated.

In March 2010, the federal and provincial governments announced \$2.5 million in annual funding to compensate Saskatchewan producers for livestock killed and injured by predators. Producers are now compensated for 100 per cent of the market value of their livestock killed by predators and up to 80 per cent of the market value for injured livestock.

In April, the SCA voiced their support of the provincial governments' initiatives in Bill 132 The Wildlife Habitat Protection Amendment Act, 2009, offering to current lease holders managing the land, the opportunity to purchase. Rick Toney, Chair of the SCA Environment committee and the members (Larry Grant, Reg Schellenberg and Eric Lawrence) provided leadership on these revisions.

SCA staff Keith Robertson and Adrian Uzea along with SCA board members Duane Thompson and Jack Hextall (Chair) travelled to Ottawa, ON to meet with Saskatchewan MP's. Special thanks to Ryder Lee and John Masswohl from the Canadian Cattlemen's Association (CCA) who coordinated and attended these meetings. The group discussed AgriRecovery, Business Risk Management, price insurance, costs of beef production in Canada and trade access to the EU, Japan and Mexico.

The Saskatchewan Minister of Agriculture responded to our request for tax breaks for custom corral cleaners, now allowing an exemption from PST, ultimately reducing costs for producers. The SCA is recognized as a credible, reliable source to the beef cattle industry and as such was asked to endorse our support to the Beef Cattle Research and Teaching Unit at the University of Saskatchewan. The Saskatchewan Government, Livestock Branch sought input on the Livestock Inspection and Transportation Regulations as well.

Since the summer of 2009, the SCA has worked diligently on behalf of Saskatchewan cattle producers on the issue of drought assistance. We appreciated the May 31, 2010 announcement of the 2010 Pasture Recovery Initiative. Livestock producers living in West Central and Northwest Saskatchewan will receive pasture assistance for breeding cattle (\$50/head as January 1, 2010 inventory).

From one extreme to another – on July 8 Federal Agriculture Minister Gerry Ritz and Saskatchewan Agriculture Minister Bob Bjornrud made another announcement for AgriRecovery, this time regarding the Excess Moisture Program (EMP). This assistance will help farmers take immediate steps to protect and restore damaged cropland due to flooding affecting the Prairies. Specifically, in Saskatchewan, the EMP payments to producers are estimated at \$360 million. Through the Governments' action, producers will receive \$30 per acre in assistance. The SCA is working on including forages in this flood package.

XL Foods Inc. Closure

On August 13, 2010, XL Foods Inc. announced the permanent closure of the XL Beef Slaughter Plant in Moose Jaw. This was a significant negative event to beef producers, particularly those within Saskatchewan.

Fall District Meetings

It was a busy fall with 11 district meetings held across the province. We were fortunate to have representation from the CCA including: Travis Toews, President, Martin Unrau, Vice President, John Masswohl, Director of Government & International Relations and Ryder Lee, Manager of Federal Provincial Relations. We also were supported with Canadian Cattle Identification Agency (CCIA) representation. Producer Support Representatives Brian Anderson, Nick Anderson and Dee Valstar attended the meetings and were available to answer any and all questions from producers.

We acknowledge and thank Duane Thompson, Leon Stang and Lyal Fox, retiring SCA Directors.

Canadian Western Agribition

The 40th anniversary is now in the history books and the SCA was pleased to be in attendance for the week.

The 4th Annual Cattle Industry Reception was hosted by the SCA on Thursday evening. It was a terrific opportunity to converse with fellow cattle producers as well as interact with the varied stakeholders. From the Saskatchewan Ministry of Agriculture, Deputy Minister Alanna Koch presented a brief speech and was available afterwards for further discussions.

Communications

After many months of preparation, the inaugural issue of the Saskatchewan Cattlemen's Connection, Voice of Saskatchewan's Cattle Producers was produced. In 2011, four issues will be produced throughout the year. This magazine is Saskatchewan's largest circulated cattle industry magazine. The magazine is also posted to the SCA's website.

In an effort to support and further promote the CCA, the SCA sends out the weekly Headlines to our producers.

A monthly industry update is provided to producers. The SCA strives to encompass relevant industry news, including articles for the Beef Cattle Research Council (BCRC).

Saskatchewan Beef Industry Conference 2011

We partnered once again with the SCFA, the SSGA, the Saskatchewan Livestock Association and the Saskatchewan Beef and Forage Symposium Committee to build upon the success of the 2010 Saskatchewan Beef Industry Conference.

"Opportunities 2011" was scheduled for January 19 – 22, 2011 in Saskatoon. The SCA AGM was held in conjunction with the conference.

For more information, please visit:

www.saskbeef.com

Saskatchewan Stock Growers Association



Some seven years after the 2003 outbreak of bovine spongiform encephalopathy (BSE) in Canada, Saskatchewan's livestock industry is still recovering. International trade barriers continue to be a concern, as are the industry regulations, including the feed ban and specified risk materials removal, that followed. A few years of good prices are needed to restore the industry confidence and equity that were eroded.

Saskatchewan's producers faced additional challenges in 2010, despite the improvement in cattle prices and the increased access to world markets. Issues included cost of production, ineffective Business Risk Management programs (forage insurance, AgriStability, AgriRecovery), prevalence of aging producers, slaughter capacity, and excessive moisture in some areas that resulted in regional feed and straw shortages as well as corral and feedlot damage.

To solve the current challenges, consultation with and cooperation from provincial, national and international governments will be required, as well as policy direction from provincial and national livestock organizations.

The strength of the cattle industry surprised many experts this past year. Prices are up considerably over 2009 and would be even higher if not for the strong Canadian dollar and feed grain prices. There has been a significant contraction of the North American herd resulting in shortages of feeder cattle for feedlots which has meant competitive bidding for feeder calves. It's expected that the industry will continue to contract and consolidate well into 2011.

At the same time, interest from investors in Saskatchewan's beef cattle industry is increasing as awareness grows about the province's lower land prices, available grain, access to water, etc. Opportunities are being explored and some have already been realized. An example of this is the Outlook feedlot. Overall, beef prices in 2011 should be very strong due to the supply and demand shortage, the recovering global economy and the growing global population's demand for

meat. This translates into a significantly positive forecast for the province's beef industry. The industry is expected to grow in Saskatchewan to the point where the province will have the largest cow herd in Canada, even though the industry will continue to contract nationally in 2011.

Other issues and trends that the SSGA is preparing to address in 2011 include getting more youth involved and a corresponding generational transfer, competition for land, opening previously-closed markets, resolving World Trade Organization (WTO) disputes with South Korea and the U.S., consolidation of the beef herd, and industry demographic challenges.

The SSGA will work with all levels of government to create a strong business environment for a sustainable and profitable beef industry. The association has initiated a youth committee tasked with developing recommendations for government to give young producers the opportunity to enter the agriculture industry, specifically beef. In the previous year, the SSGA also completed a strategic plan to help position the association for the future and increased communication to further educate and engage producers. To help fund the association, innovative programs were initiated and unique services were developed for producers, adding further value for SSGA members.

The SSGA is the oldest agricultural organization in Saskatchewan and will be celebrating 100 years of service to producers in 2012-2013. The mandate of the SSGA is to be an independent membership-driven organization--representing and reporting back to its members, advocate on behalf of the primary cattle producers of Saskatchewan and the cattle industry, represent primary cattle producers to policy makers, industry associations and the public, advocate for an economically viable, independent cattle industry in a free market, and educate and engage primary producers, the industry and public on issues of relevance and importance.

For more information, please visit:
www.skstockgrowers.com

Manitoba Beef Producers



The year 2010 certainly brought with it numerous challenges for the beef industry in Manitoba, but we continued to work diligently and tirelessly for the betterment and benefit of our industry.

Mother Nature dealt us an extreme hand this past year. We have worked assertively for those producers in disastrous situations in order to keep them on the landscape. Numerous meetings were held with the Provincial and Federal Governments to bring forward solutions and recommendations for solutions.

Manitoba Beef Producers (MBP), formerly known as the Manitoba Cattle Producers Association, started meeting with Government in July when all indications were of unrelenting rainfall, and when producers, who experienced excessive moisture in previous years, were once again facing extreme challenges with wet conditions. In order to receive the best possible program for our producers, we developed a proposal and lobbied both the Federal and Provincial Governments.

The MBP continually stressed the importance of having the program in place as soon as possible in order to avoid the disbursement of cow herds and in order to sustain our producers for yet another year. Our position has been to lobby for a program that would be available on a case-by-case basis. This means no matter where a producer is located in the province, should hardship be experienced due to excess moisture, they would have the opportunity to apply, demonstrate need and therefore be eligible for assistance. We lobbied for a per head payment for breeding stock and feeders, freight assistance programming and a tax deferral program. We also requested that a long-term drainage clean-out program be developed by the Province in order to ensure proper drainage plans for all Municipal and Provincial drains. The MBP will continue to lobby for the \$2 million cap presently on the Disaster Financial Assistance (DFA) program, to be either removed or raised. The cap is the reason many feedlots are not eligible for replacement of pens, or footings for pens.

As a result of our lobbying efforts, on December 17, 2010, both levels of government jointly announced a Feed and

Transportation Assistance Program for Manitoba beef producers who have experienced feed shortages due to excess moisture in the past number of months. A total of \$18 million has been allocated for the program.

The MBP was pleased with the announcement however we were disappointed that the governments failed to include some of our aforementioned recommendations that would help all producers across the province. (See our Jan. 4, 2011 press release for a full breakdown of our 'asks' weighed against the program in its current form on our website.)

An enormous gap in the program lies in the fact that it does not address the needs of the feedlot sector. This sector of the industry has also been heavily impacted by the high costs to repair infrastructure to their feedlots due to damages caused by excess moisture and the loss of gain because of muddy feeding pens. Forage restoration was not included in the program, nor was a long-term commitment to cleaning out and maintaining municipal and provincial drains.

The work surrounding excess moisture assistance - for government and for the MBP - has not ended. We will continue to lobby the government for the sectors that were excluded from programming and continue to lobby for long-term sustainable programming that works for the cattle industry.

Animal health issues continue to plague our province. Through our lobbying efforts, we have had both levels of government reaffirm their commitment to eradicate TB in the Riding Mountain TB Eradication Area (RMEA) in both wildlife and livestock. At the time of writing, we are still waiting for the senior level working group to present their strategic proposal for our review.

There were more positive cases for Anaplasmosis in Manitoba in 2010. In the last two years more than 13,000 animals have been tested and 590 animals confirmed positive with no confirmed source. We will continue to advocate for the disease to remain reportable.

Predators continue to be among the top issues, as it has been challenging to convince government agencies to recognize or acknowledge the increase in the predator population and cattle deaths due to predation. The MBP has lobbied for a more

vigorous Predator Removal Program and resolutions passed at our annual meeting indicated control, as well as compensation, need to be addressed. As a result of our lobbying efforts, we are pleased with the recent announcement by our Province regarding the percentage of compensation producers are eligible for on approved wildlife claims. Beginning in fiscal year 2011-12, Manitoba producers will be able to apply for increased compensation – moving from 80 per cent to 90 per cent of the determined loss next year and increasing to 100 per cent in 2012-13 for financial losses due to wildlife damage.

Another strategic priority for 2010 has been in the area of communications. We are now the Manitoba Beef Producers. We undertook a strategic process which enabled us to develop a full road map of specific deliverables in and around a new marketing campaign and brand identity.

Our annual meeting has seen some major changes this year. We held our conference in conjunction with the Manitoba Livestock Expo and moved the date to the first week of November from December. We aptly named this joint event the Prime Beef Event of the Year. Our goal is to create an event that ultimately provides 'something for everyone' in the cattle industry. We are quite pleased with the turnout in 2010, though attendance was affected somewhat by the good weather; we nonetheless considered it a success and will continue planning enhancements for next year's event.

Our Hay and Pasture Insurance lobbying efforts resulted in a pilot program for Pasture Insurance in 2010 with 30 participating producers enrolled. We will be meeting with Manitoba Agricultural Services Corp. (MASC) early in 2011 to evaluate the program and hopefully make the necessary changes so the Hay and Pasture Program is economical, effective and available to all producers.

Crown Lands are an important component of many operations in Manitoba. The challenge is finding an appropriate balance between the public right of access to Crown Lands leased for agricultural purposes and the right of the producer to protect their investment. This issue continues to be a priority. Our main position has been in the promotion of informed access. Our proposal is based on four public and private hazards on agricultural Crown Lands. This proposal explains the importance of informed access for the safety of the general public and the

environmental sustainability of the agricultural lands, as well as the biosecurity hazards and economic hazards that exist without this type of informed access.

In the area of environment, we have been working on an Ecological Goods and Services (E G & S) Program, a wetland policy and straw burning solutions. The MBP participates on an E G & S Knowledge Group comprised of government stakeholders with the intent to develop an incentive-based program for producers in Manitoba. We have also participated in additional E G & S meetings with other industry stakeholders, such as the Conservation Districts Association, Ducks Unlimited and Nature Conservancy to name a few. The MBP looks forward to moving ahead with these committees in working towards the development of an E G & S Program.

The MBP had the opportunity to participate in a public consultation process for the development of a Manitoba Wetland Policy to present to government with the inclusion of our recommendations for policy and implementation.

The issue of stubble burning has intensified as it affects a cross-section of industry and the public. The MBP developed an alternative to burning straw in conjunction with a freight assistance program. We have met with government officials to present the proposal to solve the straw burning problem, while encouraging producers to use straw for feed. We will continue to work on this file with government.

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

The Production Management committee worked on the areas of veterinary drug usage, brand inspection and traceability. The magnitude of traceability is extensive and includes every cattle producer, every provincial jurisdiction and the federal government. With all of these entities to consider, the implementation of traceability has its difficulties.

Several meetings have been held with Manitoba Agriculture, Food and Rural Initiatives (MAFRI) staff and the Minister of Agriculture regarding Premises ID. The Province recently launched a database which will house premises ID's for planning and monitoring the spread of a disease from premise to premise. Unfortunately, at this time, the system is not linked to the Canadian Cattle Identification Agency (CCIA) system. The Minister implemented a regulation under the Animal Diseases Act, requiring all producers to submit their Premises ID's in which non-compliance is punishable by a fine. It is also unfortunate that in order for any producer to have access to any government programming, such as the environmental farm plans or Verified Beef Production™ program, they have to fill out the Provincial Premises ID form to be eligible for funding. We continue to advocate for the CCIA system for Premises ID in the Province of Manitoba.

We remain involved in a variety of research projects. They include solid cattle manure as a nutrient source, development of an algorithm for fertilizer equivalence of different manures, assessment of grasslands in Manitoba, farm management and marketing strategies in the Canadian beef sector, Brandon research station tri-party agreement, microbial-based diagnostics for Johne's disease, and integrated crop/livestock systems.

All in all, it has been a very active and full year for the MBP. We move into 2011 with the same drive - we embrace every challenge and are fully committed to either make continual progress or achieve full resolution to each issue and each active file.

For more information, please visit:
www.mbbeef.ca

Ontario Cattlemen's Association



As an industry in Ontario, we were faced with an unsurprising decline in cattle inventories and a decrease in the beef

cow herd at the beginning of the year. Strong grain prices proved to be troubling for our feedlot producers. On a positive note, cow-calf producers saw strong stocker prices in the fall. As an organization, the Ontario Cattlemen's Association (OCA) was very 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 within Ontario.

Ontario Agricultural Sustainability Coalition (OASC)

As a one-voice initiative in late 2009, the OCA along with other leaders of non-supply managed commodities, including Ontario Pork, Ontario Fruit and Vegetable Growers' Association, Grain Farmers of Ontario, the Ontario Sheep Marketing Agency and Ontario Veal, met with the previous Ontario Agriculture Minister to discuss developing a common business risk management program for all of Ontario's non-supply managed commodities. The OCA continues to work with the group as member of OASC.

Government Relations

In response to the declining state of the Ontario beef industry and with the support of its members, the OCA developed a Business Risk Management Proposal and presented the program to the Ontario Minister of Agriculture, Food and Rural Affairs in the fall of 2010. This insurance program would protect producers against market fluctuations and would limit their future risk. In return, this would strengthen and grow the rural economy in Ontario and aid in long-term recovery for the Ontario beef industry. In November 2010, OCA joined with Ontario Pork with the goal to partner with the provincial and federal governments to establish an insurance program for beef and pork producers in Ontario. The program proposed is voluntary and producers would pay a premium representing 30 per cent of the long-term cost of the program with governments contributing the traditional 60/40 (federal/provincial) split. Visit www.beefporkrmp.ca for more information.

Make It Ontario Beef

Following the Ontario Provincial Government's lead on Buy Ontario, the OCA developed an integrated communications plan that would elevate the profile and increase consumption of locally-grown Ontario beef products across the province. The comprehensive strategy involved the development of business relationships between Ontario producers, farmers, chefs, consumers and media, which aimed to increase sales values, thus bolstering the local economy. Through this project, Make it Ontario Beef, the OCA held a launch event at a Toronto CFL football game, developed a website and monthly online newsletters, garnered media attention with press kits and travelled the province with a television broadcast tour. Visit www.makeitontariobeef.ca for further details. This initiative was funded by the Ontario Market Investment Fund and OCA funding allocated by the OCA Board of Directors.

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. In 2010, OCA 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 will be encouraged to participate in benchmarking surveys and grazing mentorship relationships. We will build upon the premises 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.

Beef-Specific Johne's Disease Awareness Program

With funding from the Agricultural Adaptation Council, OCA and the Ontario Ministry of Agriculture, Food and Rural Affairs (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 enroll 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. Producers who participate and follow through with the RAMP will be eligible to have the costs of veterinarian visits and testing covered by the project.

National Beef Biosecurity Consultation

In 2010, the OCA board endorsed our participation in the National Beef Biosecurity Consultation. Partnering with the CCA and the CFIA's Office of Animal Biosecurity, an approved questionnaire was created enabling two OCA staff members to conduct 50 on-farm biosecurity consultations within a three month period. This cross sector snapshot of feedlots and cow-calf operations of various sizes will assist the CCA in developing useful tools for producers to further advance biosecurity protocols for our producers.

On a provincial level, the OCA worked with the sheep, veal, goat, and rabbit commodities to complete an analysis of biosecurity measures across sectors. Common issues were identified concerning inputs, farm service suppliers and auction markets. The study was intended to identify gaps on-farm and at a broader sector level, the existence of and compliance to biosecurity practices and emergency response capabilities.

Collectively, these two endeavors should help heighten awareness and develop on-farm practices to minimize the risk and impact of animal disease.

Verified Beef Production™ On-Farm Food Safety Program

2010 proved to be another challenging year for the Verified Beef Production™ Program in Ontario. A small number of on-farm audits were performed for producers who viewed program 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.

Research

The OCA dedicates a portion of funds every year to support

primary research in Ontario. The Research Committee's funding between 2009-2013, will come from the Farm Innovation Program (FIP). FIP is a \$12 million program that is part of Growing Forward. The overall goal of FIP is to increase the development, adaptation, assessment, and adoption of on-farm innovative technologies that help agricultural producers respond to changing demands. The beef sector has been allocated approximately \$440,000 per year. Intake periods for applications are in the fall and spring of each year.

Ontario Feeder Cattle Co-op Program Celebrated 20 Years

This program utilizes a Provincial Guarantee to provide competitive lending to members of all 19 co-ops in the province. Using money from OMAFRA, OCA hires a provincial supervisor to oversee the operations of all co-ops and ensure timely and accurate reporting from all co-ops on a monthly basis. In 2007, the OCA agreed to administer the Interest Free Provision under the Federal Agriculture Marketing Programs Act, within the Feeder Cattle Co-op program. From a national perspective, Ontario ranks second following Alberta, with over 103,000 head purchased through the Feeder Cattle Program in 2009 with comparable figures expected at year-end for 2010. Since the inception of the program in Ontario, more than 1.25 million cattle have been purchased by more than 3,000 members.

For more information, please visit:

www.cattle.guelph.on.ca

New Brunswick Cattle Producers



First and foremost, I want to wish our past Chair all the best. This fall Bill Pryor decided to retire from the board and stepped down as director for his region due to health reasons. I want to thank Bill for all his work for our industry during his tenure with the New Brunswick Cattle Producers (NBCP).

We have had a challenging year, and while this is not unusual in

the cattle industry it comes on top of several challenging years back to back. We, along with our colleagues in other provinces, have seen a decrease in the number of producers but have maintained our cow numbers. This is encouraging in the fact that the remaining producers clearly see a future in the industry.

We are still not in a position to hire a new general manager, as our financial situation remains bleak. The board of directors needs to be commended for stepping up to the plate to carry out duties that a general manager would normally complete and I thank them for their dedication. As with any organization, of course we need funding but without the producers who put their names forward to serve on the board, we would not accomplish anything. I would like to say thank you to my board and to all producers who serve on one. The NBCP Board of Directors for 2011 is comprised of: Hugh Harmon, Ed Crandlemire, Kevin Antworth, Leo Lebel, Sherwood Good, Jennifer MacDonald, Geraline Van Agten, Bob Gray, and Gerald Daly, who represents the dairy industry.

The NBCP Board of Directors has worked to find avenues to try to minimize the stress on producers. This includes working with government to implement programs that benefit the industry, such as improving herd genetics and a herd health program. While programs like these do not answer the never ending question of profitability, they do help. The board has met with MLAs and MPs to lobby on Business Risk Management (BRM) programs, Advance Payments Programs (APP), and specified risk material (SRM) removal. We continue to lobby for new initiatives and programs on an ongoing basis.

The fall of 2010 saw the NBCP, along with its sister organizations in Nova Scotia and Prince Edward Island, participate in a Maritime Beef Strategy Session. As a region, we see the need to work more collaboratively on issues that affect and enhance our industry. As a result of this session, we have a more unified voice to speak to the various levels of governments for programs for our region.

The NBCP has participated in other meetings that affect our industry. We worked on a pilot project to get our drovers to kick-start information gathering for the traceability regulations that are coming; we are part of a new guideline formation for SRM composting from abattoirs; we are involved in a multi-

commodity roundtable on issues affecting agriculture and some of our members sit on the Minister's Roundtable on Policy for Agriculture in New Brunswick. The NBCP also sponsored a Beef Conference in November that was well attended.

Although uncertain about what the future has in store for the cattle industry, we continue to work to improve the industry in our province.

Nova Scotia Cattle Producers



There has been some optimism around the pricing of calves this fall but our industry continues to face very serious problems. These problems did not get here overnight, and they will take time to resolve.

The number of cattle in Nova Scotia continues to fall. As well, a significant number of herd sales have taken place through Atlantic Stockyards – not a very bright future for the industry. Perhaps the most revealing statistic is the comparison between Nova Scotia cow numbers and New Brunswick cow numbers. For the first time ever, the Nova Scotia cowherd is smaller than the herd in New Brunswick. Clearly, the industry faces significant challenges.

The rising value of the Canadian dollar has negatively impacted the price response to reduced cattle supply. The amazing element in this gradual return to stronger pricing is that the dollar has not wiped out more of the gain in prices. The producer share of the retail beef dollar has shifted dramatically in the last decade. Retail sales now capture about 55 per cent of the consumer beef dollar. The balance is therefore divided amongst the rest of the industry. Consumers are paying enough. The revenue from the sale of beef is not distributed equitably. In short – free trade but not fair trade. The industry suffers from too much division. It's as if there can be only one approach to every problem. The beef production system is very complex. The competing interests within the industry often undermine the need for unity in the face of business and competitive challenges. Prices have not come back to the level we need for producers to survive. The world economic crisis has not helped, and continues to negatively affect the industry in many ways.

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

- The Nova Scotia Cattle Producers (NSCP) Annual Meeting was critical in working our way out of the slump the industry has been in. The presentations by Neil Dennis (the potential of intensive rotational grazing) and Cameron Pallett (the BSE class action lawsuit) captured everyone's interest and are still rippling through the industry. The resolutions from the meeting resulted in a seven-point approach to government. There has been a fair amount of progress on this agenda. The government and the NSCP are working together on improved genetics in the industry – complimented by a significant increase in beef based research.
- The changes to levy collection first endorsed by producers three years ago are much closer to completion. What seemed a simple administrative change created huge regulatory and administrative challenges. This "work in progress" may be fully in place during the next calendar year. There seems to be support for this concept both within Nova Scotia and elsewhere. This has to happen if a unique project like this is to succeed.
- The agricultural services model first mentioned almost two years ago is now in place. The pork, sheep, and beef commodity groups are now being managed together by the Agri-Commodity Management Association (ACMA). The first Board meeting took place in early October. Brad McCallum, the Executive Director of ACMA, is now the managing director of the NSCP. Cattle producers again have full executive management supporting their commodity board – a timely and necessary development.
- The NSCP Board is working to develop a set of Maritime protocols to support the industry. At the recent Memramcook meeting, all three Maritime commodity groups agreed to common policies around support for genetic enhancement, support for the creation of Maritime-wide cattle certification programs, support for vaccination protocols including funding, and the need for transitional support across the region as the industry stabilizes and prepares to build a better future.
- There is a tremendous amount of research being done in the beef sector in Nova Scotia. The Cape John Project, supported fully by the funding of the provincial government,

is one example of the kind of work the industry needs to do. This year the NSCP is involved with five different research approaches – ranging from support for the Maritime Bull Test Station to the effect of grass finishing on the carcass quality of cattle. The Canadian Cattlemen's Association also has a major research project involving both Nappan and the Nova Scotia Agricultural College. There will be more, of this science and the attendant funding in the years to come.

These initiatives in isolation, however, do not address the cash flow and margin crisis facing the industry in the fall of 2010. Work needs to be done that results in support reaching the farm gate. To do less is "to tinker" with an industry that needs serious help. The return to profitability will not be easy. The challenges to a viable beef sector are entrenched and powerful. In spite of these problems producers have been saying, "let's get to work... let the land be profitable."

For more information, please visit:
www.nscattle.ca

Prince Edward Island Cattle Producers



PRINCE EDWARD ISLAND
CATTLE PRODUCERS

The Prince Edward Island Cattle Producers (PEICP) will hold their Annual Meeting in March, 2011. Following this meeting, the new board will come into

effect. Board members include Peter Verleun, Ivan Johnson, Brian Morrison, Jeremy Stead, Glen Jay and David McCloskey. Ex-Officio Director, Ronnie MacWilliams, will represent the Dairy Farmers of PEI.

The PEICP marked a significant year in 2010, as they finally dotted all the 'i's and crossed all the 't's in order to sign onto the National Check-off (NCO), concluding the long-awaited goal of having all provinces in Canada signed on to the NCO. It has taken a significant amount of time, largely due to the task of changing from a commodity group to a commodity board, in order to comply with the Natural Products Marketing Act

regulations in PEI. These regulations only award authority to commodity boards to collect a non-refundable levy. Soon after these changes had been implemented, Alberta allowed their check-off to become refundable. Thank goodness this decision has been reversed or this incredibly time-consuming and costly piece of work would all have been for naught since all NCO levies had to be non-refundable. It has been encouraging and rewarding to see the first remittances for the NCO arrive. We will strive to build on the groundwork laid out under the NCO to ensure we contribute our fair share to the valuable work being done on behalf of our producers.

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Justin Lawless continues to deliver the Verified Beef Production™ (VBP) program in the Atlantic Provinces. He provides information and direction on the VBP program throughout Atlantic Canada. It is our goal to have our first producers audited and verified in 2011.

The PEICP is a member of the Maritime Beef Council (MBC). The council is an informal organization that holds periodic meetings of the three Maritime provincial beef organizations to discuss issues that concern all of us. In November, the MBC held a strategic planning session. Final touches are being made to the report which will be presented in early 2011. The strategy promises to provide solid direction to the beef industry in Atlantic Canada.

The Advance Payments Program (APP), which came due in September of 2010 but was deferred by another stay of default, continues to be an issue of concern for some PEI beef producers. Although the industry has taken advantage of the program -- and many believe it is the only thing that kept it going in PEI -- prices haven't recovered enough to allow the loans to be repaid. The forecast for beef over the next 18 months indicates things may improve, however many producers feel certain that they will not be able to meet the repayment terms and are concerned about going into default.

The PEICP continues to support and lead several projects including a traceability project titled Using Technology for Tracking Beef Information that will collect data from the birth date of calves through age verification and follows the animal through to Atlantic Beef Products, capturing health, movement and carcass data on each animal. We are also supporting a research project that will take place at the Nappan Research Station using Grow Safe technology. We continue 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.

For more information, please visit:
www.peicattleproducers.com



Financial Report

Schedule of Operations and Net Assets

Year ended June 30, 2010, with comparative figures for 2009

		2010	2009
Revenue	Assessments		
	British Columbia	92,498	91,211
	Alberta	1,522,566	1,444,348
	Saskatchewan	555,888	482,781
	Manitoba	225,670	235,893
	Ontario	404,432	394,535
	Quebec	-	-
	Prince Edward Island	9,630	9,107
	New Brunswick	9,914	9,375
	Nova Scotia	11,896	11,250
		2,832,494	2,678,500
	Legal Assessment	737,354	281,768
	Interest	564	4,423
	Other	43,714	56,029
		3,614,126	3,020,720
Expenditure			
	CCA Division Services	202,399	238,082
	Calgary Office	761,656	710,999
	Ottawa Office	324,097	318,561
	Legal Reserve	737,354	281,768
	Communications	70,331	40,148
	Convention	6,810	9,723
	Executive & Finance	188,838	149,303
	Advocate Services	538,451	990,075
	Annual Meeting	92,897	68,585
	Semi Annual Meeting	49,435	46,303
	Animal Health & Meat Inspection	66,925	65,349
	Animal Care Committee	16,585	25,295
	Value Creation & Competitiveness	3,939	3,374
	Foreign Trade Committee	36,347	59,905
	Domestic Ag Policy	15,449	27,416
	5 - Country	26,168	7,668
	Environment	34,800	46,291
		3,172,481	3,088,845
Excess (deficiency) of revenue over expenditure		441,645	(68,125)
Net assets, beginning of year		206,459	274,584
Net assets, end of year		648,104	206,459





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 your support for Canadian cattle producers, the program also provides you with 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 you to choose the level of involvement that best suits your organization.

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 or call the CCA office at 403.275.8558.

Prime Partners

Intervet Canada Ltd.



Intervet Canada Corp. (better known as “Intervet/Schering-Plough Animal Health”), is a fully (indirectly) 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. Intervet Canada Corp. is located in Kirkland(Montreal), Quebec.

ScotiaBank

Agricultural Banking



Are you planning to grow, diversify or transition your farm operations to the next generation? Scotiabank understands your need for dependable financial services geared to the agricultural industry. Scotiabank's team of dedicated Agricultural Banking Specialists is committed to the future of your business. Scotiabank is one of North America's premier financial institutions and Canada's most international bank. With approximately 68,000 employees, Scotiabank Group and its affiliates serve over 12.5 million customers in some 50 countries around the world. Scotiabank offers a diverse range of products and services including personal, commercial, corporate and investment banking.

AAA Partners

Canada Beef Export Federation



Established in 1989, Canada Beef Export Federation (CBEF) is an independent, non-profit industry organization committed to improving export results for the Canadian beef and cattle industry. CBEF's export vision is to have high quality Canadian beef products recognized as the symbol of excellence by global customers. CBEF's mission is to facilitate the expansion of strategic global markets for Canadian beef products. CBEF's mandate is to identify and develop key export markets to increase the sale of Canadian beef products with the cooperation of all companies, organizations and institutions that benefit from this success.

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.

Royal Bank of Canada



Royal Bank of Canada (RBC) is Canada's largest bank, measured by assets, and is one of North America's leading diversified financial services companies. RBC has proudly served Canada's agriculture and agribusiness industry for many decades. RBC's team of farm finance specialists is an example of that commitment. Each specialist has the right mix of financial and agricultural knowledge and expertise to advise and work with you through the ongoing changes in the industry. For more information and resources, visit www.rbcroyalbank.com/agriculture.

AA Partners

CIBC



CIBC knows you need a bank that understands the unique business of agriculture including production cycles, market changes and consumer demands. CIBC can help with financial service products customized to the specifics of your agriculture business. Whether you need a loan to buy equipment for your farm or you want financial planning and investment advice, CIBC's experienced team of Agriculture Banking Specialists, Small Business Advisors and Investment Specialists can help you find the solutions that are right for you and your business. With more than a century of agriculture experience, CIBC is in this business for the long haul. Because they know you are too.

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.

2010

Canadian Cattlemen's Association



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.



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