



moving **on**

Annual Report 2012



The Canadian cattle industry weathered an exceptionally tumultuous year in 2012, overcoming the unexpected temporary shutdown of a processing facility responsible for nearly 40 per cent of slaughter capacity in Canada. For a while it seemed that the temporary closure, the result of an unfortunate *E.coli* event that sickened 18 people across the country and sparked the largest beef recall in Canadian history, threatened to cripple the entire beef value chain.

moving on

The Canadian Cattlemen's Association (CCA) actively worked behind the scenes to alleviate the pressures on feeders and producers and was instrumental in facilitating the process that ultimately resolved the situation with JBS USA reaching an agreement with the owners of XL to begin managing the plant. In early December, the facility was relisted to export to the U.S. and by January 2013, JBS Food Canada, Inc., the Canadian subsidiary of JBS USA, announced it would complete the transaction to purchase select Canadian assets of XL Foods Inc. The new ownership will ensure feeders and producers have another buyer for their cattle, while providing consumers with a steady supply of safe, high quality Canadian beef.

A number of significant market access achievements of long-term benefit to the industry also came to

fruition in 2012. In January, the Government of Canada resolved the long-standing beef market access issue with Korea and later terminated the World Trade Organization (WTO) Dispute Settlement Panel. In June, the WTO Appellate Body confirmed the WTO Dispute Panel decision of November 2011 that the U.S. Country of Origin Labeling (COOL) legislation discriminates against Canadian livestock in the U.S. market. Also of note in 2012 is Canada's acceptance into the Trans-Pacific Partnership and the CCA joining the Global Roundtable for Sustainable Beef.

The CCA remains committed to maintaining a profitable and sustainable industry for Canada's 83,000 beef cattle producers and looks forward to continued positive momentum in 2013.



Photo credit: Government of Canada.

Agriculture and Agri-Food Canada Minister Gerry Ritz meets with CCA President Martin Unrau during a press conference to announce a WTO decision that the U.S. mandatory country of origin labeling (COOL) legislation discriminated against Canadian livestock producers. The announcement was made June 29, 2012 at the Wilbar Farms near Dundurn, Saskatchewan.

CCA officials visited Korea's Ambassador to Canada in Ottawa on April 18, 2012, to thank him for the role played by the Korean Embassy in helping to restore Canadian beef access to Korea. The CCA also discussed the benefits of two-way trade that could result from a Canada-Korea FTA. L-R CCA's Dennis Laycraft, Martin Unrau, Korea's Ambassador to Canada Nam Joo-Hong and John Masswohl.



Photo credit: Embassy of the Republic of Korea

“...continued *positive momentum* in 2013.”

Photo Credit: Brad Smith

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Board *of* Directors



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Martin Unrau - President, Manitoba
Travis Toews - Past President, Alberta
Dave Solverson - Vice President, Alberta
Lary Fossum, British Columbia



Row 2, left to right
Martin Rossmann, British Columbia
Erik Butters, Alberta
Larry Delver, Alberta
Bob Lowe, Alberta



Row 3, left to right
Pat Rutledge, Alberta
John Schooten, Alberta
Cathy Sharp, Alberta
Rob Somerville, Alberta



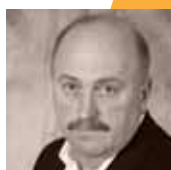
Row 4, left to right
Lynn Grant, Saskatchewan
Brent Griffin, Saskatchewan
Pat Hayes, Saskatchewan
Reg Schellenberg, Saskatchewan



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Kevin Woods, Saskatchewan
Ray Armbruster, Manitoba
Ted Artz, Manitoba
Heinz Reimer, Manitoba



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Dan Darling, Ontario
Bod Gordanier, Ontario
Tom Wilson, Ontario



Row 7, left to right
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Jennifer MacDonald, Atlantic
George Smith, Atlantic
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(ex officio)

CCA President's *Report*



Martin Unrau

There has been plenty of activity in the cattle sector during the past few months enabling the industry to cap off a challenging year on a positive note.

The relisting of Establishment 38 under the management of JBS USA has helped the industry move past the unfortunate XL Foods Inc. *E.coli* event which consumed the industry this fall. The United States Department of Agriculture's Food Safety and Inspection Service gave the facility the approval to resume exports of beef to the U.S. in early December. The plant can now work towards normalizing capacity which in turn will help to restore normalcy to Canada's beef cattle industry.

In Eastern Canada, Ontario producers received some relief from looming feed shortages this winter with the announcement of AgriRecovery assistance. With forages yields severely reduced due to an early frost and then a drought, producers were faced with some tough management decisions. The federal/provincial assistance will help with transportation costs related to accessing feed for breeding herds this winter, or moving the herds to areas with ready supplies of feed.

In Manitoba, producers finally got a Tuberculosis (TB) coordinator to help eradicate bovine TB from around Riding Mountain National Park. The CCA had been lobbying for such a position for some time. Cattle producers in the area have had to deal with the extra cost and stress of living near a source of disease for much too long. The sooner all stakeholders can come to a solution that fully cleans up the issue, as other jurisdictions have been able to do, the better it will be for the wildlife, livestock and the people who depend on both.

The CCA remains focussed on ensuring the long-term competitiveness and sustainability of the industry. Tools such as a national price and basis insurance program, modelled after the program available in Alberta, would help producers better manage risk. The importance of good disaster programs that work for producers in a clear and timely manner cannot be understated.

Progress reports on the Beyond the Border (BTB) Action Plan and the Regulatory Cooperation Council (RCC) Action Plan indicate that though harmonization efforts are not yet complete, Canada

and the U.S. have made headway. Of relevance to the industry is headway made under the BTB regarding an operational model for a pilot program to inspect truck cargo well before the border, thus reducing wait times at the border. The RCC reports progress in the area of veterinary drugs, specifically simultaneous reviews by U.S. and Canadian regulators for several drug submissions.

On the trade front, a significant development in December was the World Trade Organization (WTO) arbitrator assigning a firm deadline for the U.S. to ensure its Country of Origin Labeling (COOL) requirements comply with its WTO obligations. The U.S. has until May 23, 2013 to comply with the Panel and Appellate Body reports adopted by the WTO Dispute Settlement Body this past July, confirming that U.S. COOL legislation discriminates against Canadian livestock in the U.S. market.

The many other positive trade developments will be detailed by others elsewhere in this annual report and I encourage you to read those reports. I would note that many of the market access achievements this year are the cumulative result of years of work by the CCA. More than half of the CCA's budget is related to achieving market access for Canadian beef. Whether that money is spent to develop relationships abroad, advocate in Ottawa or pay legal expenses, the money the CCA spends on market access is a small fraction of what the various trade barriers cost cattle producers. The CCA's involvement in many of the important trade developments of 2012 reflects the return on investment made by CCA members.

Of course, in many instances the CCA works in coordination with Agriculture and Agri-Food Canada (AAFC) Minister Gerry Ritz. We appreciate that the Minister regularly consults with industry on important industry matters and then goes to bat for us.

My appreciation goes out to Minister Ritz, along with International Trade Minister Ed Fast and Prime Minister Stephen Harper, for their efforts.

“... the beef sector generates *228,811 jobs* in the country.”

The challenges facing the industry and threatening competitiveness continue to evolve and the CCA is responding to this changing landscape. Where appropriate, the CCA is aligning itself with like-minded organizations of influence. The CCA demonstrated its continued commitment to sustainable beef production by joining the Global Roundtable for Sustainable Beef (GRSB). Like the GRSB, the CCA is focussed on developing the necessary tools to ensure beef production is environmentally sound, socially responsible and economically viable.

This opportunity will ensure that all the good work that CCA does, particularly in the area of sustainable beef production, is shared at the global table. The CCA will also learn from the other stakeholders. As an added benefit, it also demonstrates publicly our commitment to sustainability. The average consumer wants to know that their beef was produced in a sustainable manner.

Research funded by the Beef Cattle Research Council has led to improvements in productivity and efficiency, which have clear implications for environmental sustainability. Improvements in feed efficiency and shortening the required number of days needed to finish fed cattle reduces the amount of methane and manure produced and resources used per pound of beef. Improvements in forage and grassland productivity lead to several environmental benefits, including increased carbon sequestration, improved wildlife habitat, contributes to biodiversity, helps maintain watersheds, and reduces soil erosion.

Current members of the Switzerland-based GRSB include the National Cattlemen's Beef Association, Cargill, JBS, McDonald's and the Roundtable for Sustainable Beef Australia. The CCA looks forward to working with the roundtable.

Anti-animal agriculture activists remain a constant threat, with smart-phone camera surveillance videos surfacing on the internet at seemingly regular intervals. The industry is evolving how it responds to these as well. Fundamentally, the renewal of the Code of Practice for the Care and Handling of Beef Cattle through the National Farm Animal Care Council process is important for the industry. Industry needs to show the public and consumers that it is proactive on animal care, environment and any other issues of concern. A renewed code will help in the important conversations that need to take place with these groups.

Industry can also educate the public with informative videos highlighting the reality of the day-to-day care producers provide for their cattle, or promoting awareness around pro-active industry initiatives like the Canadian Livestock Transport certificate

program. It is important to invest in these areas as they do impact competitiveness. It is important that as an industry, individually and as associations, the truth about beef cattle production gets out to the public.

Fortunately, industry has great pro-industry activists in its young people. We've all enjoyed the positive pro-agriculture messaging in the YouTube videos produced by participants in the Cattlemen's Young Leaders (CYL) program. The CYL program continues to be a huge success and is a constant reminder that there is no shortage of bright and eager young people who are passionate defenders of agriculture and are looking to stay involved in the industry, and with good reason.

A recent study funded in part by the CCA examining the industry's overall economic impact found that the cattle industry is responsible for \$33 billion worth of sales of goods and services either directly or indirectly; and that every job in the sector yields another 3.56 jobs elsewhere in the economy. The study also found that for every \$1 of income received by workers and farm owners, another \$2.08 is created elsewhere; and that either directly or indirectly through induced income effects, the beef sector generates 228,811 jobs in the country.

Innovation has taken on an increasingly important role in driving this industry forward. The Beef InfoXchange System (BIXS) continues to operate and evolve, with ongoing developments to improve program and software delivery. Currently the BIXS database houses approximately 1.5 million detailed carcass data records linked to Canadian Cattle Identification Agency (CCIA) tag numbers. This information is being submitted by the two major packers in Canada, Cargill Foods and XL Beef. This Computer Vision System camera-derived data includes such economically important information as hot carcass weight, yields and quality grades, marbling scores, ribeye areas and more. This information is only available to registered BIXS users on the animals they have submitted data on in the system. BIXS is presently funded through AAFC's Agricultural Flexibility Fund.

I am pleased with the CCA's achievements of 2012 and look forward to continued success in 2013 in collaboration with all stakeholders in the value chain and governments.

Respectfully submitted,



Executive Vice President *Report*



Dennis Laycraft

“Although 2012 began with great optimism
and record prices, with tighter world supplies and improved market
access providing strong supporting market fundamentals, it turned into
a year of unexpected twists and turns for the industry.”

The Canadian Cattlemen's Association (CCA) was very active in 2012 representing the Canadian industry in policy discussions, trade negotiations, the mandatory Country of Origin Labeling (COOL) trade dispute, and numerous national and international processes dealing with animal health, animal care, environment, sustainability, competitiveness, finance, credit, and regulatory modernization and cooperation.

Although 2012 began with great optimism and record prices, with tighter world supplies and improved market access providing strong supporting market fundamentals, it turned into a year of unexpected twists and turns for the industry. Thankfully, with most of the upheaval firmly in the rear-view mirror, the focus is now on the many positive developments that came to fruition in 2012 as a result of years of effort and work by the CCA.

In January 2012, Canada finally regained access to South Korea for under-30-month (UTM) beef and ended the World Trade Organization (WTO) case against them. The CCA's attention intensified on getting the free trade agreement (FTA) negotiations restarted with South Korea to get Canada back on an even, or near even, tariff schedule with the United States (U.S.). Without a suitable Canada-Korea FTA, the tariff differential will make Canadian beef uncompetitive in that important market.

In early 2012, CCA received clear indications that progress was finally being made with Japan on their beef access policies. Over the course of the year, Japan completed their scientific review and is expected to increase the age limit for Canadian beef imports to UTM from under 21 months in 2013. In late March Canada and Japan announced the start of the Comprehensive Economic Partnership Agreement (CEPA) negotiations. CCA Past President Travis Toews and I had the honour to take part in the initial briefings and forums in Tokyo. While in Japan, we met with a number of Canada's best beef customers in that market. Each identified the need for a more consistent supply of Canadian beef. CCA communicated to them that moving to UTM beef will greatly help in this regard.

In the spring, the U.S. appealed the November 2011 WTO decision on COOL that ruled in Canada and Mexico's favour. The CCA worked with the Government of Canada to assist in preparation of arguments for the appeal and attended the hearing in Geneva. In July, the WTO Appellate body ruled in favour of Canada and Mexico that the COOL rules, as they apply to live cattle and pigs, violate the U.S.'s international trade obligations. The U.S. indicated to the WTO that they intended to bring their rules into compliance. In December, after hearing arguments from the three parties, the WTO ruled that the U.S. has 10 months from July 23 to bring their rules into compliance. The U.S. had requested the maximum time of 15 months.

The CCA is currently working with U.S. allies to seek a proper legislative fix to this problem that will hopefully eliminate the discrimination and differential treatment that COOL has created toward live animal imports from Canada and Mexico. CCA officials recently met with U.S. Congressional leaders to outline the narrow changes we believe can easily fix the problem.

The CCA focused its attention on developing sufficient international support for the adoption of maximum residue limits for ractopamine. The safety of the product had been scientifically demonstrated. In July, the Codex Alimentarius Commission did finally vote to adopt a Maximum Residue Limit (MRL) standard. The vote was close but in the end science did prevail. The CCA considers this outcome very important for two reasons:

1. The vote is a victory for science over politics; 28 regulatory authorities globally have affirmed the human food safety of meat from animals fed ractopamine. Since its introduction in 1999, there have been no adverse human health reports related to the consumption of meat products from animals fed ractopamine.
2. Hopefully the Codex decision will pave the way for a number of countries to finally adopt this MRL standard and eliminate their current restrictions that are not science-based.

“ I am gratified to see our *industry is returning to normal* and prices are recovering well. ”

Industry events took a dramatic turn in late June. The most severe drought since the 1930's hit much of the production area in the U.S., Northern Mexico, and Eastern Canada. Grain prices soared as grain production forecasts were cut week after week. Pasture and forage supplies were seriously impacted from Manitoba through to the East Coast, with many regions being declared a disaster.

In September, the XL Foods Inc. *E.coli* issue began to emerge and would develop into the largest beef recall in Canadian history. On September 29, without prior consultation, the CCA was notified that Establishment 38 would be delisted and closed until the Canadian Food Inspection Agency (CFIA) was satisfied that sufficient corrective actions had taken place. Suddenly, 40 per cent of the industry's processing capacity was gone, replaced by great uncertainty about the future of Est. 38 and whether sufficient capacity to process market ready cattle would be available. We were all very frustrated with the lack of timely information from all involved about what was going on. This information void seriously impaired the ability of the CCA and others to respond to the ensuing media firestorm. The CCA eventually succeeded in getting daily updates, thanks to the Beef Value Chain Roundtable and Agriculture and Agri-Food Minister Gerry Ritz's office.

The CCA organized regular leadership calls and did establish a number of contingency plans that fortunately were not needed. There was great support from Cargill and U.S. packers, whom the CCA spoke to on a daily basis, to assist in purchasing more Canadian cattle and locating additional trucks to deal with the surge in long distance capacity that was required.

The CCA had regular liaison with JBS USA to take more cattle at their U.S. plants and worked with them as they assessed the opportunity to manage Est. 38 with the option to purchase.

On October 17, JBS did reach agreement with the owners of XL to begin managing the plant.

Finally on December 8, the facility was relisted to export to the U.S. JBS is working towards rebuilding capacity and that should help to normalize the industry.

From the outset, it was clear to the CCA that changes need to be made to how such events – those that can impact the entire industry - are communicated and managed. Following the re-opening of the facility and the conclusion of recalls, the CCA prepared and submitted 25 questions that we believe need to be answered by the CFIA Expert Panel that is tasked with conducting a review of the recall and plant closure. The CCA also contracted Joanne Lemke to conduct a review of the communications activities and challenges that impaired a full response by industry organizations and contributed to the uncertainty in the market place that lowered cattle prices. The CCA's objective in both cases is to ensure procedures are improved and we can better manage and mitigate the impact of any future event, should it occur.

That brings us to the end of year. I am gratified to see our industry is returning to normal and prices are recovering well. I am excited about 2013 and believe industry will see a breakthrough with Japan and hopefully conclude a successful agreement with the European Union.

Let's hope the weatherman cooperates in 2013 and we enjoy excellent returns and good health.





The Beef Cattle Research Council (BCRC)

The Beef Cattle Research Council (BCRC) is Canada's industry-led funding agency for beef research. Its mandate is to determine research and development priorities for the Canadian beef cattle industry and to administer National Check-off funds allocated to research. The BCRC is led by a committee of beef producers who proportionally represent each province's research allocation of the National Check-off. It operates as a division of the Canadian Cattlemen's Association (CCA).

On average nationally, the BCRC receives approximately 15 per cent of the National Check-off. Every National Check-off dollar directed to the BCRC for research was matched by six Agriculture and Agri-Food Canada (AAFC) dollars through the first Beef Cattle Industry Science Cluster.

The BCRC plays a key role in leveraging additional revenue for beef cattle research using industry contributions made through National Check-off to secure dollars from other, primarily government, funding organizations. Recognizing this BCRC works to ensure the highest return on investment possible for industry contributions to research through ongoing consultation with other provincial and national funding organizations.

Investments in beef research have several benefits, including an improved ability to meet increasing global food demand. For Canadian beef cattle producers, every check-off dollar invested in national research programs delivers an average return of \$46 in producer benefits. Advancements in the industry also positively impact the nation's economy.

Efforts continue to focus on integrating economic analyses as an integral part of BCRC research. Canfax Research Services is working with BCRC to assess the economic returns to beef research in Canada, develop BCRC research priorities, track the economic benefit of BCRC funded research over the long term, and inform areas in which greater technology transfer is needed.

The BCRC also oversees and supports the national Verified Beef Production™ (VBP) program. This provides a practical means for efficient administration and access to development and implementation resources for the program.

It also provides an appropriate forum for policy development to then be taken forward to the CCA Board.

Beef Cattle Industry Science Cluster

The Cluster is a partnership between AAFC and the BCRC to ensure that proactive and strategic investments in applied research are allocated to programs that have the greatest potential to move the Canadian beef cattle sector forward. The partnership is focused on enhanced coordination and collaboration, and alignment of research activities with industry priorities to increase productivity, reduce costs, advance sustainability, and increase demand for Canadian beef.

The BCRC developed the Cluster under Growing Forward in 2009. Joint industry and government funding commitments through the Cluster totaled \$11.25 million directed to 32 research programs. Information on each of these projects is available at www.beefresearch.ca.

The first Cluster (April 1, 2009 – March 31, 2013) has proven to be a very successful step towards improving coordination of beef research funding in Canada while generating meaningful, applicable results. The next Cluster (April 1, 2013 – March 31, 2018) under Growing Forward 2 will build on the success of the first.

The establishment of proposed research programs under the second Cluster was an extensive process that began in early 2012. Investments within the second Cluster will focus on a portfolio of research that contributes to the industry's ability to meet the growing global demand for high quality, safe beef through responsible and profitable production practices that support a sustainable future for the Canadian beef cattle industry. At time of print, AAFC has not yet confirmed a leverage ratio in order to determine a total budget or number of research programs able to be funded in the second Cluster.

Like the first Cluster, investments in the second Cluster will lead to several benefits:

- Maintenance or improvements in production competitiveness.
- Support for science-based policy, regulation and trade.
- Provide public education and advocacy information.
- Support of the Canadian Beef Advantage.
- Maintenance of professional capacity to ensure that research facilities with experienced professionals are in place to respond to emerging or critical issues in an expedient manner.
- Encouragement for greater uptake of research knowledge and technologies by industry.

The National Beef Research Strategy

The BCRC and national Beef Value Chain Roundtable recognize that continued focus needs to be placed on aligning other provincial and national industry and government funders to develop a single national research strategy with defined research outcomes. The Strategy, released in June 2012 and available online at www.beefresearch.ca, is intended to:

- Ensure all of industry's research priorities are adequately addressed.
- Strengthen future funding requests from industry to federal and provincial governments.
- Maximize the value of all investments in research within the Canadian beef cattle industry.

The development of the National Strategy involved the participation of key stakeholders and major beef research funders across Canada. It gained the commitment of the major funders to coordinate funding to achieve short, medium, and long-term outcomes in alignment with industry's priorities. The desired research outcomes proposed under the second Cluster are directly aligned with those established under the National Beef Research Strategy.

Extension and Technology Transfer

The BCRC continues to advance the implementation of its Knowledge Dissemination and Technology Transfer Strategy, which was developed through the first Cluster, and is focused on converting applied research into effective tools that drive industry competitiveness. A Beef Extension Coordinator was hired in January 2012.

A new extension website, www.beefresearch.ca, launched in August 2012. The website provides access to general information on research topics, fact sheets on in-progress and completed projects, and blog articles that help producers make informed decisions on implementing innovation into their production practices. Social media tools are also utilized, and a video series called Beef Research School is being developed in partnership with RealAgriculture.com.

Communications from the BCRC can also be found through the CCA's e-newsletter, Action News, provincial cattle organizations' newsletters, email updates and magazines, and through a regular research column that appears in Canadian Cattlemen magazine. During the second Cluster, the BCRC will continue to deliver regular communication to industry and expand their efforts through new mediums, such as webinars, videos and cost of production decision tools. Feedback will be gathered to inform enhancements to the website's content and functionality, and a greater emphasis will be placed on promoting and enabling the engagement of researchers

with industry, such as the involvement of young researchers in an industry-led mentorship program.

For more information, please visit the BCRC website at www.beefresearch.ca

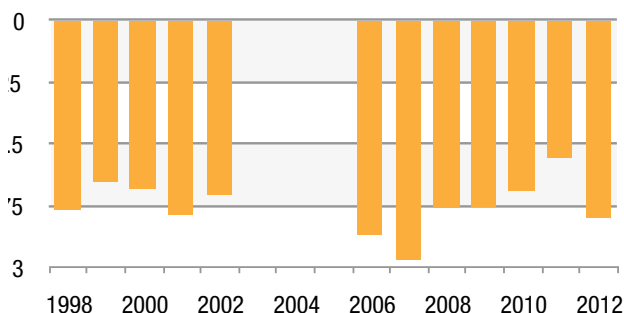


Canfax

Overall, 2012 was another year of higher prices for the Canadian cattle industry. North American and world beef production continued to decline in 2012, while the global demand for North American beef remains strong. That said, there were still many challenges. Widespread drought in the U.S. and Eastern Canada, a plant closure in Quebec, as well as an *E.coli* outbreak that caused the temporary closure of the XL Lakeside slaughter plant in Brooks, AB, were all major market changers this year.

Although the temporary closure of Establishment 38 in Brooks was a very major concern, the industry was generally able to come out of the event relatively unscathed. Cattle numbers were relatively tight in the fourth quarter, and fed cattle exports to the U.S. ramped up quickly. Although fed cattle and cull cow prices struggled, and the basis widened over a six week period, they did not move significantly outside the bounds of traditional basis and price movements. Once the plant re-opened under new management, markets improved, and by the time Est. 38 had re-acquired its license for exporting, prices had surpassed their spring highs, and basis levels were stronger than historical levels would have suggested.

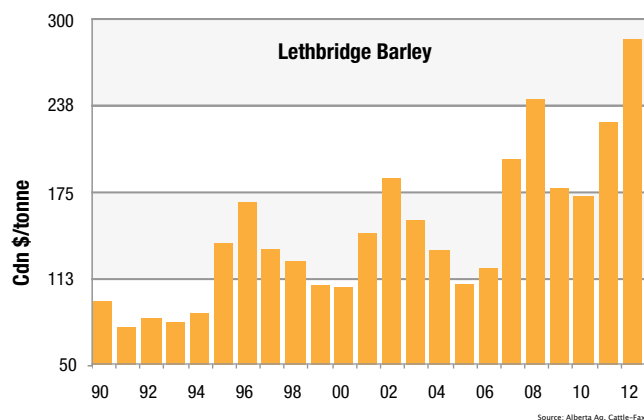
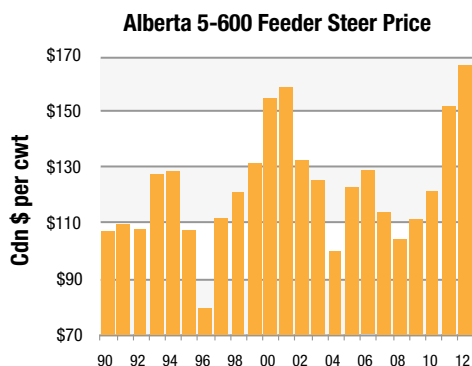
Alberta Fed Steer Basis Cash to Futures



Agricultural commodity markets have been extremely strong the last few years, and 2012 saw record high fed cattle prices, feeder cattle prices, cull cow prices, as well as feed grain prices.

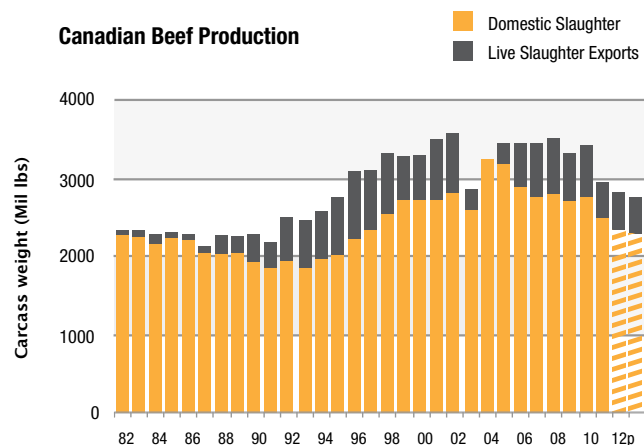
High calf prices have been beneficial for cow-calf producers, and are certainly required in order to turn around breeding numbers. On the other hand, although fed cattle prices were very strong, high calf prices as a result of tight feeder supplies combined with record high feed costs made it a very challenging year for the cattle feeding sector. Generally speaking, the cow-calf sector saw profits in the \$100 - 150/cow range, while the feeding sector likely saw average losses in the \$50 - \$100/hd range during 2012 (assuming no risk management). Therefore the record high prices were not a good news story for everyone. Part of the poor profitability for feedlots operating on the cash market was the weak basis. After the Alberta fed cattle cash to futures basis had been on a strengthening trend from 2007, to 2011, the basis weakened significantly in 2012, and this was occurring long before the issues at Est. 38. Basis remains a critical factor to watch in terms of the health and competitiveness of the cattle industry.

With the ongoing weather problems this year, the North American beef herd continues to shrink. This puts Canada and more specifically Western Canada in an enviable position to end its liquidation phase, and be one of the first regions to start expanding in North America. Canadian beef cow inventories stabilized in 2012 at 3.95 million head on July 1, down 0.1 per cent from 2011 and now down 27 per cent from the peak in 2005. Cow marketings were down 18 per cent in 2011 and are projected to be down another 7 per cent in 2012, with domestic slaughter down 18 per cent following the closure of the Quebec cow plant (Levinoff) and the temporary closure of Est. 38. Cow exports are up about 40 per cent compared to last year to somewhat offset the reduced domestic slaughter. Significant herd expansion won't be triggered until a more dramatic increase in heifer retention occurs. July 1 breeding heifer inventories were up 3.5 per cent from 2011, and lower heifer slaughter and heifer placements on feed this fall are pointing towards greater heifer retention, which will likely lead to slightly larger breeding stock numbers for 2013 and 2014. In the short term, low culling rates, increased heifer retention, on the back of smaller calf crops will lead to an even further tightening of Canadian calf supplies over the next three years or more.



Canadian beef production made a major adjustment in 2011, as the liquidation stopped, and some retention began, which resulted in less cattle being processed for beef. Despite smaller marketings in 2012, beef production is projected to only be down 4 per cent in 2012, with larger carcass weights offsetting some of the decline in marketings.

Steer carcass weights averaged about 873 lbs in 2012, up 16 lbs or 1.9 per cent from 2011. It is important to note that beef production includes both domestic slaughter and live slaughter exports so the temporary closure of Est. 38 does not impact total production numbers - just where they are processed.



Overall beef production (total and domestic) is 17.5 per cent smaller than the 2005-10 average and will continue at this lower level for the next several years. Smaller beef production means greater competition for the remaining supplies. Assuming steady demand, smaller Canadian and global supplies are expected to increase prices at retail, foodservice and export markets bid for product.

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* Huang P.A., et al. (2009) J. vet. Pharmacol. Therap. 33, 227-237. Menge M., et al. (2011) J. vet. Pharmacol. Therap. Nowakowski M.A., et al. Veterinary Therapeutics, vol. 5, no. 1, Spring 2004.

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Retail beef prices moved steadily higher throughout 2011 and have stayed above \$14/kg in 2012; averaging 6.5 per cent higher than a year ago. All protein prices have moved up, with pork prices 7 per cent higher year to date and chicken 5.3 per cent higher. Canadian consumers have been remarkably resilient in the face of higher prices. While per capita consumption continues to move lower (was 20 kgs in 2011), higher retail prices have meant that consumers are actually paying more for beef – around \$270 per capita annually (in nominal dollars). Domestic demand has been strong; up 1.4 per cent in 2011 and up another 2 per cent in 2012 despite the largest *E.coli* recall in Canadian history occurring in September. A stronger economy and slow but steady population growth has supported total Canadian beef consumption which is expected to be steady in 2012 and 2013 around 950,000 tonnes.

Trade

Of the 2.8 billion pounds of Canadian beef produced, roughly 44 per cent was exported in 2012. Live slaughter cattle exports are expected to total 650,000 head, with fed exports steady with a year ago and cow exports up 30 per cent.

Feeder exports were up in the first half of the year as record low barley ending stocks pushed prices up 21 per cent in the first half of the year. While barley acreage was up 11 per cent disappointing yields only increased production by 1.5 per cent and did not provide any relief in prices. As corn prices moved higher with the drought in the Corn Belt, feeder exports slowed and are expected to end the year up 50,000 head. While the drought has left large regions in the U.S. without a corn harvest, many areas were able to silage providing forage to maintain the cow herd and potentially background calves. As feeder supplies continue to shrink in the U.S., feedlots are looking for cattle to place. Relative prices will be watched closely to see where cattle will be fed in 2013. U.S. calf prices are similar to Alberta prices this fall despite the higher cost of feed.

Beef Exports

Beef exports were down 15 per cent in volume and 3 per cent in value from January to October 2012. They are expected to end the year down 16 per cent, as reduced domestic production in the fourth quarter focuses on supplying the home market. Exports to

the U.S. were down 21 per cent in volume and 7 per cent in value. Canadian beef exports to Mexico were down 7.5 per cent in volume and 2.5 per cent in value – this is being impacted by the Mexican drought which will lead to a further reduction in beef production in the future.

Exports to non-NAFTA countries are up 10 per cent in volume from January to October. Non-tariff trade barriers particularly around maximum residue limits (MRLs) for beta agonists have been a hot topic in 2012. The Taiwan and Chinese markets continue to be challenged by the question of ractopamine (main ingredient in Opta-Flex). Taiwan's government officially recognized the Codex standard for ractopamine MRL for beef and pork in September. South Korea has informed Mexico that it will ship back product if it is found to contain Zilpaterol (main ingredient in Zilmax). At the end of 2012 Russia stated it will not accept beef from Canada and the U.S. unless it is free of ractopamine as well. Given these conditions, suppliers are reluctant to ship product given the zero tolerance policy.

Beef Imports

Beef imports were up 3 per cent from January to October 2012, but are expected to end the year up 8 per cent as imports increased following the closure of Est. 38. The majority (77%) of beef imports come from the U.S., which are up 29 per cent over the last 10 years. Total imports have been inching up over the last several years and at 200,000 tonnes are similar to what was seen in the late 1990s.

Non-NAFTA imports are primarily made up of lean grinding beef that is comparable to domestic non-fed beef production from lean cows. Non-NAFTA imports have been well below the quota level (76,409 tonnes) since 2004. At 49,500 tonnes in 2012 this is well below the 94-02 average of 112,600 tonnes. This is all despite the fact that 85 percent lean trim prices have been moving higher since late 2009. Prices were up 20 per cent in 2011 and another 9 per cent in 2012. Exchange rates and strong demand in other markets moved non-NAFTA product away from the North American market. The North American trim market was significantly impacted this spring by consumer concerns about the safety of Finely Textured Lean Beef (FTLB) in the U.S., which resulted in FTLB being pulled from school lunch programs and other major users and created a

deficit in trim supplies. A strong trim market has supported cow prices in North America. Moving into 2013, cull cow prices are expected to mirror the U.S. once again, and stay on that rising trend and possibly move higher than the \$75/cwt average set in 2012.

Risk Factors to Watch:

1. Macro Economy and the Dollar – Much of the discussion on price outlooks are based on tighter cattle supplies, and relatively steady demand. Significant risks exist in regard the global macro economy, and commodity markets. Any major changes in the U.S. economy or “fiscal cliff” discussions, the European economy, or a major Asian economy such as China or Japan could certainly shock the market. There are certainly going to be some bumps in the market in 2013, whether it be a major market slump, or just demand pressure that sets a ceiling on beef prices.
2. The U.S. needs rain and grain. Moisture is required in the majority of the U.S. to ensure adequate grain and grass and forage supplies are produced to maintain current cattle numbers, otherwise forced cattle marketing may limit some of the North American price potential.
3. Heifer retention is a wild card. If weather permits and feed supplies are ample in some regions, producers may retain more heifer calves than the modest number anticipated; further reducing fed production in the near term.
4. Carcass weights are expected to be steady but could fluctuate up or down by 5 lbs depending on weather this winter.
5. Cow slaughter could decline further despite strong trim prices encouraging marketings if producers choose to retain more animals within the herd.
6. If market access to Japan improves (move to U30M from U21M) exports are expected to increase.
7. A lingering question is how aggressive the new JBS management at Est. 38 is going to be in the fed cattle market and towards exports. While expected to be more aggressive in export markets, strong domestic demand is also expected to draw product. Furthermore the JBS Hyrum plant is a consistent buyer of Canadian cattle. How competitive these two plants will be or if one plant will reduce production in the current supply situation is still a question.





Canfax Research Services

Canfax Research Services (CRS) continues to focus on the delivery of accurate data, market information, and economic analysis of issues that are of importance to the industry. In the last year CRS has been focused on the launch of several new initiatives, as well as the enhancement of existing activities:

1. Agri-Benchmark – A western Canadian network is being developed that will provide cost of production information for the cow-calf and feedlot sectors that is comparable to international competitors - facilitating the evaluation of where Canada has cost advantages and disadvantages in each sector to help inform research, policy, and other activities.
2. Beef Cattle Industry Multipliers – The Canadian cattle industry has been using a multiplier of 4 for several years to communicate the contribution of the beef cattle industry to the Canadian economy. This has been updated by Dr. Suren Kulshreshtha from the University of Saskatchewan showing a new multiplier of 5.2.
3. CRS Fact Sheets – Continued sponsorship from Merck Animal Health has produced two publications which are available to the public on the Canfax website (www.canfax.ca).
4. Market Power study – The study has been completed and results will be presented at the next Canadian Cattlemen's Association (CCA) Domestic Agriculture Policy and Regulations Committee meeting.

5. Beef Cattle Research Council (BCRC) Contract - CRS has been contracted to work with the BCRC to develop research evaluation and performance measures. A historical evaluation of progress in research priority areas and the value of research calculated.
6. Canadian Beef and Cattle Market Development Fund (CCMDC) - CRS provides statistical and economic analysis for both the annual business planning and results reporting process.



Verified Beef Production™

The Verified Beef Production™ (VBP) program identifies practical, industry-sanctioned practices to manage food safety risks at the farm level. It was designed by the beef industry to meet hazard analysis and critical control points (HACCP)-based expectations in a low cost manner.

Developed by the Canadian Cattlemen's Association in 2003, VBP has undergone two technical reviews by the Canadian Food Inspection Agency.

VBP's standard operating procedures, education and record keeping components complement food safety efforts beyond the farm-gate. More than 16,600 cattle operations have been trained,



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To find out what MNP can do for you, contact Scott Dickson, Director of Livestock Services at 1.877.500.0779 or scott.dickson@mnp.ca.

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an estimated 38 per cent of cow-calf production and 82 per cent of feedlot production in Canada. Using a weighted average, the percent of production from VBP-trained operations is now 67 per cent of production.

The number of registered (audited) operations increased this year, particularly in Manitoba and Alberta. The per cent of production from registered cattle operations is 18 per cent.

VBP identifies standard procedures for using animal health products, pesticides, and managing against potential broken needles.

Due to the large size of the beef industry, focus has been on training cattle operations and providing support to implement basic record-keeping if not in prior use. Most producers find their current records will suffice, as long as they can prove they are meeting appropriate withdrawal times for products.

Producers marketing a branded beef program use VBP as a base to add production criteria. VBP has also been used in discussions with potential federal initiatives to explain industry practices. Now more than ever, we have to be able to say what we do, do what we say, and prove it, noted VBP-registered producer, Brian Weedon, of Cabri, SK.

VBP enables producers to demonstrate their commitment to food safety to consumers, customers and stakeholders in the beef value chain.

For more information, please visit the VBP website at www.verifiedbeef.org

The Environmental Stewardship Award



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

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

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

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 16 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.

2012 Provincial Recipients



Rod & Nonie Hesketh

Silver Hills Ranch, Monashee Mountains, British Columbia

British Columbia
Cattlemen's Association
TESA recipient



HyLife Ltd.

JV Ranch,
La Broquerie, Manitoba
Manitoba Beef Producers
TESA recipient



Jim Ginn

The Ginn Family Farm,
Clinton, Ontario
Ontario Cattlemen's
Association TESA
recipient



Dale and Terry Adamson

Diamond J Cattle Co.,
Makwa, Saskatchewan
Saskatchewan Stock
Growers Association
TESA recipient



2012 National *Recipient*

SPIRIT VIEW RANCH, PEACE COUNTRY, ALBERTA

Christoph and Erika Weder

Spirit View Ranch, Peace Country, Alberta

Alberta Beef Producers ESA recipient

The Spirit View Ranch is The Environmental Stewardship Award (TESA) recipient for 2012. A commercial cow-calf grasser operation, Spirit View Ranch is comprised of approximately 7,640 acres of land encompassing aspen boreal parkland forests and natural grasslands. The ranch, owned by Christoph and Erika Weder, is situated between the Spirit and Peace Rivers.

The Weders' received the national award in recognition of their sustainable management and conservation practices. CCA Environment Committee Chairman Lynn Grant cited the Weders' business plan, which incorporates a productive grassland on a healthy land base that supports a diverse wildlife population, along with an excellent outreach program, as impressing the judges.

The Weders have a passion for the environment, and say that they have a responsibility to the next generation to look after the land. Their ranch was one of the first in Alberta to participate in the Ducks Unlimited wildlife and habitat inventory surveys, and they worked with Ducks Unlimited to restore more than 100 wetlands. This effort has helped to preserve biodiversity, retain moisture, provide a great brood habitat for ducks and geese, and increase forage production.

The Weders were also the first in Peace Country to undertake the Verified Beef Production™ (VBP) program and complete an Environmental Farm Plan. In addition, they were certified by Food Alliance for their sustainable farming and land use practices. The Spirit View Ranch has worked alongside organizations including the Peace River and North Peace Forage Associations, the Alberta Conservation Association, and the Central Peace Conservation Association.

Spirit View Ranch utilizes an abundance of stewardship practices that preserve and enrich the land. Solar powered watering sites are strategically placed in fenced alleyways. A rotational grazing

system and reliance on legumes provide sustainable grass and forage production without the need for fertilizers. Older pasture sites are used during the winter to eliminate manure hauling and improve production. The ranch's protected forest and shelter belts offer cattle relief from cold winter winds, which help reduce infrastructure and yardage costs and to get manure and nutrients to where they're needed.

The Weders' have a motto: 'Think globally but act locally, and communicate those values to other people to make a difference.' Everything they do on the ranch clearly demonstrates their commitment to that principle and their continued dedication to the environment.



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.

In many ways, 2012 was a big year on the animal activism front. Many North American retail and food service providers announced changes regarding their pork and egg procurement practices in the face of ongoing pressure from anti-animal agriculture groups. Gestation crates and laying hen cages have long been, and continue to be, a focal point of activists. These groups have used an assortment of tactics and misinformation to pressure governments, consumers and food sellers to bring about changes. These announcements give industry time to adapt to new requirements and although they do not reflect the whole of supply, they do give momentum to these changes. Activists continue to post video footage online of scenes intended to help them advance their agenda. Often this agenda is that people stop eating meat, eggs and milk altogether rather than improving how animals are treated.

While the pork and egg sectors have borne the brunt of this activity recently it is not unreasonable to imagine the focus shifting to beef producers at some point. If retail, government or consumers incorrectly conclude that beef production methods are not satisfactory then producers may face similar pressures. This could mean changes being dictated in order to do business (U.S.- based Tyson Foods has already rolled out an on-farm program for their producers), new legislation or regulation or decreased demand.

The Canadian Cattlemen's Association (CCA) has been active in ensuring the industry retains control of our complex production system. Two main focus areas of the past year were on farm care and transport.

The Code of Practice for the Care and Handling of Beef Cattle has been renewed and is due to be released around the time this report is published. The previous code was released in 1991. The renewed code will keep interested parties up to date on how cattle are raised in Canada. Industry joined with other stakeholders through the National Farm Animal Care Council process to renew the code. This more than two-year process concludes with a public comment period followed by a final draft that incorporates those comments considered for the final code. This robust process also included a scan of the current scientific literature related to several priority welfare areas. This helped to produce a code that was informed by the latest science.

The matter of how animals are raised is likely always going to be a topic of discussion. Some people are uncomfortable with the use of animals for food, or even with the keeping of pets. The advocacy to abolish food animal production will continue to evolve. One tactic that will always play a key role is reaching consumers through emotion, like the blurring of lines between food animals and pets, through the misrepresentation of animal care practices or by presenting information out of context.

Canada's cattle producers care for their animals every day, using a combination of proven practices and through adapting to new, science-based information. Changing practices that have delivered positive outcomes for animals and their keepers is something that has to be considered carefully. This is why basing the Code of Practice on the current science is important. Emotional and non-science based claims will continue to be made by activists about how we raise our animals. All the industry can do to maintain its freedom to raise animals is to show that the science-based practices in use are in the best possible interest for the animals, their handlers and the safety of the product being produced.

The emphasis on a science-based approach is part of the reason for a few changes people may notice in the new code. There are requirements to work with a veterinarian and to use pain reducing products when castrating or dehorning some cattle. The advance of research into pharmaceuticals, animal behaviour and pain has led to new options. However, the best option remains to manage these animal health practices as early in the calf's life as possible, as that is when it is the least invasive, heals the quickest and has the least impact on behaviour, growth and performance.

Pain management is an area of research that is still in early stages. Research will continue to increase industry's understanding of raising cattle, influence proactive animal health practices and ensure sound herd management, which in turn will help industry to address some of the challenges it faces in this area.

The other area CCA has an interest in is the expansion of Canadian Livestock Transport (CLT) training program to a national, sustainable program. This training program for haulers of all types of livestock began at Alberta Farm Animal Care (AFAC). The demand and success of the program outgrew what AFAC was able to provide and a project was initiated to develop a national program. Exploration is ongoing to find the new home for CLT. A national commodity group is one option that would keep ownership of the program with producers.

This type of program helps to ensure the animals producers raise are transported in the best possible manner. Although transport is a stage removed from farm production, any time there is a transport



issue it is the production of food animals that is questioned rather than driver skill. This is an avenue that activists use to target the Canadian and worldwide industry. Driving up the cost of transport is one way to make it more difficult to farm in many areas of Canada. A solid training program for drivers could help to maintain the regulatory and legislative framework we have for hauling animals in Canada.

The Animal Care Committee is being proactive in its area of focus similar to the other areas CCA pursues. The aim is to stay ahead of the game to be able to continue producing cattle in a manner that is proper, profitable and sustainable for producers, the cattle and consumers.

Committee Members: Reg Schellenberg, Chair; Dave Solverson Co-Chair; Martin Rossmann, Kevin Woods, Dan Darling, John Schooten, George Smith, Matt Bowmann, Jennifer MacDonald, Ivan Johnson, 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.

The Canadian Cattlemen's Association (CCA) and the Canadian Food Inspection Agency (CFIA) announced the publication of the Canadian Beef Cattle On Farm Biosecurity Standard in March 2012. In addition to the standard, a producer manual and factsheets are being written to aid in education and awareness for producers. Resources for the development of the standard were procured by CFIA from the Canadian Integrated Food Safety Initiative (CIFSI) under Growing Forward.

The Beef Biosecurity Standard has been published on the CFIA website. A supply of the standard is being printed for distribution to provincial members and other stakeholders. The standard and supplementary documents will be posted on the CCA website when available.

Correspondence was sent to all Provincial Governments encouraging them to engage with the provincial cattle organizations and discuss potential funding opportunities under Growing Forward

2 for implementing the biosecurity standard. Emphasis was placed on utilizing our existing Verified Beef Production™ (VBP) program infrastructure to deliver the biosecurity educational and awareness program. If warranted, this could accommodate a validation process for producers seeking recognition of their biosecurity systems.

During the CCA 2012 Annual Meeting, the committee received a presentation on the activities undertaken by CFIA and the Canada Border Services Agency (CBSA) regarding border biosecurity. Follow up meetings with both agencies are being planned to ensure biosecurity at Canadian entry points is complementary to the efforts cattle producers will employ to reduce the risk of foreign animal diseases in Canada.

The Federal and Manitoba Governments announced in early December that Dr. Allen Preston has been named as the bovine Tuberculosis (TB) coordinator for the Riding Mountain Eradication Area. This was accomplished by the efforts of the Manitoba Beef Producers advocating for the appointment at the provincial level and the CCA pressing the Federal Minister. This has been noticed by other provinces facing similar issues, not only for TB but other disease issues.

The Cattle Implementation Plan (CIP) for traceability was endorsed by the CCA Board of Directors in March 2012. During the year, additional activities included the formation of a CIP advisory group with sub-working groups to examine specific issues such as the costs associated with the CIP. At year end, the working group was being finalized and a consultant selected to undertake the research required.

CCA staff are involved with a steering committee looking at modernizing the feed regulations to align the issues associated with ingredient approvals, manufacturing processes, efficacy of commercial feed, labeling of complete feeds (and supplements) and inspection and compliance. This will primarily impact the commercial feed mills, but as feedlots are manufacturing their own feed and most producers will use supplements in one form or another, we have a vested interest in the matter. There is tight timeline for engaging industry and stakeholders in developing the framework for regulatory and inspection modernization. Other staff and industry expertise will be engaged as specific working groups are established.

Regarding bovine spongiform encephalopathy (BSE) surveillance, the numbers of samples are down quite significantly from previous years, particularly in Alberta and Saskatchewan. The decline started in 2011 and has diminished further in 2012.

The issue is one of maintaining a credible level of BSE surveillance to demonstrate that the control measures Canada has in place

are effective and are working towards eradicating the disease. According to the CFIA, this could have an impact on Canada's ability to seek Negligible Risk status with the World Organization for Animal Health (OIE) in 2016, the first year of eligibility.

Efforts are being made to communicate and promote the importance of submitting eligible samples for testing. Industry at some point will need to weigh the risks and benefits of achieving Negligible Risk status and the impact on market access and consumer confidence. How we deal with specified risk materials (SRM) in the future could also be impacted, although the feed ban as it is today could be permanent.

The West Hawk Lake (WHL) Zoning project managed by the Canadian Animal Health Coalition to which the CCA has contributed significant resources for the past three to four years is coming to an end. The project contributed significantly to a new agreement between Canada and the U.S. to recognize our respective capability to zone parts of our countries in the event of a disease outbreak impacting our ability to export livestock and/or livestock products.

The challenge is how to continue the presence at the WHL site with limited resources until such time that the traceability regulations for movement reporting come into effect. How WHL is managed by that point is subject to further discussion. Many proponents believe that we need to maintain the site in some capacity so to not sweep away the value of the investment to date.

Despite an announcement in early 2012, there have been no further developments on the regulatory amendments for changing how CFIA deals with Anaplasmosis, Rabies, Anthrax and Chronic Wasting Disease. Some provincial governments have expressed considerable concern, primarily regarding the unilateral approach CFIA has taken.

The issue of regulatory amendments to the Meat Inspection Act allowing for the slaughter and processing of healthy but non-ambulatory animals at federally inspected packing plants appears to have faded following considerable political rhetoric. At the heart of the issue is that some provincial abattoirs are currently allowed to process healthy non-ambulatory animals. If those abattoirs sought federal registration thereby allowing them to sell inter-provincially and internationally, they would forfeit their ability to slaughter these animals. Unless there is something planned under regulations for the Safe Food for Canadians Act, it is uncertain what the resolution to this matter may be.

Committee members: Pat Hayes, Chair; Larry Delver, Vice-Chair; Heinz Reimer, Martin Rossmann, Ivan Johnson, Pat Rutledge, Ray Armbruster, Reg Schellenberg, Bob Lowe, Kevin Woods, Jennifer MacDonald, Dan Darling, Louis Desautels (Resource), Rob McNabb (Staff)

Convention Committee

The Convention Committee plans the Canadian Cattlemen's Association (CCA) national convention held during the semi-annual meeting to provide cattle producers an opportunity to view their national organization at work, discuss prevalent industry issues and network with industry stakeholders.

The convention is held annually in August.

Historically, the convention has moved from province to province each year. However, in 2010, the CCA-partnered with the International Livestock Congress (ILC) and held a joint event in Calgary, AB. The joint effort was repeated through to 2012. Recently the CCA decided to once again move the convention from province to province; the decision of where to hold the convention is subject to yearly review. The 2013 convention will take place in London, Ontario and be hosted by the Ontario Cattlemen's Association.

The 2012 National Convention and TESA Luncheon

The CCA 2012 National Convention was held on Wednesday, August 15 at the Deerfoot Inn and Casino in Calgary, AB. The CCA continues to benefit from the added exposure and excellent networking opportunities provided as a result of ILC's involvement. More than 250 producers and industry stakeholders enjoyed and partook in presentations given by an excellent lineup of speakers who presented their views on topics including the Canadian and international economic outlook, international trade and public perceptions of the beef industry.

The Environmental Stewardship Award (TESA) benefited from increased exposure due to a newly launched rebranding campaign which included a new logo, a new sponsorship package and a new marketing strategy for the award. The award was presented by Environment Committee Chairman Lynn Grant following the convention's lunch hour. Christoph and Erika Weder of the Spirit View Ranch in Peace Country, AB were named the recipients of the 2012 TESA. Our congratulations and gratitude goes out to the Weder's for their extensive work in the area of environmental stewardship and to all of the 2012 TESA nominees.

Golf Tournament and Half-Day Tour

This year the CCA in partnership with Canadian Beef Breeds Council (CBBC) and Canada Beef Inc. (CBI) hosted the first annual Canadian Cattle Industry AAA Golf Tournament reflecting our close industry relationship. More than 60 participants came out for the tournament which was hosted at the HeatherGlen Golf Course, located near the Eastern edge of Calgary's city limits. Tournament participants enjoyed a day on the greens, followed by a steak dinner and prizes donated by our generous sponsors.

Tour participants had the option of touring Cargill Meat Solutions or Western Feedlots Ltd. both situated in High River, Alberta. Afterward participants stopped off at the VJV Livestock Auction, toured the facility and watched a demonstration from Integrated Traceability Systems. The tour participants found it to be an enjoyable and informative afternoon. Our thanks to all the tour sites and their staff for helping us create another successful tour.

BBQ, Entertainment Evening and Live Auction

The BBQ which is also held in conjunction with ILC was held at The Rancho Restaurant located in Calgary's Fish Creek Park. Guests enjoyed supper, a live auction in support of 4-H and live music at the historic venue.

The live auction was a great success, thanks to the tremendous generosity of our sponsors who donated everything from original artworks to sporting event tickets. The live auction earned a total of \$4,237 with the proceeds being split between the Canadian and Ontario 4-H Foundations. Special thanks to Brent Carey for the excellent job as auctioneer.

Committee Members: Erik Butters, Chair; Bob Lowe, Matt French (Staff); Gina Teel (Staff)

Domestic Ag Policy

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.

Although Growing Forward 2 (GF2) becomes the existing suite of agriculture programs in April of 2013, 2012 is where the bulk of the agreement came to light. The changes to the programs delivered by provincial and federal governments will roll out in stages. Some of these changes will be apparent in April 2013, others will take much longer to discern.

The latter changes include some of the more significant ones for Agriculture Department budgets and for many farmers: changes to the business risk management programs. The changes apply from the 2013 growing year forward so the first real sense of how the changes are working will not likely be seen until 2014.

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It remains to be seen how these changes will affect different sectors aside from the generalization that the payouts will be lower. The reality is that programs apply to each farm differently depending on its structure. And decisions are made with programs in mind. The fallout of these changes will take some time to measure.

The trigger point for AgriStability has been lowered so the program does not kick in until margins drop below 70 per cent of historical margins. The coverage level of payouts has also been changed to 70 per cent regardless of the level of payout. These changes will mean AgriStability is activated less often and will see lower payouts in those events.

AgriInvest has also been reduced. AgriInvest will have a 1 per cent of allowable net sales calculation and \$15,000 cap instead of a 1.5 per cent of allowable net sales calculation figure with a \$22,500 cap.

These changes were made for a couple of reasons. First off was budgetary. Governments are looking to reduce their exposure in light of a downturn in historically high prices for farm commodities. This is mainly aimed at the liability that had been building in grains and oilseeds producer margins. The reduction of trigger point and coverage will reduce spending for all governments. The other reason put forth is that government is moving to let day-to-day risk be managed more by producers. Reducing the top tier of programs leaves that area of risk to producers to manage.

One area that was not changed from Growing Forward to GF2 is crop insurance. Governments are still paying 60 per cent of premiums for production-based crop insurance. This includes forage insurance but the vast majority of the funding goes toward annual crop insurance. The Canadian Cattlemen's Association (CCA) has been involved in work to improve forage and pasture

insurance in the last year. CCA directors and Domestic Agriculture Policy committee members Bob Gordanier and Rob Somerville were part of the Forage Task Team looking to improve the programs on offer. The work of the Task Team was submitted to the federal-provincial AgriInsurance Working Group in late fall of 2012. Provincial governments will review it over the winter and there is potential for improvements to be realized in the coming years. This is very important. Solid risk management through crop insurance influences the land use choices producers make. If annual crop insurance is significantly better than forage insurance this will drive decision making. This would be an example of government programming affecting production decisions which goes against the CCA's principles on government involvement in the cattle and beef industry.

The announcement of GF2 also mentioned increasing usage and availability of insurance-based tools for proactively managing risk. This is of interest to the CCA as it has been a several year position to increase the availability of price and basis insurance beyond that already available in Alberta. There are no firm commitments in the literature available at time of writing but there is commitment to fund the exploration and development of programs. This would be an important area to see expanded. Right now there is inequity between provinces as some have risk management programs that others do not. This is counter to CCA principles. The inequity between grain production and livestock production risk management would also be partially offset by the provision of a price and basis insurance program. Insurance is a provincial program so it will be up to each province to develop the details of these types of programs.

GF2 covers several other areas of focus that other committees discuss. The non-business risk management aspects of GF2 relate to the Foreign Trade committee through the AgriMarketing Program, and to Environment, Animal Health, Value Creation and Competitiveness and Animal Care committees through the other federal-only programs but also in what the provincial governments will deliver on a cost-shared basis. The details of all these programs will be better known after this report is published and throughout the coming years of the five year suite.

In August 2012 the committee renewed CCA's ethanol policies calling for a return to an open market for ethanol to bring competition for feed grains back to a level playing field. This debate continues in Ottawa and provincial capitals. Removing production subsidies and the mandated use of ethanol would let ethanol stand on its own merits and producers would have to bid for feed grain based on the marketability of those merits. This is how beef and cattle producers operate and look to have competitors for feed grain on the same basis.

GF2 and its details, insurance, ethanol, risk management, competitiveness with other sectors and likely a few unknown areas will take up the discussion time of the committee in the coming year. While GF2's rollout marks a certain milestone, there continue to be areas where policy could be better and the committee will look to put forth the policy improvements needed.

***Committee Members:** Bob Gordanier, Chair; Lary Fossum Vice-Chair; Erik Butters, Ivan Johnson, Jennifer MacDonald, Kevin Woods, Lynn Grant, Tom Wilson, Bob Lowe, Heinz Reimer, Pat Rutledge, Dave Solverson, Rob Somerville, Ryder Lee (Staff)*

Environment Committee

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

The Canadian Cattlemen's Association (CCA) has become more actively involved in international discussions of beef and sustainability. In December of 2012 the CCA joined the Global Roundtable for Sustainable Beef (GRSB). The GRSB is organized as an independent non-profit organization in Switzerland with a focus on developing the necessary tools to ensure beef production is environmentally sound, socially responsible and economically viable. Current members include the National Cattlemen's Beef Association, Cargill, JBS, Marfrig, McDonald's, Walmart, Elanco, Merck, GTPS (Brazilian roundtable for sustainable livestock), the Roundtable for Sustainable Beef Australia, Dow Agro Chemicals, Darden, the World Wildlife Fund, Solidaridad, The Nature Conservancy, and the National Wildlife Federation. The CCA looks forward to future collaborations with this organization.

The CCA has also sat on the Sustainable Meat Committee at the International Meat Secretariat (IMS) supporting initiatives such as the IMS and Food and Agriculture Organization of the United Nations (FAO) Partnership on Benchmarking and Monitoring the Environmental Performance of Livestock Supply Chains. The goal of the project is the improved environmental performance of the livestock sector while considering economic and social viability. The objective is to contribute to the goal through support to decision making and by providing guidance on environmental performance assessment (metrics and methods) and its use.

The CCA continues to work on the set up of the Canadian Cattlemen's Foundation. The Foundation is currently registered as a

non-profit organization and is working towards attaining charitable status. Once the initial set-up work has been completed the Foundation will be looking for dedicated and passionate individuals to sit on the board to help achieve the following objectives:

1. Promote and support stewardship practices and conservation actions that conserve the environment, biodiversity and wildlife habitat on working agricultural landscapes.
2. Develop education, leadership development, and outreach programs to serve youth involved with beef cattle and grass/range management.
3. Promote and support cattle care research and awareness.

The CCA continues to be involved in conversations around how to make Canada's Species at Risk Legislation more suitable for the agriculture industry and the many species that survive on agricultural land. CCA's position is that the Federal Government amend the Species at Risk Act (SARA) and the Migratory Bird Convention Act (MBCA) to recognize the beneficial role of the cattle industry to species and habitat preservation and furthermore create incentives that encourage adoption of best management practices for mutually beneficial outcomes. Focusing on eliminating unjust liability, encouragement of stewardship and developing recognition/incentive programs would help to achieve an amenable outcome. Additionally SARA policies, regulations and best management practices/conservation agreements should be developed in collaboration with industry. Species at Risk are a public good and the cost of preservation should not be left to the farmer/rancher.

The Environmental Stewardship Award (TESA) saw new life added to it this year with the creation of a new logo, prizes and media attention. This year The Spirit View Ranch from Alberta's Peace Country was the national award recipient with strong competition from Silver Hills Ranch in B.C., Diamond J Cattle Co. in Saskatchewan, JV Ranch in Manitoba and The Ginn Family Farm in Ontario. Sponsorship from MNP for this prestigious national award is greatly appreciated. MNP partners in helping cattle producers tell the good news story of how farmers and ranchers are the true stewards of the land. This year the TESA application will be standardized nationally with an application deadline of June 30 going forward.

In addition to the above initiatives the Environment Committee has also created a taskforce to develop draft policies and principles around ecosystem services, recommended that Agriculture and Agri-Food Canada take a leadership role in developing a national strategy to reduce and minimize livestock losses to predators, begun conversations around starting a national roundtable for sustainable beef and started collaborations with Ducks Unlimited Canada on a national grazing program. The CCA also has representation on the Canadian Forage and Grassland

Association, the Soil Council of Canada and actively collaborates with organizations such as Cows and Fish, the Beef Cattle Research Council and Ducks Unlimited.

***Committee Members:** Lynn Grant, Chair; Ray Armbruster, Vice-Chair; Bob Lowe; Reg Schellenberg; Erik Butters; Martin Rossmann; Jennifer MacDonald; Cathy Sharp; Tom Wilson; Pat Hayes; George Smith; Fawn Jackson (staff).*

Foreign Trade Committee

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

The United States

The World Trade Organization (WTO) dispute panel over Country of Origin Labeling (COOL) continued to be the dominant trade issue with the U.S. in 2012. The U.S. chose to appeal the WTO panel ruling of November 2011, which was very strongly in Canada's favour. The WTO Appellate Body decision delivered in late June was also strongly in Canada's favour. Although the U.S. informed the WTO of its intent to comply with the ruling, a debate ensued over what constituted a "reasonable period of time" to do so. In December, a WTO arbitrator ruled that the U.S. would have until May 23, 2013 to bring the COOL measure into compliance. Throughout all of this, the Canadian Cattlemen's Association (CCA) has worked with U.S. based allies to build consensus on what a resolution should look like. Despite efforts to pass a new U.S. Farm Bill in the final days of 2012, in the end a simple extension of the 2008 legislation to September 30, 2013 was included in the so-called 'fiscal cliff' legislation. Work to pass longer term policy changes in a 2013 Farm Bill will commence with the new Congress and the CCA will work with U.S. allies to include a COOL resolution in that legislation.

Action plans to implement greater regulatory co-operation between Canada and the U.S. were developed in 2012. The CCA together with other organizations in the livestock and meat sector have been leading contributors to this ongoing series of initiatives. The effort will continue in 2013 and beyond to maintain a high degree of ambition in eliminating regulatory barriers to the Canada-U.S. cattle and beef trade.

European Union

In the summer of 2012, two important changes were made to the European Union's (EU) duty free beef import quota. The quantity was increased to 48,200 tonnes from 21,500 tonnes and the method

of administering the quota was changed from a licensing approach (where the total is divided amongst applicants who then generally re-sell their allocations to importers) to a system of first-come first-served. While the CCA has retained some precautionary concerns about the first-come first-served approach, so far it has been an improvement over the former system. The CCA will continue to monitor this quota to ensure that it is not administered in a manner that causes barriers to Canadian beef exports.

Efforts to establish a Canada-EU Comprehensive Economic and Trade Agreement (CETA) were in high gear in 2012 with the objective of announcing a successfully concluded agreement by the end of the year. Although the conclusion of the CETA did not coincide with the end of the 2012 calendar, negotiations were particularly intense at year end and were expected to remain so into the new year. As expected, the negotiations came down to the most politically sensitive and difficult topics, which included access for Canadian beef to the EU.

Throughout the CETA negotiations, the CCA has supported the initiative by co-operating very closely with the federal and provincial negotiators and informing politicians of our need for an ambitious agreement. We are optimistic that 2013 will bring a CETA agreement that Canadian cattle producers can support.

Korea

The WTO dispute panel that Canada requested to examine Korea's prohibition on Canadian beef was successfully resolved in 2012. As agreed with Canada, Korea implemented the necessary measures to resume imports of boneless and bone-in Canadian beef from cattle under-30-months (UTM) of age. The first shipments entered Korea in March and by all accounts, Korean officials acted in good faith to clear the shipments without incident. In light of these positive developments, the CCA requested the Government of Canada to terminate the WTO panel, which was done in June. On March 15, 2012, the Korea-USA Free Trade Agreement (FTA) came into effect. Under that agreement, Korea is eliminating its 40 per cent import tariff for U.S. beef and 18 per cent for U.S. offals in 15 equal annual steps. This means that in 2012, the Korean tariff on U.S. beef was 37.4 per cent and on January 1, 2013 it fell another step to 34.6 per cent, while the tariff on Canadian beef remains at 40 per cent. The tariff differential has already made a significant impact keeping Korean beef imports from Canada at just 1,800 tonnes in 2012, while they imported 130,000 tonnes from the U.S.

The CCA has been encouraging the Government of Canada to complete its negotiations to establish a Canada-Korea FTA to restore tariff parity for Canadian and U.S. beef in the Korean market. Officials have been working towards this objective

and a number of sessions between Canadian and Korean trade negotiating teams took place in 2012. Nevertheless, at year end, an agreement had yet to be reached.

As the differential grows in 2013 and beyond, we predict that Canadian beef exports to Korea will fall further behind until the difference becomes too large to compete. The objective for 2013 will be to reach an agreement that restores Canada's ability to compete in the Korean market as soon as possible.

Trans-Pacific Partnership

Canada, along with Mexico, was conditionally accepted into the Trans-Pacific Partnership (TPP) in June, subject to the domestic approval processes of each of the existing members and then formally accepted in early October. Throughout the approval process, the CCA has been active in communicating the beef sector's objectives for this negotiation. While there are some tariffs remaining in TPP countries that we would want to see eliminated, we feel that TPP is an opportunity to make progress on a number of non-tariff matters such as non-compliance with existing international standards or creating new regional standards in circumstances where the existing multilateral standard setting bodies are too slow to recognize new technologies. In advancing these concepts, the CCA was among four of the five members of the Five Nations Beef Alliance (FNBA) to produce a TPP position statement. At the 15th TPP negotiating round held in Auckland, New Zealand in December (the first round in which Canada participated) the CCA gave a formal presentation of the FNBA TPP position.

Japan

Much progress towards improving access for Canadian beef to Japan was made in 2012. Early in the year, Japanese officials formally requested the independent Food Safety Commission (FSC) to make a recommendation on potential revisions to Japanese regulations that would raise the age limit to 30 months from under 21 months in respect of the requirement for mandatory BSE testing of Japanese domestic cattle and import requirements for beef from Canada, the U.S. and other countries. The FSC and its Prion Experts Committee held several meetings through 2012 and in the fall formally recommended that the Japanese government should proceed with the proposal. At year's end, Japanese officials were engaged in their domestic process, including public consultations, to implement the recommendation to raise the age limit and work was underway between Japanese and Canadian officials to establish the appropriate protocols. If all goes smoothly, our expectation is to have access for UTM beef to Japan by the first quarter of 2013. With this expansion of access, we would expect Canadian beef shipments to Japan to double.

While Japan did not join the TPP trade negotiations as we had hoped, negotiations to reach a Canada-Japan bilateral free trade agreement did commence in 2012. This is a very promising opportunity to negotiate tariff-free access to Japan and address other non-tariff barriers. The CCA will work closely with the Government of Canada negotiating team with a view to obtaining an ambitious outcome for Canadian beef exports.

China

In follow-up to the approval in 2011 of three operating Canadian facilities to export boneless UTM beef, an inspection mission of additional facilities occurred in March 2012. However, at year end the final approval by China of additional facilities remained pending.

China still had not approved the use of either ractopamine or zilpaterol in 2012 despite the establishment of an internationally agreed maximum residue limits (MRL) by the Codex for the former. Some shipments of beef were made to China from cattle that had not been fed these products. It is the CCA's view that a sufficient number of compliant shipments have been made that China should approve additional facilities and begin work to expand access to include bone-in UTM beef.

Tallow has been a frustrating issue with China. Despite finally approving the conditions for non-edible tallow for industrial use in late 2011, shipments did not take place in 2012 because China has not approved any importers who can assure compliance with the non-edible use requirement.

Taiwan

Following approval of the ractopamine MRL by Codex in July, Taiwan took measures to implement the MRL for ractopamine in beef in 2012. Furthermore, Taiwanese officials conducted a mission to Canada in September in support of their process to evaluate expanding access from the current boneless UTM to also include bone-in UTM beef from Canada. At year end, there was no indication from Taiwan regarding a timeframe for expecting follow-up action to the mission.

***Committee Members:** Dave Solverson, Chair; Lary Fossum, Larry Delver, John Schooten, Pat Rutledge, Tom Wilson, Cathy Sharp, Bob Gordanier, Matt Bowman, Brent Griffin, Ted Artz, Travis Toews, Rob Somerville, Byron Templeton, John Masswohl (Staff), Mark Klassen (Staff), Dennis Laycraft (Staff).*

Value Creation and Competitiveness Committee

The VCC Committee identifies potential opportunities for value creation for the Canadian beef industry, and identifies impediments to improve its competitiveness. This committee coordinates closely with other CCA committees to ensure that the industry is able to capitalize on these opportunities.

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

Issues and Actions Within the Past Year Included:

- Monitoring of labour shortage in agriculture, and communication of beef industry needs for qualified labour to federal and provincial governments. Also coordinated messaging with provincial cattle associations, including letters sent by Saskatchewan, Ontario and Prince Edward Island organizations to explain concerns to provincial and federal departments.
- Continued support and monitoring of instrument grading of beef carcasses using the E-Plus V camera.
- Developing producer advisory for further involvement of young cattle producers in the beef cattle industry. VCC Chair Dan Darling and committee member Rob Somerville worked with young cattle industry leaders to initiate a cross-Canada program that is in early stages.
- Monitoring re-building needs for feedlots in high rainfall areas, encouraging federal-provincial discussions to address needs as they occur.
- Support for a virtual training program which will add a Canadian perspective to a Masters of Beef Advocacy initiative - to develop beef industry spokespersons.
- Review of industry priorities for Growing Forward 2 non-business risk management funding and support.

The high cost of deadstock removal, or lack of removal services, was highlighted in a letter to provincial cattle associations, requesting their assistance in this cross-jurisdictional challenge. Since the enhanced feedban of 2007, all bovine deadstock by current Canadian definition is specified risk material (SRM). It is possible to salvage the hide and to render the carcass for tallow, however this is done at the slaughter house only under stringent conditions. It is considered too labour intensive for deadstock at the feedlot or cow-calf level. Ideas on practical solutions and possible research continue to be solicited.

Cow-calf and feedlot operators are encouraged to forward input to committee members so that this group can continue to identify challenges and opportunities important to the industry.

Cattlemen's Young Leaders (CYL) Program



A national youth initiative of the CCA, the CYL program provides industry-specific training and mentorship opportunities to young producers.

CYL participants have the opportunity to explore a potential career choice or involvement with a provincial/national producer organization, while gaining the expertise and business acumen necessary to sustain the cattle industry into the future.

In April 2012, 16 finalists from 50 applicants across Canada were chosen to participate in the CYL program. These finalists were then paired with industry leaders in their area of interest to begin their eight month mentorship. Each finalist is given a \$2,000 budget (funding is provided by the Alberta Livestock and Meat Agency

(ALMA) and industry supporters such as CYL Foundation Partners Cargill and UFA) to spend on expenses generated by attending events such as the CCA Semi-Annual Meeting, International Livestock Congress, and various industry events as well as meeting with their mentor. CYL presents its participants with the opportunity to travel internationally. CYL has sent delegates to events such as ILC-USA, Canada-US Roundtable discussions, National Cattlemen's Beef Association Annual Conference, and Five Nations Beef Alliance Young Ranchers Program. Through these types of events, CYL mentees are met with many opportunities to network with leaders and peers in the beef industry, both domestic and international. CYL participants will also be participating in governance and sales training, in succession and farm planning workshops, in the production of promotional material for the industry, speaking at industry events and aiding in the creation of the Canadian version of the Masters of Beef Advocacy course among other initiatives.

***Committee Members:** Dan Darling, Chair; Cathy Sharp, Vice-Chair; John Schooten, Brent Griffin, Matt Bowman, George Smith, Bob Gordanier, Heinz Reimer, Rob Somerville, Allan Marshall, Mark Klassen (Staff), Larry Thomas (Staff), Terry Grajczyk (Staff)*





Beef InfoXchange System (BIXS)

In early November the Beef InfoXchange System (BIXS) launched two reporting functions for registered producers enabling them to generate reports on detailed carcass data linked to the Canadian Cattle Identification Agency (CCIA) tag ID of their cattle registered onto the BIXS database. BIXS producers can now generate a detailed carcass data list as well as a benchmark report on their animals. These developments represent a milestone in the evolution and delivery of the BIXS to the Canadian beef industry.

In December, the BIXS database housed approximately 1.5 million detailed carcass data records linked to CCIA tag numbers. Cargill Foods and XL Beef have been submitting these computer vision system camera-derived records retroactive to January 1, 2012. This data includes yield and quality classification, carcass measures such as marbling score, ribeye area, fat depth and more. BIXS staff and cooperating beef producers had worked through the summer of 2012 on developing the means by which users could see the data on their cattle if it resides in the BIXS database. The cattle must have been slaughtered at Cargill or XL Beef on or after Jan 1, 2012 for their detailed carcass records to be in the database.

The carcass data list function enables users to input tag numbers within their BIXS account into the report's generator which outputs a detailed list of the specific carcass measurements linked to the animal's tag ID. The benchmark report posts the user's current carcass data inventory to each specific measurement parameter alongside the same measurement parameters for the entire BIXS carcass data pool for ease of comparison.

The reporting functions within BIXS will continue to evolve to include more carcass data as well as feedlot data as development and testing continues.

The work with one southern Alberta feedlot software firm on developing and delivering a web service solution for feedlots to conduct a Move-In event to BIXS and get carcass data back on cattle feedlots finish is complete. The next step is to take that solution and work with another feedlot software firm to ensure the solution works across different platforms. It's expected this work will continue through the winter of 2012/13. At the same time work continues on developing spreadsheet templates so feedlots not using commercial management software can submit tag ID and other data to BIXS via spreadsheets in order to get carcass data back.

CCA and BIXS staff along with the BIXS Implementation Committee of the CCA executive are working with Framework Partners consultants on the next steps in the evolution of BIXS. The committee will be presented with options on a go-forward plan for BIXS moving toward developing BIXS into a self-sufficient system for the Canadian beef industry.



Canada Beef Inc.

At the completion of the first year of operation as Canada Beef Inc., there are many reasons to be proud of the accomplishments of the staff and board of directors. Accomplishments during the first 15-month fiscal year include: development of a strategic three-year plan for the organization; creation of organizational and governance structures that will guide Canada Beef as it moves forward; hosting of the first Annual Forum and annual general meeting (AGM) and continue the process of finding a new home for the Calgary office. All of this was accomplished while performing the day-to-day responsibilities and work of a global marketing organization.

January 1, 2012 was the beginning of the fiscal year and the organization was challenged within a very short period of time to create a new corporate culture, vision, mission, three-year strategy, key drivers, targeted priorities, tactical actions, measurement tools and reporting, performance development systems and more robust financial accountabilities. This is a tall order, knowing that on average mergers take upwards of three years to fully complete. Regardless, Canada Beef will continue to evolve. This fits with the organizational goal of being fit-for-purpose and managing-for-the-future.

The three-year corporate strategy is the result of input from a widely diverse grouping of industry and government stakeholders. The feedback and market intelligence received enabled and facilitated the development of a new Market Development Program (MDP) which launched January, 2012 – a new program intended to provide an objective means to predict and track returns based on investment.

Ongoing dialogue, primarily with valued small-and-medium sized entrepreneurs and business leaders over emerging market opportunities, risk and priorities, led to the June 1st, 2012 launch of the Market Outreach Initiative (MOI). This program is complementary to the MDP and has additional funds earmarked for such activities. Canada Beef promised to be nimble and market responsive, and at the same time, fiscally prudent and financially accountable. That is why both the MDP and MOI applications go through a rigorous assessment process to determine the value of the investment Canadian beef producers are being asked to make to any one individual or company. It is the expectation that both parties will share in the reward, but also the risk.



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Domestically there is a strong alignment to the new way of doing business, while internationally the market has been slower to embrace the notion of partnership based on needs and expectations. More recently Canada Beef is starting to confirm who the real partners are, and this is resulting in some very intimate brand, marketing and promotional work being done in markets such as Korea, Japan, Mexico and Russia. In some of these markets preferential tariffs are providing competitors a large advantage, which may continue to increase.

As of December 2012, 70 MDP applications have been processed, and based on leveraged opportunities within the MDP, are tracking a 6.2:1 ratio globally. Every producer dollar invested into partnered initiatives focusing on branding, marketing, promotion, education and/or training is returning \$6.2 dollars. This is how Canada Beef is working to establish sustainable results with key partners in markets around the world. Overall, Canada Beef's responsibility to shareholders is to deliver a strong return on investment (ROI). The activities, tactics and priorities are more than just what the MDP delivers. Canada Beef also provides regular, detailed Global Market Intelligence (GMIR) reporting to provide timely and factual information to enable business decisions to be made to the benefit of industry.

The value generated through domestic programming has been wide reaching as efforts with the retail and foodservice markets have yielded strong results that will pay ongoing dividends. Programming with the retail and foodservice marketplace in Canada has been able to drive significant investment by the trade on specific beef programs. In total 10 market development programs were initiated with an average industry investment ratio of 3.22:1 at retail and 8.14:1 at foodservice.

As the lead Canadian Beef Ambassador, Canada Beef is also highly engaged in consistent and targeted education and training around the Canadian Beef Advantage (CBA); this includes engagement within the social media environment, media relations, culinary offerings, nutrition and related research and recipe development and education. And the work continues on branding and positioning of the Canadian Beef Brand Mark. Daily efforts ensure that more Canadian beef is being featured, more often, with impactful messaging stemming from the CBA that will drive a deeper consumer understanding, commitment and resulting loyalty to Canadian beef.

In September Canada Beef hosted its first Annual Forum in Calgary, AB. A full day that included industry and market presentations, a beef

industry panel discussion and ambassador/social media sessions was followed by the first AGM. During the AGM, attendees heard reports from board committees and elected the new board of directors.

The Canada Beef Inc. Board for 2012-2013 year includes producer and industry representation. Ten provincial association members have been selected as board members, with elections held for both Alberta and Saskatchewan representatives: Chuck MacLean (Chair), AB; Paul Sharpe (Vice-Chair), ON; Grant Huffman, BC; John Schooten, AB; Jack Hextall, SK; Trevor Atchison, MB; Gib Drury, QC; Jennifer MacDonald, NB; Terry Prescott, NS; John MacDonald, PEI.

Industry representation covers all sectors along the beef value chain: Dwight Greer, Eastern Meat Solutions, Beef Processing and Distribution (importer-exporter representative); Brian Read, XL Foods; Robert Bielak, St. Helen's; Mike Kennedy, Cargill; Arthur Batista, Ecolait; and Scott Ellerton, Sysco Canada.

Within the board, four committees have been formed to oversee specific areas of business. Committees assume an active role in governing Canada Beef. Members are accountable to the board for fulfilling the mandates determined by the board and actively performing their assigned duties related to the committee's business on behalf of the board.

- Finance/ Audit and Program Performance Management – Scott Ellerton
- Planning and Priorities – Mike Kennedy
- Governance – Jennifer MacDonald
- International Beef Trade Access Policy Advisory – Brian Read

Canada Beef Executive

Robert Meijer, *President of Canada Beef Inc.*

The executive team also includes the following:

John Baker – *Executive VP, Global Marketing*

Ron Glaser – *VP Corporate Affairs & Operations*

Michael Shittu – *VP Finance*

At Canada Beef, our culture is to have a healthy appetite for change. We are prepared to do what it takes to be relevant to industry, to be productive and valued. And we continue to listen to our stakeholders, at our Annual Forum, through provincial representatives on our board of directors, or through our ongoing engagement, communication and collaboration with industry stakeholders and partners. We look forward to the coming year and the work ahead.

Sincerely,

Chuck MacLean

Chair, Canada Beef Inc. Board of Directors

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

Canadian Beef Breeds Council

Canadian Beef Breeds Council (the Council) exists to provide a unified voice for purebred beef cattle producers. The Council and its members are an integral component of the Canadian cattle industry. Member associations seek to contribute to the Canadian cattle industry by encouraging and supporting genetic improvement of their respective breeds.

The Council has 18 breed association members and 15 active Associates. The number of purebred breeders registering cattle has dropped during the past five years but appears to have stabilized with around 8,200 reported for the past year. The number of registrations of purebred beef cattle is also down and has never returned to pre-bovine spongiform encephalopathy (BSE) levels. However, the past three years have seen an average of 140,000 new registrations each year from a total of 275,000 active registered females reported in purebred herds. Preliminary reports from the larger breed associations indicate that 2012 is a growth year with significant increases in registrations.

Operational Review

The Council is undertaking a major review of its governance and operational procedures with a revised set of bylaws and procedures to be presented to the Board of Directors in March. A second major initiative has the Council working with Agriteam Canada to redefine its Domestic and International Marketing Plan. The Council's current executive led by Byron Templeton, a Hereford breeder from Coaldale, AB, has made it a major goal to work closer with the Canadian Cattlemen's Association (CCA) and enhance the contribution of the purebred sector to the commercial cattle industry. Although one of the Council's mandates is international marketing, the commercial industry within Canada is most important. The Council has endorsed the work of the Beef Cattle Research Council and is anxious to increase its participation in research projects that will improve the genetics provided to the industry.

International Activities

The Council has collaborated with the CCA as well as Canadian Livestock Genetics and the Market Access Secretariat on missions to the EU and China. The Council was included in discussion and marketing in Colombia at the same time that the Canadian Government was concluding the Free Trade Agreement with this country.

The Council is an active participant on the Interbeef Working Group which presents the opportunity to network with beef cattle groups around the world.

Council members have successfully marketed Canadian beef cattle genetics around the globe with significant increases in sales to Mexico, Russia, Kazakhstan, South America, Scandinavia and the United Kingdom. The United States is still a major market with genetics trading in both directions.

Two Council members hosted World Conferences in 2012. The Canadian Galloway Association hosted 120 guests in Guelph, ON and the Canadian Hereford Association attracted over 1,500 participants to their meetings and tour in July 2012. These events have proven to be an excellent vehicle to impress visitors from around the globe with the quality of Canadian beef and beef cattle genetics.

The Council's Place in the Industry

All sectors of the Canadian beef value chain are essential and all need to work together. The Council's members are one of the smaller players but one of the significant elements. The Council actively promotes exports of Canadian beef cattle genetics which does enhance the world wide appreciation for the quality of Canadian

beef. Council's major contribution remains the provision of quality registered seedstock to the Canadian beef production chain. The Council is proud of its role and appreciates the opportunity to partner with the entire industry and contribute to the Canadian Beef Advantage.



Canadian Cattle Identification Agency (CCIA) is a not-for-profit, industry-initiated and led organization incorporated to establish a national cattle identification program to support efficient trace back and containment of serious animal health and food safety concerns in the Canadian cattle herd. The agency manages the Canadian Livestock Tracking System (CLTS) database – a trace back system that maintains radio frequency identification (RFID) tag information, and is led by a board of directors made up of representatives from all sectors of the livestock industry.

Board of Directors

At the CCIA's annual general meeting in April, Darcy Eddleston, Alberta cow-calf producer, and Canadian Veterinary Medical Association representative Dr. Pat Burrage were re-elected as chair and vice-chair, respectively. Canadian Bison Association representative Terry Kremenik was re-elected as finance and audit chair. Saskatchewan Stock Growers Association's Mark Elford was re-elected as director at large; and Dairy Farmers of Canada representative Ron Versteeg assumed the second role of director at large – replacing Canadian Cattlemen's Association representative Dan Darling. Darling left the board to assume a three-year appointment as the Ontario Cattlemen's Association President. In 2012, the Canadian Sheep Federation (CSF) joined CCIA's board as a member organization with Bill Gibson as its voting representative, giving the board representation from all species groups for which CCIA acts as administrator.

Eddleston and Burrage have been effectively raising awareness about the importance of working together to advance livestock traceability. They have made presentations to industry on CCIA initiatives and the Cattle Implementation Plan at events including the Saskatchewan Beef Industry Conference 2012 and Alberta Beef Producers Annual General Meeting 2012, as well as educating international audiences from Korea, Taiwan and Chile through Canada Beef and the Canadian Food Inspection Agency. CCIA continues to field requests for these two speakers and the rest of CCIA's board of directors for events in 2013.

Project Steering Committee: Canadian Agri-Traceability Services

With the goal of providing Canada with high-quality, innovative, integrated and efficient traceability services, the project steering committee contracted a professional services firm to conduct a study to determine the feasibility of establishing one multi-species database for traceability in Canada with the principle participants: CCIA, Agri-Traçabilité Québec (ATQ) and Agriculture and Agri-Food Canada (AAFC). In 2012 and ongoing, the professional services firm has made significant progress on assessing CCIA's CLTS and ATQ's Agri-Trace databases and systems. The results of this study are important for both boards to assess the impact Canadian Agri-Traceability Services (CATS) may have on their respective operational budgets, and acquire an understanding of the operational costs for CATS. The final proposal and recommendations on the system and database will be presented to CCIA and ATQ boards for review in early 2013.

External Committee: Cattle Implementation Plan

The Cattle Implementation Plan (CIP) is the industry's roadmap to achieve a sustainable, effective and efficient cattle traceability system for Canada. The direction of this roadmap was endorsed by industry and governments at the National Cattle Traceability Summit in 2011 in Saskatoon, SK where important milestones were attained and consensus was reached to move ahead in the resolution of movement recording and overcoming premises identification issues.

Working collaboratively with industry and governments, this committee's role identifies the targets, steps and issues in implementing traceability in the cattle industry. In 2012, this committee continued to refine the CIP, received confirmed support from 17 Canadian organizations for the three CIP resolutions as well as developed a CIP costing sub-committee, a project charter and project manager scope of work.

Moving forward, the costing project will assess three key areas of the CIP: 1) auction marts, 2) feedlots and 3) other co-mingling sites (e.g., fairs, exhibitions, etc.). The expectations outlined in the CIP are being incorporated into the Six Species Regulation Amendment to the Health of Animals Act, which is currently under development by the Regulation Amendment Review Committee of which CCIA Board Chair Eddleston, is a member.

Working with AAFC, the CCIA completed a project to modify the CLTS database to accept validated, provincially-generated premises identification number (PID) by early 2013. This high-level initiative addresses each province and territory's position on managing the generation of PIDs for their livestock operators and agri-businesses

with co-mingling animals. This means the PID registration process will change for CLTS database users in British Columbia, Yukon Territory, Manitoba, Ontario, Quebec, Nova Scotia, Newfoundland and Labrador, New Brunswick and Prince Edward Island. As of October, Canadian livestock operators and agribusinesses in these regions will need to acquire a provincial/territorial PID in order to register their premises in the CLTS database. These CLTS PID updates are crucial because they will facilitate additional movement data to be recorded in the database from outside Alberta. These system enhancements will also facilitate the needs of the West Hawk Lake Zoning Initiative.

Tag Retention Project

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

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

Initial results show a high retention rate in young animals and a much lower retention rate in bulls, while the retention rate for cows has yet to be determined since their tags are still being scanned for the study. The project's 2013 reporting update will include anecdotal findings regarding tag placement and tag devices, so stay tuned for more information this spring.

CCIA Field Representatives

CCIA's collaborative relationship with the Alberta and Saskatchewan governments continued to advance traceability support initiatives in

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the field by the Mobile Field Representatives (MFR) in Alberta and the Producer Support Representatives (PSR) in Saskatchewan. These highly-specialized technical field personnel have hands-on livestock expertise as cattle producers, and thousands of hours of experience working on the CLTS database and traceability-related RFID technology.

In 2012, CCIA field teams continued to work together with industry and governments fostering relationships and building on the success of the existing traceability system by assisting and educating key industry players (producers, auction marts, industry groups, governments, etc.) through one-on-one interactive presentations and meeting attendance, via telephone or online support – delivering the CCIA's full range of complimentary traceability support services, including: premises identification registration, account information updates, age verification, cattle movement and export information delivery, CLTS database-user training, etc.

CCIA manages field support services in partnership with the Alberta Agriculture and Rural Development, and the Saskatchewan Ministry of Agriculture, and looks forward to providing technical expertise, support, applied research and customized training to livestock producers and other industry stakeholders in 2013.

The Future

In 2013, CCIA will continue to advance the implementation and evolution of the national traceability system through collaborative and ongoing relationships with industry, provincial and federal governments and the CFIA. As a member of the Industry Government Advisory Committee (IGAC), discussions on traceability and collaborative processes with other service providers, CCIA is committed to discussing and working together on a multi-species national traceability system.

British Columbia Cattlemen's Association



CCA Town Hall – Kamloops

The British Columbia Cattlemen's Association (BCCA) thanks the Canadian Cattlemen's Association (CCA) staff and CCA President Martin Unrau for bringing a second CCA Town Hall to B.C. this year. More than 100 ranchers from the Kamloops area attended. The BCCA encourages the CCA to continue with the Town Hall meetings as they offer the grassroots members a chance to learn about all the great work being done on their behalf by the CCA. Special thanks to the CCA staff and leadership for travelling and making presentations.

Queen's Diamond Jubilee Recipients

Thank you very much to the CCA selection committee for choosing both of our provincial nominees to be recipients of these medals. Rudy Johnson and Morrie Thomas are longstanding pillars of the B.C. ranching community. Johnson's ingenuity and perseverance to build a bridge across the Fraser River are remarkable. The bridge made it possible for ranching and logging to flourish in that region. Thomas's leadership was commendable particularly through a very tumultuous time in our provincial cattle industry. Thomas is an industry historian and his continued participation at cattlemen's meetings is still welcomed today. The medals will be presented in January by former BCCA President and now Lieutenant-Governor, the Honourable Judy Guichon. We are very pleased to see beef industry volunteers recognized for their efforts with such an honourable award.

Stewardship Award

The BCCA was very pleased to present the Hesketh family of Silver Hills Ranch with the 2012 stewardship award. The Hesketh family was nominated for being an established ranch that has made environmental sustainability their main priority. The 2,000 acre ranch is located in the foothills of the Monashee Mountains and borders the Middle Shuswap River – an important salmon tributary. The ranch has a strong commitment to water stewardship and has developed off-stream watering sites for cattle both on their private lands and Crown range. The grasslands surrounding the ranch have been managed to maintain their natural biodiversity using grazing management and controlled burns. The Hesketh's are strong community supporters and annually host a biodiversity tour which draws ranchers and conservationists alike to the ranch. Silver Hills Ranch is one of the only to be certified as Salmon Safe and continues to cooperate in fish habitat studies on the river. Congratulations to the Hesketh family and thank you to the award sponsors.

Asia Trade Mission 2012

The BCCA participated in a second trade mission to Hong Kong, Beijing, Tokyo and Seoul. BCCA President David Haywood-Farmer said that the 2012 Asia Trade Mission was a great success. Trade Mission participants were very pleased with the potential to finalize the acceptance of under-30-month beef into Japan. Haywood-Farmer said the mission enables industry to work to convince the governments of these countries that Canada produces high quality, safe beef products which will then open the gate for more trade.

Behind the Beef Program

The consumer education and research program Behind the Beef has been operating for over a year. At its inception, the program had a goal to deliver 400 events within the first year. From September 2011- September 2012, a total of 864 events were conducted at participating grocery stores and fairs/exhibitions, more than doubling original estimates. The major retailers enrolled with the program include Overwaitea Food Group (Save On Foods & Coopers Foods), Safeway, IGA & IGA Marketplace, and Buy-Low Foods & Nesters Foods. Currently, there are approximately 130 grocery store locations that Behind the Beef services throughout the province. Individual locations typically see the program in-store once per month during peak shopping hours.

Beef Educators, who deliver the program, talk in-depth with an average of 28 consumers per event. Consumers ask a variety of questions from "what is the best steak?" to "how long do cattle live in a feedlot?" The most common topics are: beef cut selection and cooking, added hormones and antibiotics, as well as organic vs. grass fed vs. conventional beef. Perhaps one of the biggest benefits to the industry is the program's ability to address consumer concerns when beef is highlighted in the media. Behind the Beef has been instrumental in providing accurate information to the public regarding industry issues such as the recent *E. coli* recall. Beef Educators are given information, resources and updates during issues so they are able to share current, factual information. This information is shared with consumers, and also with the retailer staff who can then pass on the information to shoppers when Beef Educators are not in store.

B.C. Ecological Goods & Services Program

Phase 3 of the province-wide Ecological Services pilot program is underway and rewards landowners for their stewardship efforts. Thirteen demonstration projects have been established where biological and economic results are being monitored. The program is divided into three phases: development and testing of Beneficial Management Practices; conduct demonstration projects around the province; and facilitate the implementation of a long term Ecological Goods & Services program for B.C. To learn more about the B.C. Ecological Services Initiative, visit www.bcesi.ca



Growing Forward 2

The BCCA has met with B.C.'s Agriculture Minister several times to discuss the \$430 million cut to Business Risk Management (BRM) programs. The BCCA offers a big compliment to our previous Ag Minister, Hon. Don McRae, for being very open about the federal-provincial negotiations for BRM programming. BCCA was able to offer some additional options for the province to consider. B.C.'s suggestion to establish an Agri-Succession program garnered a lot of support from all provinces however; it is not likely to be included in the suite of programs for 2013. B.C. may pursue a provincial Agri-Succession program.

Returning to PST

Following a referendum in August 2011, B.C. voters have decided to reject the Harmonized Sales Tax (HST) and return to the old Provincial Sales Tax (PST)/GST system. Government's action plan remains on track to return to the PST on April 1, 2013. Though BCCA was supportive of the HST, we have been urging the province to consider making the transition back to PST as easy for farmers and ranchers as possible.

Provincial Meat Inspection

B.C.'s Minister of Agriculture, Hon. Norm Letnick, has been consulting with farmers and ranchers on what the new provincial meat and abattoir inspection system should look like. No new details have been released on how B.C.'s meat inspection system will be structured after the Canadian Food Inspection Agency (CFIA) withdraws their services at the end of December 2013. The government is looking for ways to reduce the cost of inspection and to create a system where the stakeholders are financially invested in ensuring the system is fiscally responsible. In light of those two factors, BCCA anticipates that a user fee may be part of the new system. BCCA has opposed a user pay system because the fees will likely be directly or indirectly passed on to the producer. BCCA has continued to advocate for a third party, independent inspection, that is paid for by the government.

Special thanks to our dedicated Directors to the CCA, Lary Fossum and Martin Rossmann, whose dedication to the industry and willingness to volunteer is commendable.

For more information, please visit the BCCA website at www.cattlemen.bc.ca.



**Alberta Beef
Producers**

December is always a time of reflection and renewal at Alberta Beef Producers (ABP). It's a time to think about the good news and the bad turns for producers and the industry over the past year,

while also considering the successes and challenges for ABP as an organization working on behalf of these producers.

The organization is renewed by setting ABP structure and priorities through the fall producer meetings and the Annual General Meeting (AGM) in Calgary. The end of the calendar year is the conclusion of a busy and exciting period when ABP balances a thoughtful review of past activities with the anticipation of moving ahead with the new direction set at the AGM.

In the spring, Alberta held a provincial election that resulted in a relatively new premier and new ministers responsible for Agriculture & Rural Development and Sustainable Resource Development, two of the key portfolios affecting cattle and beef producers. As a result of the election, one of ABP's top priorities became establishing its credibility and relationships with a large group of new cabinet ministers and MLAs. ABP is committed to taking positions that are in the best interests of cattle producers, even if these positions are not consistent with government policy. ABP can't be an effective voice for producers if the government won't listen or talk to the association or its representatives. ABP increased its allocation of funding for provincial advocacy and ABP's directors worked to enhance the association's influence with the government, while recognizing that a substantial number of cattle producers live in ridings that are represented by members of the official opposition.

The unprecedented XL Foods Inc. beef recall and plant closure certainly dominated ABP's thoughts and time through the fall run. The issue received tremendous media and political attention, most of it directed toward the plant and its owners, the Canadian Food Inspection Agency (CFIA), and the unions. ABP worked closely with the Canadian Cattlemen's Association (CCA), Canada Beef Inc., the provincial and federal governments, and the processors in trying to resolve this issue. All of our organizations presented consistent messages to reassure consumers about the safety of our beef, the strength of our food safety system, and the importance of using proper food handling and preparation to protect their health.

Despite ABP's best efforts and doing more media interviews on the recall than on any other issue in the past seven years combined, it was hard for ABP's voice to be heard in the din surrounding the issue. Many producers did not hear these interviews and expressed frustration at the perceived absence of an industry presence in the media. One of ABP's priorities for 2013 will be developing ways to communicate more quickly with producers.

Through the period of the recall, ABP appreciated the responsible manner in which Cargill operated the High River plant and the strong commitment they showed to the industry. The announcement that JBS USA was assuming the management of the Brooks establishment, with an option to purchase the plant, was

very good news for cattle producers. ABP is pleased to see the interest that JBS has shown in the Canadian beef cattle industry and their plans to move toward full operations at the Brooks plant.

There were successes to celebrate this year. In the spring, ABP launched the 'Alberta Beef: Famous Taste. Right at Home' campaign, the first high-profile marketing campaign in nearly a decade. The response to the television advertisement, the Famous Taste Express mobile barbecue, and other media initiatives was very positive. ABP was pleased with its efforts to raise the strength and profile of the Alberta Beef brand and remind consumers what they love most about the product, the delicious taste.

As work toward agreement on the Growing Forward 2 (GF2) framework proceeded, ABP's Safety Net Sub-Committee prepared a very good and comprehensive document outlining the association's considerations and ideas for Business Risk Management (BRM) programs in GF2. Many of ABP's most important points were addressed in the framework agreement, but more work is needed on the BRM programs and ABP will be pursuing further talks with our government. ABP also recognizes the importance of investments in research activities and worked closely this year with the Beef Cattle Research Council (BCRC) on the National Beef Cattle Research Strategy and a joint call for research proposals.

Reflecting on the events and activities of the past year is really just the first step in establishing ABP's plans and priorities for the coming year. At the 2012 AGM, the ABP delegates reviewed the progress on the association's strategic objectives for the year and provided recommendations for adjusting these objectives or setting new directions. The fall meeting resolutions and the discussion during the resolutions debates at the AGM provided further clarity to ABP's priorities. One clear message was the importance of retaining a non-refundable national levy.

The regulations authorizing a \$1 non-refundable national levy in Alberta for marketing and research activities will expire on March 31, 2013 unless they are extended. All of Alberta's international competitors and all other Canadian provinces have a non-refundable levy for marketing and research programs. ABP has been working through the past year, and will be focusing in the coming year, on having the non-refundable levy regulations extended. ABP has made a formal recommendation to the Alberta government that the regulations should be extended and has offered to work on development of a renewed Memorandum of Agreement with the Alberta Cattle Feeders' Association supporting this recommendation.

ABP began the month of December with a very good and productive AGM. Delegates were attentive and active through the meeting and there were interesting and informative presentations from Cargill,

JBS, the Land Use Secretariat, AdFarm (Alberta Beef: Famous Taste campaign), and partner organizations. An impressive and enjoyable evening was had at the banquet with the presentation of Queen Elizabeth II Diamond Jubilee Medals and the 2013 Environmental Stewardship Award. ABP is moving forward with strong leadership in its board of directors and executive, effective operations capacity with a dedicated staff, and clear direction on association priorities for 2013.

For more information, please visit the ABP website at www.albertabeef.org



Following two years of excess moisture issues in Saskatchewan, the summer of 2012 returned to more stable weather conditions. Isolated areas still dealt with excess moisture, and a few areas had a moisture deficit, but most of the province enjoyed adequate grass production and pastures. Hay production should be adequate or in a surplus position in most of the province.

A number of Saskatchewan Cattlemen's Association (SCA) directors and staff attended the Canadian Cattlemen's Association (CCA) 2012 annual general meeting (AGM) in Ottawa in March. Saskatchewan now sends five representatives to the CCA, which were elected from the floor of the SCA's January AGM for the first time in 2012. Two year reps include Pat Hayes, Brent Griffin and Reg Schellenberg. One year reps are Lynn Grant and Kevin Woods.

Grant and Hayes are on the CCA Executive. Grant is currently the environment committee chair with Hayes and Schellenberg. Hayes also chairs the animal health & meat inspection committee with Schellenberg and Woods. Schellenberg chairs the animal care committee.

Woods and Grant are on the domestic agriculture policy and regulations committee, and Griffin serves on the foreign trade and value creation and competitiveness committees. Hayes is a CCA rep to Canadian Cattle Identification Agency (CCIA) and is also on their audit committee. Saskatchewan representatives on the Beef Cattle Research Council (BCRC) include Ryan Beierbach and Tim Oleksyn.

In April, the SCA held a beef-on-a-bun meeting with Saskatchewan Members of the Legislative Assembly (MLA's), for informal one-on-one discussions, meet and greet opportunities and to update the provincial politicians on current issues relevant to the Saskatchewan beef industry. It was well received by the politicians

and the SCA directors and the association is hoping to make it an annual event.

Earlier in April, the federal government announced it was divesting itself of the Community Pasture Program operated by the Prairie Farm Rehabilitation Administration (PFRA), and turning them back over to the provinces. Saskatchewan is home to 60 of the 85 affected pastures which are utilized by more than 200,000 cattle each year. This issue remains a high priority. SCA chair Mark Elford is on an advisory committee making recommendations to the province, to help them decide how to proceed.

Elford is also involved in helping direct changes in the current Brand Inspection process in Saskatchewan. He is co-chair with Harold Martens, president of the Saskatchewan Stock Growers Association (SSGA), on a committee looking into what the new direction for Brand Inspection will be.

Near the end of May, the provincial government announced a cabinet shuffle, with Agriculture Minister Bob Bjornrud being replaced by Lyle Stewart. Stewart is a grain and cattle producer from Pense, who has been an MLA since 1999 and has previous cabinet experience. Directors and staff have met with Minister Stewart a number of times and the SCA hopes to see progress on a number of priorities with the new minister and staff.

One issue the SCA is pressing to move forward on is Premises ID. In Saskatchewan, Premises ID is currently voluntary. SCA's policy states it wants mandatory Premises ID. Early indications from the new minister suggest they may be interested in developing a more robust Premises ID system that encompasses multiple livestock species and may serve additional functions. The SCA is looking forward to working with the province to move this aspect of traceability forward.

Through the winter, the SCA embarked on developing a strategic plan for the organization, to provide long-term direction and focus for association activities. That process is now complete and the SCA has a strategic plan that it follows and that is updated at every board meeting.

This summer, Saskatoon hosted two major conferences that SCA helped sponsor and participated in. At the Beef Welfare Symposium put on by the University of Saskatchewan College of Agriculture and Bioresources in June, speakers from across North America and other beef producing regions of the world provided presentations on many aspects of animal welfare and beef research.

The Pacific North West Economic Region (PNWER) 22nd annual conference was held in July. This conference includes legislators from five U.S. states and five Canadian provinces and territories and

works towards improved economic activity and reduced regulation in this economic region of North America.

In May, Keith Robertson stepped down as chief executive officer (CEO). The SCA underwent a search to find a permanent replacement, with Policy Analyst Craig Douglas taking on the role of CEO. A new Policy Analyst, Barb Larson, was hired in December.

In June, the SCA held its board meeting at VIDO-InterVac (Veterinary Infectious Disease Organization – International Vaccine Centre) on the U of S campus. The meeting included presentations and a tour of the new VIDO-Intervac facilities, that include labs with Containment Level 3 (CL3) security, that can safely work with pathogens such as Tuberculosis, Bovine Spongiform Encephalopathy (BSE), Chronic Wasting Disease (CWD), Johnne's, West Nile and others.

In September, Chair Elford joined producers and government representatives from Alberta and British Columbia on an agri-food trade mission to Asia. He visited Hong Kong, China, Japan and Korea as a beef representative, joining other commodity groups as part of the New West Partnership. The group met with buyers, government officials and others in an effort to promote western Canadian agricultural and food products in these important Asian countries.

In September, the first anniversary of the creation of Canada Beef Inc. was marked with a Forum in Calgary. Jack Hextall was elected as Saskatchewan's representative on the Canada Beef board of directors.

With the discovery of *E. coli* O157 at the XL Foods beef processing plant in Brooks, AB in late September, SCA staff and directors fielded numerous calls throughout the period with various media outlets, regarding the impact of the closure on Saskatchewan beef producers.

Committees

SCA directors and staff worked with producer, industry and government groups and staff on a wide range of issues through 2012. Current SCA committees include: Animal Health, Environment, Research, Audit and Finance, Communications, Saskatchewan Beef Industry Development Fund, Governance and a Traceability Working Group.

Some of the Issues Committees are Working on Include:

- Animal Health – dealing with changes to Canadian Food Inspection Agency (CFIA) inspection services, transportation of compromised animals, issues around animal welfare and feed testing, BSE head testing, Beef Cattle Code of Practice;

- Environment - South of the Divide meeting dealing with species at risk, Clean Farms dealing with recycling plastics, such as grain/silage bags, twine, etc., Diefenbaker Lake water use, Watershed Authority meetings;
- Research Committee – attending BCRC committee meetings, working with the Saskatchewan Forage Council to develop a Forage Network, Beef Cattle Research and Teaching Unit at the U of S;
- Traceability Working Group – looking at livestock inspection, Premises ID, animal movement.

An issue that has taken up considerable time this year has been the upcoming relocation of the University of Saskatchewan Beef Cattle Research and Teaching Unit. The current facility, which is in the middle of Saskatoon, is slated to be moved out of the city to a rural location.

The SCA has committed to make a significant contribution to the new facility, as an expression of faith that the industry has in the importance of research to the future of the cattle business in Saskatchewan.

The SCA Research Committee is playing an important role in early stage negotiations and the planning process of this venture, which will be a cornerstone of the Saskatchewan cattle industry for decades to come.

District Meetings

District meetings ran from October 22-29, In District 7, Paula Larson retained her position. In District 2, where Bill Jameson was stepping down, Ken Demyen was elected. In District 5, Levi Hull is replacing Fred Lansdall.

The Saskatchewan Beef Industry Conference and SCA annual general meeting have been scheduled for January 23-25, 2013, with the AGM on Thursday January 24.

Communications

Frequency of 'The Saskatchewan Cattlemen's Connection', a magazine that is the association's main communications tool was boosted to eight issues in 2012.

The SCA trade show display can be customized for beef industry, grain industry or consumer-type trade shows. Introduced at Agribition in 2011, the booth appeared at numerous events in 2012.

At Agribition, the SCA hosted a Beef Industry Reception, providing beef on a bun for more than 250 people. The provincial Agriculture

Minister brought greetings from the province, then spent the rest of the night visiting with cattle producers.

For more information, please visit the SCA website at www.saskbeef.com



Manitoba Beef Producers

Natural Disasters

Adverse weather conditions have taken a particularly heavy toll on Manitoba's beef industry over the past 18 months.

Recovery from the 2011 flood continues, and the subsequent impact on producers lingers. Manitoba Beef Producers (MBP) is seeking timely processing of outstanding claims to reduce the strain on producers.

Manitoba Agriculture estimates that more than 400,000 acres of land were still flooded in the spring of 2012. This pasture and hayland was not productive this year leading to forage and pasture shortfalls which resulted in many producers exiting the industry. Some producers, especially in southeastern Manitoba, faced drought in 2012. Producers are having to source feed and in some areas water supplies have also been a concern.

MBP welcomed the federal government's decision in late November to provide tax deferrals for Manitoba livestock producers affected by the 2012 drought. Eligible producers in designated areas can defer income tax on the sale of breeding livestock for one year to help replenish breeding stock in the following year.

MBP has outlined to provincial officials the urgent need for forage and transportation assistance programs to assist producers dealing with flooding or drought conditions.

Lobbying at the Provincial Level

MBP continues to provide input on many different initiatives being undertaken by the Manitoba government that affect the province's beef cattle industry.

Two separate reviews are underway of the 2011 flood. One is examining how the event was handled, from forecasting, to preparedness to actual response. The other is looking at the operation of provincial water control structures and water levels on Lake Manitoba, Lake St. Martin and associated waterways. A MBP director is sitting on the latter committee, helping provide valuable industry insights.

The Government of Manitoba has also launched a Surface Water Management Strategy initiative. MBP has participated in two

summits related to this initiative which is examining matters such as water quality and quantity, wetland retention, and flooding and drought, among others.

The 2011 flood and the recent drought have negatively impacted Manitoba's industry. MBP will continue to seek a long-term watershed management plan to ensure that the effects of future floods and droughts are minimized whenever possible. Participation by our neighbors in the Lake Winnipeg watershed will be essential to its success.

The Government of Manitoba has unveiled Tomorrow Now – Manitoba's Green Plan, an environmental blueprint with more than 100 initiatives to be rolled out over eight years. MBP anticipates several new pieces of legislation or other regulatory changes will arise from it and will seek to ensure that policies are based on sound science.

The Green Plan covers issues ranging from a potential ban on the cosmetic use of pesticides, to updating provincial species at risk laws, to climate change, water conservation and drought management, strategies for all terrain vehicle (ATV) and off-road vehicle (ORV) use, and, a new regulatory system around drainage and water retention.

Manitoba's Nutrient Management Regulation was reviewed in 2012 and MBP provided input. The regulation places restrictions on manure storage facilities and confined livestock areas in areas deemed to be environmentally sensitive, it establishes nutrient buffer zones near water bodies, and it places restrictions on winter spreading of fertilizer.

Ecological Goods and Services

MBP sees potential opportunities to promote ecological goods and services (EG &S) as the Manitoba government implements elements of the Green Plan related to biodiversity and protection of species and ecosystems at risk in agro-Manitoba. EG & S will also feature heavily in the Manitoba / Canada agreement on Growing Forward 2, which is set to begin on April 1, 2013. MBP is seeking national consistency on EG & S programming and is looking to the Canadian Cattlemen's Association (CCA) Task Force to provide this direction.

Species at Risk

Manitoba's Green Plan states that stronger legislation and policy is pending for "the timely inventory, monitoring and assessment of species at risk, the development of recovery and conservation strategies and the enhanced protection of habitat for listed species." The federal government is also planning to review its species at risk legislation.

MBP strongly believes the beef industry must be at the table when species at risk legislation is discussed and potentially modified. Producers provide valuable habitat on their land and this ecosystem service needs to be recognized by governments. Producers can also provide important insights into how wildlife can thrive on their working landscapes.

MBP supports the following operating principles of delivery-focused conservation:

1. Approaches to conservation management that can be harmonized with other landscape uses;
2. Adaptive management that responds to changing conditions;
3. Principles of sustainable development that allow for economic/social uses of the land; and
4. Direct stakeholder involvement.

Community Pastures

MBP continues to help facilitate the development of alternatives to federal administration of the Community Pasture program. The program provides grazing for five per cent of Manitoba's beef herd and the industry cannot afford to have this land taken out of production. A Steering Committee formed by MBP and the pastures' Producer Advisory Committees has recommended the formation of the Association of Manitoba Community Pastures (AMCP) to oversee pasture management. The AMCP has developed a business plan to operate the pastures. Following the acceptance of the business plan by the Manitoba government, AMCP will form a non-profit corporation. The Steering Committee has been consulting with rural municipalities, the governments of Manitoba and Canada, and other interested parties.

MBP is committed to ensuring a smooth transition as the existing pasture program winds down so producers can retain access to these important grazing lands.

MBP notes that ongoing grazing of the community pasture lands accomplishes many of governments' environmental objectives, such as habitat and species protection.

Animal Health

The presence of bovine Tuberculosis (TB) in the vicinity of Riding Mountain National Park has had a negative impact on Manitoba's cattle industry for many years.

In December, Dr. Allan Preston was appointed to the new position of TB Coordinator, which will see him coordinate efforts to eradicate the disease in the Riding Mountain Eradication Area (RMEA).

MBP had lobbied for the creation of this position and at both the national and provincial level, driven the lobby efforts for the appointment of a TB Coordinator. MBP is pleased that governments have made our request a priority.

MBP has worked closely with and thanks all four Ministers involved:

Hon. Gerry Ritz, Minister of Agriculture and Agri-Food; Hon. Ron Kostyshyn, Minister of Agriculture, Food and Rural Initiatives; Hon. Gord Mackintosh, Minister of Conservation and Water Stewardship; and Hon. Peter Kent, Minister of the Environment.

This announcement complements enhanced efforts by the Manitoba government to increase the number of hunter-killed wildlife samples submitted in the RMEA. Effective disease monitoring is crucial to our livestock industry. At the same time, bovine TB testing creates considerable costs for producers in the RMEA. MBP has provided \$1/head in financial assistance to affected producers to help defray these costs and will continue to pursue government contributions to this mustering fee to help support producers' efforts.

MBP is requesting the Government of Manitoba ensure that the provincial veterinary diagnostic services laboratory is accredited for Anaplasmosis testing. It is important that there is provincial capacity in Manitoba to carry out required testing when it is no longer done at federal laboratories.

Raising awareness of liver flukes is another priority for MBP. Initially diagnosed in southeastern Manitoba, there are concerns these parasites may be present in cattle in other regions. MBP is working with veterinary clinics to ensure swift access to treatment products via the Emergency Drug Release program.

Dealer Bankruptcy

Bankruptcies of licensed livestock dealers have affected some Manitoba beef producers' viability. Concerns have been raised about adequate oversight provided by the licensing agency and inadequate protection available in the event of a dealer default.

MBP and the Manitoba Livestock Marketing Association approached the Government of Manitoba seeking improvements in licensee vigilance. Progress is being made with the government set to unveil new oversight of licensees in the near future. This will include a revised process to suspend or revoke a dealer's license prior to bankruptcy, as well as increased communications.

Growing Forward 2

MBP has been actively engaged in the development of the Canada / Manitoba bilateral Growing Forward 2 programming. Top priorities being pursued by MBP include: a cattle price insurance program; increased spending for research and innovation; improved market

access; and, adequate funding for non-BRM programs such as Verified Beef Production™ (VBP), traceability and EG&S initiatives. MBP is pleased progress is being made to establish a cattle price insurance program across Western Canada that is bankable and affordable for producers and governments. Such a program could meet the needs of cow-calf producers, backgrounders or grassers and finishers. MBP is providing input to provincial officials about what a program could entail.

It is MBP's position that a cattle price insurance program should be an option, like AgriStability, for producers wishing to enroll in the Livestock Cash Advance Program.

Herd Protection

Producers do not have the tools to protect their herds from predators, yet provincial data indicates increasing impacts from predators. Insurance data show that in 2010, 1,491 animals were killed or damaged due to predation. This was an increase from 1,178 livestock deaths claimed in 2009. The actual number could be much higher; the MBP estimates that 1/4 to 1/3 of predator kills are reported.

MBP is advocating for 100 per cent compensation for the cost of raising the animal for predator kills and is working to have restrictions reduced for the trapping of problem predators.

Biosecurity Workshops

MBP received funding from Manitoba Rural Adaptation Council to develop and deliver biosecurity workshops aimed at beef producers. This included developing a producer workbook. The MBP is now delivering workshops based on the national standard approved by the CCA and accepted by the Canadian Food Inspection Agency (CFIA). These workshops also include Beef InfoXchange System (BIXS) and Verified Beef Production™ (VBP) program presentations.

Research

The importance of research investments to the long-term health of the beef industry has long been recognized by MBP. Projects in which the MBP has been involved in recent months include: bovine TB testing; fertilizer equivalence of manure; residual feed intake; farm management strategies in the Canadian beef sector; and, developing a strategy for forage and grassland management in Manitoba through an examination of the multi-functionality of forages.

Additionally, MBP is working with research partners in Manitoba and nationally to better coordinate research projects and to make the most effective use of research dollars.

For more information, please visit the MBP website at www.mbbeef.ca

Ontario Cattlemen's Association



Ontario beef producers faced a number of production challenges in 2012, with the historic drought which plagued the majority of the province the most significant challenge. Cow-calf producers were faced with a shortage and rising price of hay which placed increased pressure on winter feed supplies. Meanwhile, feedlot producers continued to struggle with the high price of replacement cattle and feed costs. Farmland values in Ontario continued to escalate with an increase of 16.3 per cent in the first half of 2012. On a positive note, the Ontario Cattlemen's Association (OCA) was encouraged by the momentum gained from continued collaboration with industry and our alliances with fellow commodity groups in Ontario.

As an organization, the OCA was involved in a number of initiatives focused on improving the longevity and success of operations throughout the entire Ontario beef value chain.

New Directors

OCA welcomed two new directors to its Board of Directors in 2012:

- Steve Eby of Kincardine, ON
- Tim Fugard of Petrolia, ON

Dry Conditions Impact Livestock Farmers in Ontario

OCA investigated the proper procedures and policies around declaring certain regions as disaster areas and worked with the Ontario Minister of Agriculture, Food and Rural Affairs (OMAFRA) to explain the challenges and impact of the drought on livestock producers. OCA was pleased that the Ontario government initiated discussions and requested aid with the federal government under the AgriRecovery Program on July 31, 2012. This program provides the framework to allow federal and provincial governments to work together on a case-by-case basis to assess disasters (e.g., extreme weather, disease, pests, etc.) affecting Canadian farmers and respond with targeted, disaster-specific programming when assistance is needed beyond existing programs. OCA was relieved when the federal and provincial governments announced \$2.4 million in AgriRecovery funding in support of livestock farmers in Ontario in December.

A Livestock Tax Deferral was announced by Agriculture and Agri-Food Canada on August 27, 2012 for producers and expanded to a total of 27 counties and municipalities in Ontario in late November. The tax deferral allows producers to defer a portion of sales proceeds to the following year provided they sold 15 per cent or greater of their breeding herd due to drought conditions.

The Ontario Federation of Agriculture (OFA) initiated the "Hay East" campaign, reminiscent of the "Hay West" campaign in 2002, when more than 110,000 tonnes of hay was shipped from Ontario, Quebec, New Brunswick, Nova Scotia and Prince Edward Island to drought-plagued Western Canada. The OFA is working with western provinces and the Mennonite Disaster Service to coordinate and administer donated western hay to eastern producers in need. Fundraising efforts continue and governments have committed, on a cost-shared basis, to start moving the thousands of bales of hay that have been pledged by farmers across Saskatchewan and Alberta. They will also match all individual and corporate cash donations made to Hay East 2012 up to \$2.5 million.

Ontario's Risk Management Insurance Program (RMP)

Announced in the 2011 budget as a permanent program, Ontario's Risk Management Insurance Program (RMP) helps farmers manage risks beyond their control, like fluctuating costs and market prices. The program is available for the cattle, edible horticulture, grains and oilseed, hog, sheep and veal sectors.

In March 2012, OCA was faced with a budget announcement that capped the RMP at \$100 million for the 2013 program year. Following that announcement, OCA continued to work with fellow RMP commodity organizations, OMAFRA and the Minister to develop a solution that would maintain the program and adhere to the \$100 million spending limit outlined in the 2012 provincial budget.

OCA is pleased to report that the program will continue for Ontario farmers in the 2013 year with some modifications to the program design. More details on the 2013 program will be unveiled in early 2013.

Government Relations

In addition to the discussions provincially on the RMP, OCA was faced with assessing program options to address the significant cuts rumoured to severely impact AgriStability moving forward. In early spring, OCA worked with Grain Farmers of Ontario, Ontario Pork, Ontario Fruit and Vegetable Growers' Association, Ontario Veal, and the Ontario Sheep Marketing Agency to ensure AgriStability remained a part of the business risk management suite of programs. The maintenance of the AgriStability framework was paramount but in order for the program to be truly effective OCA felt improvements were needed to make the program work for beef producers and other diversified farms in Ontario.

Despite OCA's efforts, following the Federal Provincial Territorial Agriculture Ministers' meeting in Whitehorse, Yukon in September, the federal government did announce significant cuts in funding

and changes to the structure and effectiveness of the AgriStability program. Instead of predictability and bankability in safety net programs, farmers are now entering a phase of uncertainty.

In the fall of 2012, in anticipation of the launch of Growing Forward 2 (GF2), on behalf of its members OCA was actively engaged in discussions and consultations with government on the bi-lateral program priorities and delivery strategies for new and retained programs in Ontario for the next five years.

On a provincial note Ontario's Premier, Dalton McGuinty, prorogued the government in October and will be stepping down after 16 years as Leader of the Ontario Liberal Party. A new Liberal Party Leader will be elected in late January with the government expected to resume sometime in February of 2013.

Leadership Development Program

In collaboration with the Rural Ontario Institute (ROI), OCA committed to the development and implementation of a pilot program in 2012 to recruit and retain a group of visionary organization leaders who are capable of moving the Ontario beef industry forward. The pilot program will increase the leadership skills of existing or potential organization leaders, and better prepare leaders to move the industry forward in times of change or challenge.

The spring program consisted of three sessions held in Cambridge, Toronto and Peterborough from January to April and the fall session was condensed into three days, held in Thunder Bay, to accommodate an overwhelming interest in northern Ontario. Participants of all ages and from various regions in the province had the opportunity to network with fellow producers and current industry leaders, travel to Queen's Park and meet with local MPPs and the Ontario Minister of Agriculture, and gain a greater understanding on effective communications, meeting management, organization governance, creating effective policy and procedures and empowering and motivating others.

Upon completion of both sessions in 2012, 33 participants successfully graduated from OCA's Leadership Development Program.

Ontario Corn-Fed Beef

OCA continues to support the Ontario Corn-Fed Beef Program, a program that was established to provide a high-quality, premium branded, beef program for the Ontario marketplace. OCA is pleased with the traction the program is gaining with Loblaw Companies Ltd., and currently 241 stores in Ontario carry the branded product. New in 2012, Certified AAA Ontario Corn Fed Beef Platinum brand will also be introduced into Loblaw stores. Throughout the summer, the Ontario Corn Fed Beef trailer visited a number of stores across

Ontario, offering consumers the opportunity to sample the product, meet Ontario cattle farmers, and learn about the program. With retail sales exceeding expectations, this is a great opportunity to grow and strengthen the entire beef industry.

Research

In June, the OCA Research Committee, with funding approved by the OCA Board of Directors, initiated a three year OCA Beef Research Program which allocated \$90,000/year to be directed towards Ontario-based research projects. This allocation is in addition to the annual funding OCA contributes to the Beef Cattle Research Council (BCRC) to fund national beef research projects.

In August, the OCA Research Committee approved several projects from the first call for proposals under the OCA Beef Research Program and two others under the Canadian Agricultural Adaptation Program (CAAP). Additionally, the OCA board recently decided to redirect funds to two Ontario projects that have been endorsed by BCRC in anticipation of the next Beef Science Cluster fund.

OCA has also been involved in the preliminary development of a new and innovative centre dedicated to driving the sector's research interests in Ontario. The Livestock Research Innovation Corporation (LRIC) is anticipated to act as a multi-species research and innovation centre and designed to provide leadership and direction on livestock and poultry research in Ontario.

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 321,000, there is a great potential for Ontario cow-calf producers to meet an obvious need.

Since 2010, OCA has worked with selected cow-calf producers to develop (and expand existing) calf clubs that will raise similar-type cattle under defined protocols with the intent of placing attractive sized lots of preconditioned Ontario calves into special calf sales. OCA has been building 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 OCA documented evidence to show Ontario's cow-calf producers that being proactive and working together can result in improved profitability. It will show producers clear steps they can take in order to increase their returns, and meet the needs of Ontario's feedlots.

New clubs worked throughout 2012 to increase offerings of these calves. Overall strong prices have narrowed the price differential, but consignors and buyers continue to support this initiative. Over the past year OCA has been able to work with more than 10

different sale groups to make available various advertising options to further their club activity. The use of videos for presale exposure provided another tool for buyers to preview upcoming sale offerings. OCA continued to expand the use of video auction technology to include northern Ontario. As a result of this initiative, some auction markets have chosen to continue with the use of video auction technology.

The program in 2012 also assisted the clubs and producers by coordinating pasture tours. Four different tours covering eight different farms in the province explored tools to maximize pasture potential with the format of pasture walks, peer review and professional advice from grazing mentor specialists.

The funding partnership for this initiative ended in December of 2012.

Verified Beef Production Program

Challenges continued for the Verified Beef Production™ Program in Ontario. The program has carried out more on-farm audits for producers who viewed VBP registration as a component of their own marketing program. Overall, 2,713 producers have received training under the national on-farm food safety program and 110 operations in Ontario are now registered. VBP continues to provide training and materials for special producer groups to set the foundation for brand evolution strategies.

OCA hopes that inclusion in the GF2 with funding support similar to other provinces would reinvigorate the program and encourage increased uptake in on-farm food safety by Ontario beef producers.

For more information, please visit the OCA website at www.cattle.guelph.on.ca



The New Brunswick Cattle Producers

The New Brunswick Cattle Producers (NBCP) has had a busy year. Some headway has been made in the levy collection issue that has plagued the association for many years, but there are still some items that are in the process of being addressed. It is good that Quebec and Prince Edward Island finally signed on to the National Check-off agreement in 2010, as that enabled the NBCP to have the check-off returned to it on the more than 70 per cent of animals that leave the province for feedlots. While much work remains, the association is very pleased with the progress achieved thus far. The Board of the NBCP participated in consultations with government on the Growing Forward 2 suite of programs, successfully lobbied government for a Genetic Enhancement

program, a handling facilities program and a few others. The NBCP was also party to the application to the Agriculture Innovation Program to have a GrowSafe System installed at the regional Beef Test Station.

The New Brunswick cattle industry has seen an improved set of prices for the cow-calf sector, but the margins on the fed cattle remain slim. It is going to take several years of improved prices to replace the equity that has been lost, but with the overall optimism in the industry, producers should be able to accomplish that over the next few years.

Looking ahead, 2013 promises a lot of opportunity for those who are able to take advantage of it.

For more information, please visit the NBCP website at www.bovinsnbcattle.ca



Nova Scotia Cattle Producers

It is a good thing that beef producers are eternal optimists and they continue to believe that there are better days to come despite the adversity they sometimes have to endure to get to those so called good times. Case in point is the cattle price recoveries producers were starting to enjoy this year until the fall *E.coli* event in Western Canada.

This event had the potential to set the industry back tremendously but in fact many positives came out of this. Through the collective effort of producers, processors and industry people in Western Canada, the approximately 4,000 head of cattle/day normally destined for XL foods were diverted into many other markets to keep the supply chain from backing up and driving cattle prices down.

The Nova Scotia Cattle Producers (NSCP) gives a big hats-off to everyone involved for a job well done. In Nova Scotia the demand for feeder cattle did soften but the good feeders were still in demand. One of the bigger positives to come out of this situation is it revived the demand and interest in locally processed beef. Several local meat shops had much greater demand and it appeared some consumers were now taking a more vested interest in buying local, wanting to know more about where the meat they buy comes from and what it takes to get it to the store shelf.

The overall cattle numbers for this past year remained static and the rebuilding/ rejuvenating of the province's herds has yet to begin due to rising input costs offsetting the higher cattle prices and the debt load many producers are still contending with.

The Maritime Beef Council continues to drive greater cooperation between the three Maritime Provinces on many fronts of interest to the beef industry, which is great to see.

The Genetic Enhancement Program continues to encourage producers to invest in improving herd genetics through proper record keeping and selecting herd replacements and sires on genetic merit.

Various funding sources came through for the GrowSafe System this fall that is set up at the Nappan Bull Test Station that will now track residual feed intake of animals on test and will no longer weight animal performance predominantly on weight gain over a given period.

Nova Scotia's producers appear to support a levy on the tag to help simplify and improve levy collection and stem the loss of levy when so many of their cattle leave to other provinces to be finished and/or processed, but it doesn't appear this approach is viewed as favorably by other provinces. The NSCP now has an inspector performing random audits on individual producers, buyers, auctions and processing facilities to verify and in some cases enforce compliance of levy remittance.

There continues to be much discussion on Premises ID and electronic manifests and many producers believe the sooner this occurs the better for food safety and traceability concerns.

The provincial government has continued to dedicate many resources to the Cape John Pasture Project and the Grass Fed Beef initiative. NSCP is starting to see some good information come back to producers that would be applicable to many operations regardless of their philosophy on producing cattle but to this point there has been no clear indication from government as to whether the Grass Fed Beef initiative is the direction they want industry to take or if it is meant to offer support in developing another niche market opportunity for producers that have interest along the lines of organic production.

In closing 2013 is starting to show early promise of a more positive period ahead for many in the sector when the grocery giants advertise ground beef prices at \$3.99/lb. In the past year or so feedlots and backgrounding operations were struggling with how to pencil a break even margin based on rising calf prices but if the price on the store shelves is going to levels not seen in some time, then all sectors should start to see the upturn.

For more information, please visit the NSCP website at <http://nscattle.ca>

The Prince Edward Island Cattle Producers



The Prince Edward Island Cattle Producers (PEICP) will hold its Annual Meeting in March, 2013. Following this meeting the new Board will come into effect. Board members include Ivan Johnson, Brian Morrison, Jeremy Stead, Sterling Jay and David McCloskey. Ex-Officio Director, Randal MacFarlane represents Dairy Farmers of PEI. There is currently a vacancy in the seat for Kings County.

In April of 2012 the PEICP launched its second PEI Burger Love campaign. It proved to be much more successful than the first with a significant increase in participation from restaurants and consumers who went out and tried the various culinary hamburger delights. The PEI Burger Love campaign was established to raise the awareness of the importance of the PEI beef industry to agriculture and to PEI in general. This social campaign saw an increase to 22 from 14 participating restaurants selling more than 16,150 burgers, a nearly three-fold increase from 5,517 burgers sold last year. The sales of burgers sold per day increased to 520 from 183. The number of Likes the campaign's Facebook page received, along with Tweets on Twitter, was incredible with many participants sharing their culinary experiences. This year's most loved burger was the Goddess, created by Papa Joe's. The PEICP is looking forward to the 2013 campaign which will run during the month of April.

Amanda Tweedy continues to deliver the Verified Beef Production™ (VBP) program in the Atlantic Provinces. She provides information and direction on the VBP program by offering workshops or technical support by phone. The PEICP is pleased to announce that there are three producers in PEI fully audited and several others ready for audit in the Atlantic region.

The PEICP is a member of the Maritime Beef Council (MBC). The Council was formalized during 2012 as a non-profit organization representing the three Maritime cattle organizations on various issues. Quarterly meetings were held with the annual meeting held in August. The MBC has begun to implement initiatives of its strategic plan. A Research Committee was created and several research projects were implemented, while others were being considered. The MBC is also planning a research users meeting to bring academia and industry together. A programs and policies committee was also created and in early January they organized a Traceability Forum for Atlantic Canada. The purpose of this meeting was to gather information and make preparations to meet traceability requirements as they emerge.



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A Harmonized Levy Collection project has also been implemented by the MBC to help find a comprehensive levy system that will be easy to administer and effectively collect levies in all three Maritime Provinces in a fair and reliable manner.

The Advanced Payments Program (APP), which came due in September of 2011, continued to be a significant issue for Maritime producers early in the year. Many producers were concerned about their ability to repay these loans as the industry had not significantly recovered to a profitable state. One of the requests was to allow investment tax credits to be applied to the APP loans. While this was supported at several levels of government it wasn't clear why it was eventually denied by the Federal Minister of Finance whose only response was to thank PEICP for its input. With no further extensions to the Severe Economic Hardship Advanced Payment Program (SEHAPP) repayment terms, many Island producers fell into default and will be forced to repay the loans within five years. Let's hope the industry can recover enough that they will be able to do so.

The PEICP completed its 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 the Atlantic Beef Products processing facility, capturing health, movement and carcass data on each animal. While the study was successful in allowing all aspects of the animal's life to be uploaded to Beef Information Ontario's database, some of

the technology used proved to be difficult to work with. Feedback from participating producers will be taken into consideration if the PEICP is to endorse any traceability hardware in the future.

The PEICP continues to partner with the PEI Department of Agriculture by offering the Beef Industry Initiative which provides funding for deadstock removal, herd health, premium sires, and genetic heifer retention and promotional programs. All of these programs have contributed to a significant improvement in the health and genetics of the Island's beef herd. These projects are geared toward increasing the profitability of the Island's beef industry, something the PEICP will continue to strive for.

Atlantic Beef Products has been consistently slaughtering between 200-250 hd/week. A new management team consisting of Paul DeJonge, Pierre Sicennes and John Lambe has taken on the responsibility of ensuring the sustainability of the plant. A new pricing grid was implemented on Jan 1, 2013 and the PEICP is continuing to work with this group on some branding initiatives.

PEICP Chairman Ivan Johnson continues to represent the organization at the Canadian Cattlemen's Association (CCA) and serves on the Executive. Johnson has been very effectively keeping us up to date on national matters.

For more information, visit the PEICP website at www.peicattleproducers.com



2012

Financials

Financials

Schedule of Operations and Net Assets

Year ended June 30, 2012, with comparative figures for 2011

Revenue

	2012	2011
Assessments		
British Columbia	109,756	95,332
Alberta	1,500,000	1,504,559
Saskatchewan	693,659	582,083
Manitoba	232,683	247,342
Ontario	358,244	337,568
Quebec	-	-
Prince Edward Island	9,951	9,513
New Brunswick	10,244	9,793
Nova Scotia	12,293	
	11,751	
	2,926,830	2,797,941
Legal Assessment	561,971	261,760
Interest	13,886	6,248
Other	115,958	92,88
	3,618,645	3,158,833

Expenditures

CCA Division Services	322,066	248,211
Calgary Office	934,339	828,784
Ottawa Office	343,376	344,477
Legal Reserve	537,086	567,849
Communications	42,205	34,129
Convention	17,111	23,228
Executive & Finance	156,335	179,065
Advocate Services	688,278	658,319
Annual Meeting	92,378	79,075
Semi Annual Meeting	56,739	56,458
Animal Health & Meat Inspection	132,703	102,112
Animal Care Committee	26,809	23,138
Value Creation & Competitiveness	11,545	3,726
Foreign Trade Committee	56,674	43,128
Domestic Ag Policy	14,416	17,728
5 - Country	22,705	13,741
Young leaders program	73,554	48,571
Environment	47,791	32,090
	3,576,110	3,303,829
Excess (deficiency) of revenue over expenditure	42,535	(144,996)
Net assets, beginning of year	503,109	648,104

Net assets, end of year

545,644 503,108

Partners Program

The CCA Partners Program is a corporate membership program for organizations wishing to affiliate themselves with the CCA and the Canadian beef industry.

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

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

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

To become a partner, visit the CCA website at www.cattle.ca/become-cca-partner or call the CCA office at 403.275.8558.

Prime Partners



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AAA Partners



Growsafe Systems Ltd.

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



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