



# the ONTARIO STEAKHOLDER

Winter 2008 Volume 4 Issue 1



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CONNECTING ONTARIO'S BEEF FARMERS TO THE ELECTED MEMBERS WHO REPRESENT THEM.

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The Ontario Cattlemen's Association (OCA) is a grassroots organization that provides leadership to all sectors of the industry. Now more than ever, it is important to maintain constant contact with our elected Members, both provincially and federally, to ensure that the concerns of our industry are heard, and that effective solutions can be explored and adopted. OCA hopes that you will come to recognize the *Ontario Steakholder* as your source of reliable information from the Ontario beef industry.

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## Meeting Our Challenges



Ian McKillop  
OCA President

For Ontario beef producers, 2007 was a year that many would rather forget. A combination of factors, including the Enhanced Feed Ban, a rising Canadian dollar, lack of access to key markets and high input costs forced many producers to question their future in the beef industry.

Yet, even in the face of the challenges that we endured in 2007 there were significant achievements in a number of areas. In September, the Ministry of Agriculture, Food and Rural Affairs announced a \$4 million grant to OCA. The OCA Board

decided that this money should be directed towards the following initiatives: an electronic tag reader program, age verification, abattoir expansion in Northern and Eastern Ontario and market development projects involving Ontario beef.

In December, OCA was very pleased with the Provincial government announcement that Ontario beef producers would be receiving \$40 million to partially offset financial losses incurred in the second half of the year.

Last year also saw the implementation of Rule #2, regarding exports to the United States (US). After a number of false starts, beef from cattle over-thirty-months of age (OTM) and cattle born after March 1st, 1999 were allowed to be exported as of November 19th. While the impact of this opening has been somewhat negated by the higher dollar and other competitive issues, it nevertheless brings us one step closer to pre-BSE trade and sets the stage for other countries to follow the US lead. Also, on November 26th, the deadline expired for R-CALF to appeal to the US Supreme Court (on its failed attempt to get a permanent injunction against the first USDA rule to allow younger cattle to enter the US in July 2005). With the passing of this deadline, the litigation on Rule #1 is officially concluded.

As we begin 2008, Ontario beef producers continue to face a number of challenges that put us at a competitive disadvantage and negatively impact us financially. Along with the challenges of 2007, a major issue that we face in 2008 is the likely implementation of mandatory Country of Origin Labeling (COOL) south of the border. This will have a major impact on our ability to export live cattle and beef to that country. With the additional paperwork and segregation required on the part of US retailers and packers, it is very likely that some will choose to source only US product.

We will continue to lobby for your support on this issue as well as recommended changes to the CAIS program to make it more effective. OCA will also be developing a risk management program that would help to erase some of the volatility in the market place, as well as put us on a more competitive footing with neighboring jurisdictions. Despite the ever-present challenges that we face, there are a number of advantages that we in Ontario have that we must capitalize on.

Among these are: a large consumer base made up of people who are increasingly becoming more interested in where their food comes from and who are more willing to buy local. With the Ontario Corn-Fed Beef program gaining a foothold in the Loblaw's chain as well as recognition under the Foodland Ontario banner, a terrific opportunity has been created for Ontario producers to take advantage of the "buy local" trend. We can also take pride in the fact that we produce a high-quality, safe, nutritious product within a regulatory system that is respected world-wide.

There is no doubt among beef producers that our industry is changing and if we want to survive we realize we must be willing to adapt. It is critical that cattle be age-verified. The industry will have to live with the OTM issue for the foreseeable future and the easiest, most cost effective way to counteract this is through age verification.

# INDUSTRY INSIDER



## Meeting Our Challenges *continued from page 1*

One of the key elements in OCA's 10 year-Vision was the creation of vertical alliances and increased information flow across sectors – including the processing sector. With this information available, all producers should be able to make better management decisions that will result in efficiencies and more profit.

Other initiatives such as vaccination protocols, the Verified Beef Production – Quality Starts Here program and proper genetic selection need to be adapted on a broader scale as well. Ontario can be a leader in the beef industry, but it will take a commitment from each individual producer to make it happen. As Darwin said "It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change".

As I end my term as OCA President and Director I would like to thank all those MPs, MPPs and their staff that I have had the opportunity to work with. The last decade has been an incredible journey filled with remarkable people, challenges, opportunities, frustrations, disappointments, achievements, long days and nights and...fun.

The industry has been through a very traumatic time in the recent past and I feel that we have accomplished a lot. By working together I believe we will build a strong and viable beef industry in Ontario. We will meet our challenges and we will succeed. It has been a pleasure to serve as President of the Ontario Cattlemen's Association.

## Ontario Cattlemen's Association Pre-Budget Consultations

### Submission To:

**The Honourable Dwight Duncan** *Ontario Minister of Finance*

Representing the organizations that speak for over 19,000 beef producers in the province, OCA would like to begin by offering our sincere thank you for the support for the livestock industries announced in your economic statement. We acknowledge that this support placed Ontario in a leadership position vis-à-vis the federal government, and we are actively encouraging our federal government to move forward with tangible support.

We would also like to thank the Minister for comments in his economic statement recognizing the importance of farms, and farm families. Working together we can capture the value created by the current commodity bull market, which is forecast to run for another ten to fifteen years, and ensure that future Ontarians have a secure supply of safe, healthy, and nutritious food, produced locally in their own province.

### Budgetary Requests

1. Firstly, we request the provincial government continue to provide financial assistance throughout the upcoming year in the form of a payment program that would be calculated quarterly, based on the number of animals marketed in the quarter, and on market prices realized. The amount of the quarterly payment could be negotiated between government and industry. As with the most recent support, this payment should be decoupled from CAIS. We recognize that this is a short-term patch to address the difficulties we face, however, the farm families we represent need that lifeline to get to 2009.

2. Secondly, we request that the province provide a \$20 million grant to fund a pilot program to manage risk for farmers supplying Ontario Corn-Fed Beef. As you may be aware, Ontario Corn Fed-Beef has this past year gained acceptance by the Loblaws chain of retail stores. We have featured Ontario Corn-Fed Beef at each of our annual Queen's Park Barbeques, since their inception. We are confident that with your support we will demonstrate the feasibility of a risk management ledger account program, which will lead to growth for the brand through stable returns to producers. Support for Ontario Corn-Fed Beef, a large vertical value chain, is one way in which our industry is participating in the Buy Ontario strategy, and at the same time demonstrating leadership in presenting sustainable solutions.

### Current Situation

Currently, our producers are caught in a real margin squeeze. The three main reasons why we have seen margins erode are:

1. Introduction of the Enhanced Feed Ban regulations not in harmony with our major trading partner.
2. The rising Canadian dollar.
3. Surging grain and oilseed prices due to government policy driven establishment of the bio fuel industry in Ontario, Canada and the US.

The entire beef industry is facing serious financial challenges with the resulting impact being worse than the damage caused by BSE. Finished cattle pricing levels are so low, producers currently are losing \$300 per head as they sell market ready inventory. Anticipation of high feed costs is driving down replacement cattle prices and cow-calf operators are facing prices which could mirror those of twenty years ago. We expect that losses will continue for the entire year, and recovery will begin in 2009. The pork industry is also in distress, and losses will be felt in other infrastructure segments such as feed dealers, and other input suppliers. If we allow the feedlots to decline, this in turn will lead to further losses of processing jobs in urban Ontario, and a concomitant reduction in Canadian value-added GDP.

### Economic Importance of the Beef Industry to the Province of Ontario

The beef industry is very important to the province of Ontario. Statistics Canada data show that there were 19,000 beef farmers in this province in 2006. Beef farming is especially important because it is carried on in every county and district in Ontario. By supporting the Ontario beef industry, the McGuinty government is investing in the families, businesses and communities of rural Ontario. The income and employment derived from this industry helps support a broad range of rural infrastructure such as hospitals and schools. Beef farms create jobs in rural communities – from feed supply stores to grocery stores. Government and industry cooperation and collaboration can provide great opportunities for the farm families of Ontario and for the future generations of farmers.

- Value of Beef Production in Ontario (2005) \$1.2 Billion
  - Impact on Canadian GDP \$964 Million
  - Employment 13,000 + jobs
- For every drop in sales of \$10 Million, value added GDP declines by \$7.4 million

We do applaud such initiatives as increasing marketing and sales of Ontario product in Ontario. Also, we greatly appreciate the support your Government has demonstrated through the inclusion of Ontario Corn-Fed Beef within the Foodland Ontario banner. As you are aware, we have begun the delivery of support for regional marketing initiatives around Ontario, believing that local value chains are a good option for some family farms to pursue. We are convinced that these initiatives will lead to a strong and sustainable beef industry which will positively contribute to Ontario's economy into the future.

## What is OCA Doing to Help the Industry Move Forward?

### Ontario Beef Strategy

Following the McGuinty government's lead on *Pick Ontario Freshness*, OCA is in the early stages of developing a strategy to promote and market Ontario beef. Discussions regarding the goals and objectives of the strategy are currently ongoing. It is expected that the strategy will include both a local and a provincial focus. The local focus may include the continuation of programs such as the Market Development Partnership Program. The provincial focus will include a partnership with the Foodland Ontario/Buy Ontario programs.

### Supporting Ontario Corn-Fed Beef

As part of the OCA-OMAFRA \$4M Memorandum of agreement, OCA is to support producer/processor partnerships in their development of a gate to plate or value chain strategy at a provincial, regional or local level to develop markets for locally-raised beef. Under this part of the agreement, the OCA Board of Directors agreed to contribute \$900,000 to the Ontario Corn-Fed Beef Program (OCFBP) over three years. Ontario Corn-Fed Beef is a large vertical value chain that provides consumers with an identifiably Ontario brand of beef known to be consistent and locally-raised. As part of the Program, participation in OCA's national on-farm food safety initiative, the Verified Beef Production - Quality Starts Here Program is required.

### Market Development Partnership Program

The OCA Market Development Partnership Program (MDPP) is phase two of the Regional Marketing Initiative to support Ontario beef producers and processors with a regional/local marketing process that will assist them in developing their gate to plate, value chain strategy, and provide them with options in the marketing of their products. Funding for the 2007 projects was provided by the provincial government in their commitment to promote Ontario beef products.

### Industry Development Fund

The Industry Development Fund (IDF) is the result of several abattoirs fulfilling their obligations to repay a portion of the grants they received under the Mature Animal Abattoir Fund. OCA was established as the administrator of the IDF under the direction of the IDF Committee. The IDF supports initiatives taken between ruminant meat producers and Ontario abattoir/processor operators and/or other value chain partners to capitalize on regional or local markets and to help increase demand and create a competitive market for Ontario ruminants and ruminant meat products.

### Verified Beef Production - Quality Starts Here Food Safety Program

The Verified Beef Production - Quality Starts Here Program is the beef industry's national on-farm food safety program. The goals of the program are to: promote the continued use of Good Production Practices; reduce identified risks to beef safety, and; provide ongoing assurance to consumers and other markets that Canadian beef is produced to the highest safety standards. In 2007, 1,248 beef farms went through the workshops.

OCA would also like to take this opportunity to express the importance of non-BRM programs to the beef producers of Ontario. While BRM programs provide financial options for our farm families, all programs and policies have a great effect on their long-term profitability and competitiveness. We request that all programs and policies be created with three principles in mind. First, a primary focus of every program and policy should be to foster the competitiveness of Ontario's beef industry and producers on a global basis. Second, efficient regulatory processes that enhance competitiveness and innovation should be a clearly stated aim of policy. Third, policies should recognize the individual needs and differences of producers and provide for flexibility in delivery to accommodate regional issues. Each policy area, be it market development, food safety, research and innovation or the environment should follow these three principles.

*These requests are jointly endorsed by the Ontario Cattlemen's Association, and the Ontario Cattle Feeders Association.*

### Age Verification Program

The Market Access Program (MAP) was initiated in 2006 and came to a close in 2007. MAP encouraged producers to age verify their cattle to increase the market possibilities for them. As part of the OCA-OMAFRA \$4M Memorandum of agreement, OCA is to deliver a new program that will increase the number of age-verified calves in Ontario by 15% per year thereby increasing product eligible for international markets by 50%. The new Age Verification Program will be unveiled at the 2008 OCA Annual General Meeting. As part of this project we are encouraging participation in our national on farm food safety initiative, the Verified Beef Production - Quality Starts Here Program, and in having a verifiable herd health management system

### RFID Reader Program

As part of the OCA-OMAFRA \$4M Memorandum of agreement, OCA is to deliver a program that will improve information sharing between stakeholders by increasing the ability to capture Radio Frequency Identification (RFID) tag numbers in Ontario by 20% and increasing carcass data feedback to producers along the value chain by 100%. In late 2007, the RFID Reader Program was developed to facilitate the reading of RFID tags for purposes of age verification and printing transport manifests. This program will provide funding to auction markets, large feedlots, packers and cattle dealers to offset the cost of installing RFID readers and related hardware and software.

### Abattoir Expansion Program

As part of the OCA-OMAFRA \$4M Memorandum of agreement, OCA is to address infrastructure gaps by increasing slaughter capacity by at least 1000 head per year thereby providing additional local marketing options (i.e. fresh and freezer beef retail sales) for beef cattle producers in under-serviced areas of Ontario. A request for letters of intent under the Abattoir Expansion Program was released in January 2008. Funding will be delivered to successful applicants in June 2008.

### Management Benchmarking

In 2007, OCA embarked on a Farm Management Analysis project in partnership with the Center for Food and Agribusiness Research and Management in the Department of Food, Agriculture and Resource Economics at the University of Guelph. The researchers will be looking for key performance indicators on cow/calf farms that identify the most profitable production practices. Cow/calf producers will be able to use this information to fine tune their management practices. A final report is expected to be released in 2008.

### Young Farmer Strategy

The OCA Board of Directors recognizes the importance of young farmers to our industry, and supports programs to attract, encourage, and finance the next generation of farmers in our province. In 2007, an Ipsos-Reid study on the needs of young farmers was commissioned by

# Grade **EH** Beef Recipe of the Season: **Winter**



## ITALIAN-STYLE HAMBURGER SOUP

Preparation Time: 15 minutes  
Cooking Time: 40 minutes

### INGREDIENTS *Servings: 8*

1lb. . . . . 500g . . . . . Extra Lean or Lean Ground Beef  
1 . . . . . 1 . . . . . Large Onion chopped  
4 . . . . . 4 . . . . . garlic cloves minced  
1 cup. . . . . 250ml . . . . . Each thinly slices carrot, celery and zucchini  
1-1/2tsp . . . . . 7ml . . . . . Dried Italian herb seasoning  
1/4 tsp . . . . . 1ml . . . . . Chili pepper flakes (optional)  
1 . . . . . 1 . . . . . Can (28oz/796ml) diced tomatoes  
1 . . . . . 1 . . . . . Pkg (900ml) sodium-reduced chicken broth  
1 . . . . . 1 . . . . . Can (213ml) tomato paste  
1 cup. . . . . 250ml . . . . . Shredded fresh spinach (optional)  
1/4 cup . . . . . 50ml . . . . . Chopped fresh parsley (optional)  
1/4 cup . . . . . 125 ml . . . . . Broken whole wheat spaghetti

### NUTRITION INFORMATION PER SERVING

Calories...179  
Fat... 5g  
Protein...17g  
Carbohydrates...19g

A good source of  
**Iron (21% RDI)** and  
an excellent source  
of **zinc (33% RDI)**

### INSTRUCTIONS

1. Cook beef, onion, garlic, carrot, celery, zucchini, Italian seasoning and chili pepper flakes in a Dutch oven over medium-high heat for 0 to 15 minutes until meat is thoroughly cooked and any liquid has evaporated.
2. Add tomatoes, broth and tomato sauce; bring to a boil. Reduce heat and simmer for 15 minutes.
3. Add spinach and parsley; stir in pasta; simmer 10 minutes longer or until pasta is tender.

**Heart-Healthy Makeover:** Many hamburger soups start with a base of high-sodium packaged soup mixes, but this simple scratch version uses seasonings, low-sodium broth and canned tomatoes instead. Whole wheat pasta, an abundance of veggies, plus lean beef round out this heart-healthy approach.

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OCA and Ontario Pork through Canada-Ontario Research and Development (CORD) IV funding. In partnership with OMAFRA, the results from this study will be used to offer more training and development programs to young farmers.

### Research

OCA dedicates a portion of funds every year to support primary research in Ontario. The 2007 research priorities included: quality products; safe products; improved animal health and welfare; production feed efficiency; intensive beef operations, and; marketing opportunities for Ontario beef. One project, the Carcass Improvement Project, is funded jointly by

OCA and other industry groups which aims to enable the Ontario beef industry to be more competitive through the development of unique value added beef products. This project will use technologies such as the sequencing of 10,000 genetic differences, and computerized carcass vision systems to provide information back to primary producers to enable them to raise animals which consumers want. The report will also explain how grid systems work, so producers will have better and independent information if they sell their cattle on a grid. As well, this project will assist in identifying opportunities associated with integrated value chains and therefore by extension support a competitive advantage for Ontario beef producers.



Since 1963, the Ontario Cattlemen's Association (OCA) has been the unified voice of the province's 19,000 beef cattle producers. OCA advocates on behalf of its members in the areas of government lobbying, policy planning, industry development programs, promoting beef and developing domestic and export markets.



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