

2019/20 BUSINESS PLAN



Canadian Beef Cattle Research, Market
Development and Promotion Agency

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**THE CANADIAN BEEF CATTLE RESEARCH, MARKET DEVELOPMENT AND PROMOTION AGENCY
OPERATES UNDER THE TRADENAME OF THE CANADIAN BEEF CHECK-OFF AGENCY.**



AGENCY PROFILE

ACT AND PROCLAMATION

The [Farm Products Agencies Act](#), which was proclaimed in 1972 allows for the creation of the Farm Products Council of Canada (FPCC). The Act also provides the legal foundation for the creation of the Canadian Beef Cattle Research, Market Development and Promotion Agency (the Agency).

The Agency was created with the directive to promote the research, marketing and promotion of Canadian cattle and beef products, both domestically and abroad. The Agency was proclaimed on January 17, 2002 and the registration published on January 30, 2002.

LEVIES AND IMPORT ORDER

The Federal Levies Order was registered April 14, 2005. The import levy allows for equitable treatment between domestic beef producers and beef importers.

The amendment to the Beef Cattle Research, Market Development and Promotion Levies Order to include an import levy was announced on July 30, 2013. Since January 1, 2014, all imports of beef and beef products into Canada were subject to the levy of \$1 per head or carcass equivalent.

AGENCY MEMBERS - BOARD OF DIRECTORS

The Board of Directors consists of [16 Agency Members](#) from across Canada. 10 director seats are allocated to beef cattle producers nominated by their provincial cattle associations. The remaining six are: four from packers/processors through the Canadian Meat Council (CMC), one importer (I.E. Canada) and one retail/foodservice operator. These six directors are nominated from their respective associations, or by the delegates at the Annual General Meeting in August each year.



- Lonnie Lake, Retail/Foodservice
- Anthony Petronaci, CMC (resigned)
- Mike Kennedy, CMC
- Alexandre Fontaine, CMC
- Chad Ross, Saskatchewan
- Doug Sawyer, Alberta
- Larry Weatherby, Nova Scotia
- Kirk Jackson, Quebec
- Charles Dyer, New Brunswick
- David Francis, Prince Edward Island
- Jeff Smith, Alberta
- Jack Chaffe, Ontario
- Coral Manastersky, I.E. Canada
- Heinz Reimer, Manitoba
- Russ Mallard, CMC
- Linda Allison, British Columbia (retired)
(Terry Wiebe replaced L. Allison Feb 2019)

VISION

A unified and sustainable national funding strategy for Canadian beef cattle research, market development and promotion.

MISSION

To deliver measurable value to the Canadian beef industry through prudent and transparent management of the Canadian Beef Cattle Check-Off.

PURPOSE

The Canadian Beef Check-Off Agency (the Agency) manages and administers the Canadian Beef Cattle Check-Off. By working with core partners, the Agency ensures that check-off dollars are invested into research, market development and promotion programs that deliver measurable value to the Canadian beef industry. The Agency is responsible for communicating the value of the check-off investment, as well as training and education of producers and funding partners, regulatory management, collection and administration of check-off dollars.



AGENCY OBJECTIVES

ENSURE TRANSPARENT ADMINISTRATION

By definition, a transparent culture is where an organization rigorously communicates with its stakeholders, to enable the exchange of thoughts and ideas, and build trust. It is about involving stakeholders, and ensuring that they have the knowledge, information and education to provide strategic direction to the Agency. Transparent administration of both the Agency and of Canadian Beef Cattle Check-Off dollars ensures that stakeholders are never left wondering how their dollars are being invested or managed.

DELIVER MEASURABLE VALUE

By ensuring that Canadian Beef Cattle Check-Off dollars continue to drive real, measurable results for the Canadian beef industry, the Agency will be able to sustain support and funding for the long term. It is imperative that stakeholders can see real, “on the ground” results generated for their operations using check-off dollars for market development, promotion and research initiatives.

ENGAGE AND EDUCATE STAKEHOLDERS

The only way that Agency stakeholders can know how check-off dollars are being invested, is if the Agency provides clear and consistent communication. By reaching stakeholders in a variety of ways, and educating partners on check-off management, the Agency will be able to increase the support and understanding of the Canadian Beef Cattle Check-Off across the country.

GROW CONNECTIONS WITH INDUSTRY

Engaging with partners, key leaders and organizations within the Canadian beef industry is a powerful tool that yields stronger relationships and a seat at the table for broader industry discussions. By growing Agency connections within the industry, the organization gains trust of stakeholders, leverages outside channels of communication, and garners welcome input and ideas.

PARTNER PROFILES

RESEARCH - BEEF CATTLE RESEARCH COUNCIL

The Beef Cattle Research Council (BCRC) is Canada's national industry-led funding agency for beef research. The BCRC is funded through a portion of a producer-paid national levy as well as government funding, and is directed by a committee of beef producers from across the country.

The BCRC's mandate is to determine research and development priorities for the Canadian beef cattle industry and to administer the national check-off funds allocated to research.

As the only national beef cattle industry research agency, the BCRC plays an important role in identifying the industry's research and development priorities and subsequently influencing public sector investment in beef cattle research.

The BCRC receives funding from the Canadian Beef Cattle Check-Off, and leverages funding from Agriculture and Agri-Food Canada (AAFC) through the Beef Cattle Industry Science Cluster.

As a leader in the development of a National Beef Research Strategy, the BCRC also facilitates and encourages collaboration and coordination among researchers, other funding agencies and industry in order to maximize the benefits obtained from all investments in beef cattle research.

The BCRC operates as a division of the Canadian Cattlemen's Association (CCA) and was established by the CCA in 2001.

Learn more at www.beefresearch.ca.

MARKET DEVELOPMENT AND PROMOTION - CANADA BEEF

As the Agency's internal marketing committee, Canada Beef works to promote the Canadian Beef brand on a global scale.

Canada Beef works together with generations of Canadian farmers, ranchers, industry champions and brand partners to drive, enhance and sustain loyalty to Canadian beef. Canada Beef is harnessing the powerful Canadian beef brand story to build consumer and customer loyalty for Canadian beef globally. These efforts increase demand for Canadian beef and the value producers receive for their cattle.

Canada Beef receives a large percentage of its funding through the Canadian Beef Cattle Check-Off. The remainder of Canada Beef's funding is received through programs from government development funds and leveraged dollars with brand partner investment both domestically and around the world.

Learn more at www.canadabeef.ca.

PUBLIC AND STAKEHOLDER ENGAGEMENT - CANADIAN CATTLEMEN'S ASSOCIATION

An increasing emphasis toward building public trust and confidence in how cattle are raised and where they come from led to the creation of the Public and Stakeholder Engagement Program in 2016.

The Public and Stakeholder Engagement Program (formerly Issues Management) is administered by the Canadian Cattlemen's Association (CCA) in partnership with Canada Beef and under the oversight of the Canadian Beef Advisors. The Public and Stakeholder Engagement team works with national and provincial beef organizations to address consumer questions and issues that could erode consumer and public confidence in the beef industry.

The Beef Advocacy Canada program is an additional platform under the Public and Stakeholder Engagement program to share resources and information, training and opportunities, and give producers across the country the tools to positively and consistently speak about beef production in Canada to the public.

The Public and Stakeholder Engagement team is advised by CCA, Canada Beef, and the Canadian Beef Advisors.

EXECUTIVE SUMMARY

The [Canadian Beef Check-Off Agency](#) is pleased to present the 2019/20 business plan.

Through the Canadian Beef Cattle Check-Off, Canadian beef cattle producers collectively invest in research, market development and promotion to achieve the industry's long-term vision of a dynamic and profitable Canadian industry with Canadian high quality beef products recognized as the most outstanding by Canadian and world customers.

In 2019/20, the Canadian Beef Cattle Check-Off investment is estimated to bring in approximately \$16,665,000 in gross revenue.

Moving into the 2019/20 fiscal year, eight of nine provinces have moved to a \$2.50 national check-off, with only Ontario and the Import Levy remaining at \$1 per head or equivalent. It will remain in the best interest of the industry, especially Canadian producers, to have the Import Levy increased to \$2.50 per head when there is national treatment among producers remitting an equivalent amount. This will be particularly true with any further declines in cattle marketings.

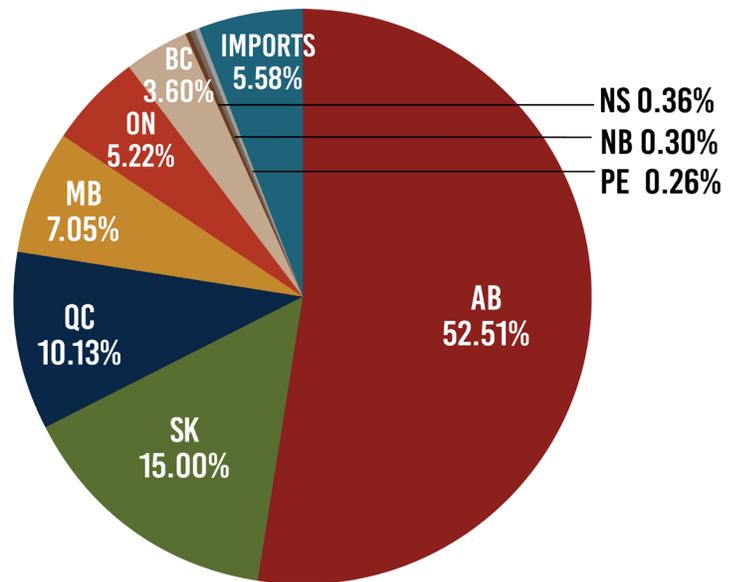
The Agency projects the revenue, net administration, to be allocated as 50% to market development and promotion, 32% to research, 14% to provincial initiatives and 4% to public and stakeholder engagement (PSE). These allocations are set annually by each provincial cattle association.

ADMINISTRATION: \$799,500

The Agency moves into the 2019/20 fiscal year with goals to administer the Agency with separate and distinct governance, reduce check-off slippage, and reach more Canadian producers about the mechanics and value of the national check-off. The Agency Members approved a balanced 2019/20 administration budget at \$799,500. This will support the operations and Board, as well as the Agency's four strategic objectives, and equates to approximately 4.8% of total revenue.

The new governance structure the Agency is managed under, provides strong, clear direction for both the Agency and its Committees, and continues to move on a path of stronger governance and operational separation. The majority of the work done by the Agency is administrative, with approximately 22% going towards programing and communications.

The Agency's inspection program will continue to grow in 2019/20, as inspectors become more visible during routine audits, and visits to areas where slippage is a known issue across provincial borders. The Agency's appointed inspectors will work closely with provincial cattle associations to ensure aligned priorities and transparent audits.



2019-20 PROJECTED TOTAL REVENUE

Producers across Canada can expect to see a stronger Agency presence in 2019/20, focusing on the Agency's new website (cdnbeefcheckoff.ca) and a more consistent presence in both online and print publications. A continued focus on educating young producers on the mechanics and value of the national check-off aims to ensure a strong base of knowledgeable producers supporting check-off funded programs as they become the leaders of our industry.

Improved resources will be developed to assist both remitters and collectors of the Canadian Beef Cattle Check-Off in their roles. This will increase the awareness of the check-off itself, and the roles and responsibilities of those who collect and remit.

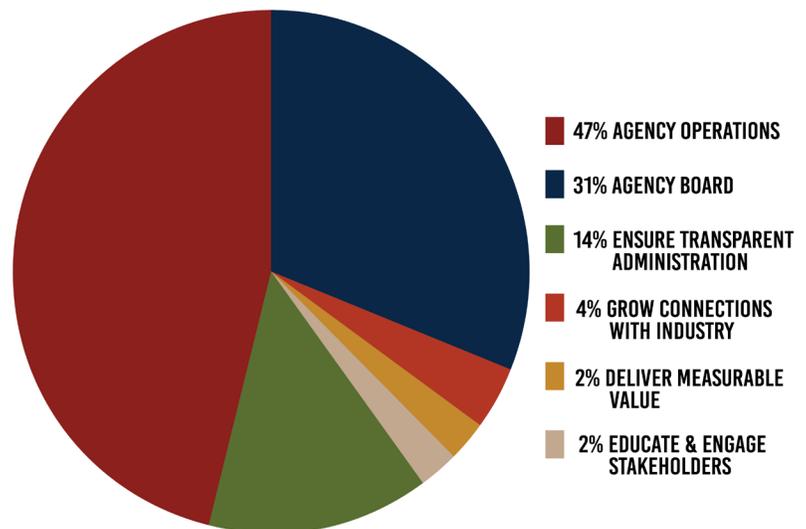
The Agency will ensure that the provincial cattle associations have accessible information and resources to show the value of the Canadian Beef Check-Off Agency on a regular basis. This will come in the form of an enhanced online presence, the development of print tools and resources, in-person presentations, and hosting Check-Off Town Hall meetings, where producers can talk directly to those who are administering and investing the increased check-off.

RESEARCH: \$5,063,500

The [Beef Cattle Research Council](#) (BCRC) revenue for the period July 1, 2019 to June 30, 2020 is projected at \$6.2 million, expenses are projected at \$5.5 million, for a 2019/20 net surplus of \$655,720. As highlighted in the 2018/19 BCRC annual business plan, it was understood and agreed upon by the BCRC producer council that the reserve will continue to grow in 2019/20 as programming ramps up. Given BCRC project allocations are three to ten years in length, project allocations across multiple years will start to accumulate in the next few years and result in the drawdown of the inflated reserve to its previous level.

As Canada's largest national beef cattle industry research agency, the BCRC takes a leadership role in the development and implementation of [Canada's National Beef Research and Technology Transfer Strategy](#). The Canadian Beef Research and Technology Transfer Strategy 2018 – 2023 was developed with ongoing engagement of researchers, funders and grassroots producers which helped to identify needs in research capacity, infrastructure, programming, funding and coordination, and to ensure priority industry outcomes are being addressed.

Working to meet the objectives identified in the Canadian Beef Research and Technology Transfer Strategy 2018 – 2023, the BCRC continues to work closely with other industry and government funding agencies to



2019-20 PROJECTED ADMIN BUDGET

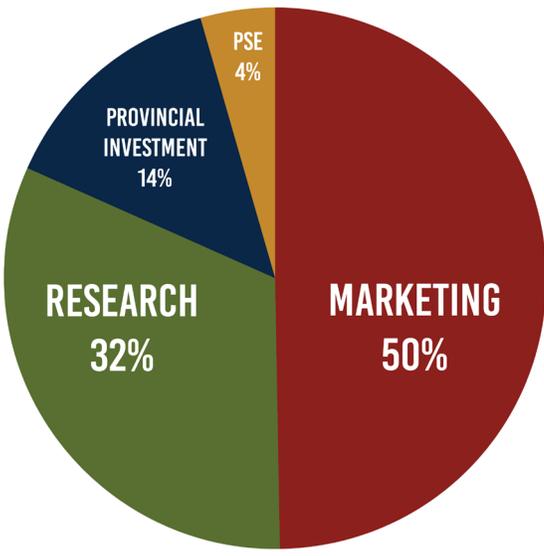
increase coordination, reduce duplication and to ensure priority research outcomes are addressed. The BCRC's important role in identifying the industry's research priorities subsequently influences public sector investment in beef cattle research.

The three core research objectives identified in the Strategy and supported with the BCRC's programs are:

1. To enhance industry sustainability and improve production efficiencies, priority outcomes are to enhance feed and forage production, increase feed efficiency and decrease the impact of animal health issues and production limiting diseases.
2. To improve beef demand and quality, priority outcomes are to reduce food safety incidents, define quality and yield benchmarks supporting the Canadian Beef Advantage, and improve beef quality through primary production improvements and the development and application of technologies to optimize cutout values and beef demand.
3. To improve public confidence in Canadian beef, outcomes are to improve food safety, strengthen the surveillance of antimicrobial use and resistance, develop effective antimicrobial alternatives, ensure animal care, demonstrate the safety and efficacy of new production technologies, improve environmental sustainability and measure the beef industry's environmental benefits.

These core objectives are supported by the BCRC funding in 2019/20 for research under the following industry-identified priority areas:

1. **Beef Quality** - Both the consuming public and our competitors continue to change, and the beef industry recognizes the importance of strengthening our competitive advantages through improving product consistency and continuing to enhance carcass and meat quality through research.
2. **Food Safety** - In order to maintain consumer demand for beef domestically and internationally, research and innovation focus on improving food safety interventions, methods to quantify their effectiveness, and the development of strategies that counteract multiple pathogens.
3. **Animal Health and Welfare** - Applied research works to develop effective and economical management practices, and diagnostic and treatment tools. These reduce costs and losses associated with animal health and production limiting diseases in primary production sectors.
4. **Antimicrobial Use, Resistance and Alternatives** - Research in this area provides a better understanding of how antibiotics are being used on farm and how fast resistance is happening. With changing consumer



2019-20 PROJECTED ALLOCATIONS

expectations and antimicrobial purchasing regulations, prudent use of antimicrobials is more important than ever. Research into antimicrobial alternatives can help prevent animal disease as well as decrease input costs for producers.

5. **Feed Grains and Feed Efficiency** - Research in this area provides identification and validation of economical methods of identifying seedstock with improved feed efficiency and the development of new feeds and alternative feeding strategies.
6. **Forage and Grassland Productivity** - Research is focused on the development of strategies that will improve grassland management to increase productivity and sustainability. Research also works to develop annual and perennial forage varieties with increased biomass yield per acre, maintained or improved nutritional value, improved water efficiency, and appropriate economic characteristics.
7. **Environmental Sustainability** - Research on the interface between beef production and the environment in which it is produced is important to providing producers the tools and knowledge they need to be optimal stewards of their land and livestock. Research also demonstrates the environmental benefits of cattle production by measuring its contributions to plant and animal biodiversity, carbon sequestration, reduced soil erosion and watershed protection. It also supports the advancement of science-based regulations.
8. **Knowledge and Technology Transfer** - Effective knowledge dissemination and technology transfer to influencers of beef production is critical to realize the value of investments in beef research. It enables producers and other industry stakeholders to make informed decisions and adopt innovations to maintain the sustainability and competitiveness of the industry.

In addition to sponsoring research and technology development in support of the Canadian beef industry, the BCRC oversees the [Verified Beef Production Plus \(VBP+\)](#) program. The BCRC funding facilitates the ongoing operation of the national VBP+ program, including the maintenance of a national standard, maintenance of the national CORS data management system and national website, and coordination of provincial delivery, audit systems and record keeping.

The VBP+ program is a core pillar in championing and verifying sustainable beef production. VBP+ will continually increase its ability to deliver knowledge and practices related to sustainable production to producers while concurrently, in concert with entities like the CRSB, Public and Stakeholder Engagement, and Canada Beef, help communicate the great job Canadian beef producers are doing on their farms and ranches to consumers and the public through various forms of verification and reporting.

MARKET DEVELOPMENT AND PROMOTION: \$7,928,486

Managed under the Marketing Committee of the Canadian Beef Check-Off Agency, [Canada Beef](#) is the cattle producer-funded and run organization responsible for domestic and international beef and veal market development.

Canada Beef's funding primarily comes from the Canadian beef cattle check-off collected on live cattle sales in Canada and the import levy collected on beef cattle, beef and beef products imported into Canada. Additional resources are procured by leveraging check-off and import levy funds with partner investments in joint marketing efforts to take the Canadian beef brand message direct to consumers. Government industry development funding is also secured to help in developing and growing Canadian beef sales in international markets.

These efforts increase demand for Canadian beef and the value producers receive for their cattle. A study evaluating the economic benefits from the Canadian Beef Cattle Check-off was completed in 2016 indicating that every dollar of check-off investment into domestic and international promotion, market development and research brought back a benefit of \$14 per head to producers – a benefit cost ratio (BCR) of 14:1. In 2018, the study was updated and showed that the BCR had increased by 29% to 18:1. The updated study also looked at the benefit to the industry of the Import Levy – a \$1 per head equivalent levy collected on beef imports into Canada used for domestic marketing. The updated study showed the combined BCR from the check-off and import levy is 25:1 or a \$25 benefit for the beef industry.

Continuing with the three-year strategic plan launched in 2018, Canada Beef is focusing on seven key areas to grow demand for Canadian beef products, maximize carcass value for producers, and bolster key relationships with packers, processors, retailers and the food service sector to increase the overall effectiveness of marketing initiatives.

1. Launch the Customer Value Segmentation Marketing Campaign

Canada Beef has completed an in-depth consumer research study in the key markets of Canada, Japan, China, Taiwan and Latin America. The research was focused on gaining a greater understanding of consumer protein choices and what their specific needs are when choosing beef as their “protein of choice”.

Better understanding consumer needs of high growth and future consumers along with the decisions they use to make their choices, will allow Canada Beef to build more effective marketing programs that will ultimately influence their purchases of Canadian beef products. This will be advantageous for gaining share from both the protein market and other beef competing countries by building brand loyalty.

Canada Beef will strengthen packer relationships by utilizing research to create a carcass cutout model that drives demand of the right products to the right consumer for better carcass utilization. This strategy will ultimately benefit producers, packers and processors resulting in continued demand growth by satisfied consumers.

2. Increase Collaboration with National and Regional Partners

With both the challenges and opportunities within the beef industry today, there is a greater need than ever to be stronger through a united front. Canada Beef will help lead the way by focusing on initiatives that strengthen relationships between the regional and national partners and provide more opportunities for joint trade and consumer initiatives in both the domestic and international markets.

3. Protect and Grow the Domestic Market

Canada Beef knows the value of building demand for Canadian beef in our own back yard. Along with the customer segmentation research to better target and build demand with Canadian consumers there will be an increased focus on large volume retail and food service partners.

Sharing consumer research with select partners will allow for stronger joint programs that will return greater benefits to these partners in the promotion of Canadian beef. Expansion of programs with these larger volume entities based on focused messaging to high growth consumer segments means better results from the resources committed by both Canada Beef and its partners.

Canada Beef will also conduct its own brand building programs. These programs will be based on high return of investment and low cost per thousand (CPM) impressions. Utilization of previous sponsorships such as the World Series of Curling has led to a consumer brand awareness level in Canada of 82.5% for Canadian beef products.

4. Expand Presence in Export Markets

With a limited supply of Canadian beef available, matching sales growth to supply in key markets will be paramount. Utilizing targeted market development that align consumer segments in specific geographic areas with distribution, retail and food service sectors that bring Canadian beef to customers will ensure demand slightly outpaces supply. This will continue to create a premium product image resulting in a higher return to the Canadian beef industry.

Changes are happening quickly in many countries both in terms of trade agreements and product access. These changes are driving specific long-term program development in Canada Beef's International marketing plans through a mix of raising brand awareness along with renewed efforts on business development that focuses on high growth and high value partnerships.

5. Build Beef's Social License

Utilizing advanced social media strategies on all digital platforms, Canada Beef will align the brand relaunch creative and consumer segmented communications to strengthen the Canadian beef brand to most effectively and consistently reach consumers to grow sales. Canada Beef will continue with improvements to consumer tools like the RoundUp App and through more effective marketing to increase usage of these assets by beef purchasers.

As well, in collaboration with other beef industry organizations, Canada Beef will communicate with the public and consumers to address concerns and build trust and confidence in how beef is raised and produced in Canada. Through joint activities that develop industry resources, spokesperson training, and public relations campaigns, Canada Beef will help address beef industry issues that impede or erode consumer confidence and affinity for Canadian beef.

6. Double the CBCE Contribution within Five Years

As a key asset of Canada Beef is the [Canadian Beef Centre of Excellence \(CBCE\)](#) – a teaching/training demo theatre featuring: a fabrication room, commercial and home kitchen, and a boardroom and dining room utilizing world-class equipment operating at the highest food safety standards.

Working in both the domestic and international markets the CBCE prides itself on being a high value resource for connectivity, collaboration, product ideation, marketing and developing future generations of Canadian beef value chain leaders. Utilizing technical seminars, training, research with partners, missions and other branding events, the CBCE demonstrates the CBA required by our stakeholders to better promote Canadian beef.

In its first three years of operation, the Centre has hosted over 480 domestic and international companies in business development programming; hosted 142 domestic and international missions; and helped generate over \$480 million in new Canadian beef business. Canada Beef is seeking to double the business generated through the CBCE by 2023.

7. Maximize Generic Beef Program Effectiveness

Consumers are becoming more focused on health, environment and ethical issues surrounding their food choices. The voices of concern are coming from credible and non-credible sources and both voices are often providing misleading information. More than ever there is a need to raise the “Beef Belongs” voice as a fact-based source for beef nutritional and culinary information.

The Import Levy (collected on beef cattle, beef and beef imports at the equivalent rate of \$1 per head or equivalent) provides funding for positive generic (i.e. non-branded) beef messaging to Canadians to positively influence consumer preference for beef as a choice over other proteins. These initiatives resulted in over 52 million consumer impressions over the past 18 months. With new knowledge around beef consumers’ needs there will be focused messaging at the segments that hold the most potential for increasing existing and future beef consumption in Canada. [ThinkBeef.ca](#) hosts a plethora of nutritional and culinary resources.

Through the strategies described above, Canada Beef has identified many initiatives that will focus on bringing more value to the entire industry in collaboration with industry partners to ultimately service the needs of the consumer better than its competitors. In doing this, Canada Beef will create more demand with existing and future consumers and continue building Canadian beef loyalty with consumers around the world.

PUBLIC & STAKEHOLDER ENGAGEMENT (FORMERLY ISSUES MANAGEMENT): \$694,536

There is growing desire for the public to know where their food comes from. While this brings many opportunities to increase transparency, a growing anti-animal agriculture narrative, fuelled by misinformation, is becoming prominent in social and traditional media. This increased prevalence of negative rhetoric has reduced the beef industry’s social license demonstrated by a continued decline in per capita beef consumption in Canada.

In developing the [National Beef Strategy](#), the seven national industry groups, along with the provincial associations, recognized this growing threat, and developed a goal to increase connectivity, with the objectives to enhance industry synergies, connect positively with consumers, the public, government, and partners by actively addressing industry issues. In addition, under the goal of increasing beef demand, key outcomes include increasing public confidence and building a strong social license to operate. This also has a direct impact on the industry's competitiveness by assuring the public that all the production practices we use contribute positively to sustainability.

A successful Stakeholder Engagement (SE) program will result in increased public confidence of the Canadian beef industry, and a solid social license to operate. It will be dependent on collaborating with many industry and stakeholder groups coordinating the messaging on the industry's production practices, research, and continuous improvement, which will enable the industry to communicate effectively with the public.

The main outcomes of the initiative will be increased consumer confidence, trust, and support of Canadian beef production practices, which would result in increased beef demand over competing proteins. The industry strives to position beef and beef production in a positive light to garner public support of public policy and our social license to operate.

Check-off revenue is estimated to be \$694,000 allocated to the SE program for the fiscal year April 2019 to March 2020, based on projected marketings. Of this, \$520,000 will be allocated to CCA to administer, and the remaining \$173,000 to Canada Beef.

Core activities for the next year will build upon previous work during the establishment of the SE program:

1. Operational Management & Governance

2. Supporting Issues Response

3. Proactive Media Strategies & Partnership Investment

Full funding will allow focus to shift to delivering on ten core activities, with the aid of full-time employees, stakeholders, and consultant services:

1. Implement enhanced SE Program branding & Terms of Reference with Stakeholder Groups
2. Establish a media advisory group
3. Delivering through social media
4. Deliver the SE communications plan
5. Create a video series with key partners
6. Training and industry consultations
7. Seek out and invest in key contacts/partnerships & projects for building public trust
8. Further Develop [Beef Advocacy Canada](#)
9. Public Outreach
10. Further refine the Public & Stakeholder Engagement long term strategy

The SE team works closely with the Canada Beef staff in strategic planning and delivery of public trust in beef and beef production. A critical element of the team is the stakeholder groups who participate on the Communication Manager activities. The in-kind support from stakeholders such as but not limited to; Beef Cattle Research Council (BCRC), Canadian Round Table for Sustainable Beef (CRSB), Canadian Meat Council (CMC) and the Provincial Cattle Organizations help amplify and deliver messages.

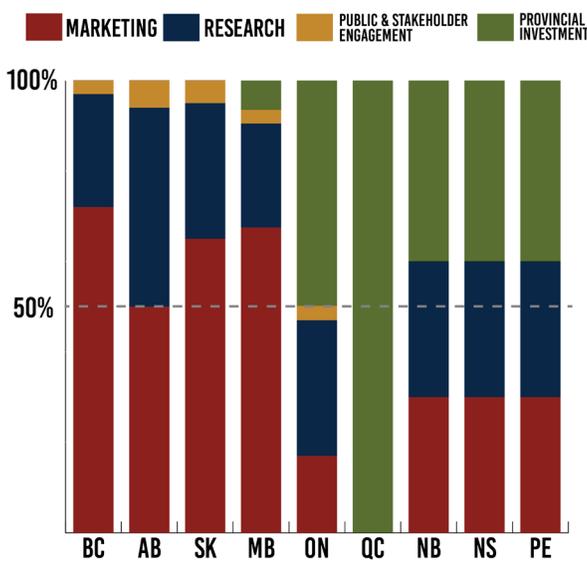
PROVINCIAL INVESTMENT: \$2,178,978

Manitoba: \$72,566*

The vision of the National Beef Strategy is to create a dynamic and profitable Canadian beef and cattle industry. Beef producers are striving to increase the productivity of their operations and, in turn, increase the competitiveness of the entire industry, helping to ensure its long-term sustainability through forage research pertaining to beef production. In 2019/20, the Manitoba Beef Producers (MBP) will invest in four projects with national benefits.

The first project utilizing provincially invested check-off dollars is the Manitoba Beef and Forage Institute (MBFI). This resource will continue to help beef and forage industries reach goals set out through the pillars of the National Beef Strategy, including productivity, beef demand and competitiveness. As part of a Manitoba strategy to engage the research community, the funding will go directly towards specific applied research project proposals focused on MBP’s research priorities and geared towards Manitoba producers but also have national value. MBFI also has other national connections. Collaborations between researchers from across Canada is priority for MBFI, and its research advisory committee includes members from the Western Beef Development Center, and partnerships are being cultivated with North Dakota State University and Alberta Beef Producers. As a hub for researchers, producers, students and the public, MBFI has many activities taking place, ranging from research, student training and workshops/tours, to media

relations and communications.



2019-20 PROVINCIAL ALLOCATIONS

MBP will also continue the important work to enhance the surveillance of Bovine Tuberculosis (bTB) within the Riding Mountain Eradication Area (RMEA) in Manitoba. With the lifting of the final federal import restrictions, the focus of efforts has turned to surveillance, prevention and mitigation, to ensure the risks of a re-emergence is minimized. MBP was a government grant holder for this project through Growing Forward 2 until its termination, and MBP will now be seeking continuation of this project under the framework of the new Canadian Agricultural Partnership. This project aims to move forward from previous work and focus on surveillance, prevention and mitigation to minimize any possible reoccurrence and its potential economic impact to the national industry, particularly with respect to trade and marketing opportunities.

MBP's third national check-off funded program, the Awareness and Innovation Project, creates opportunities to enhance producer-focused knowledge transfer and creates opportunities to build on the industry's innovation. This project is designed to assist MBP in delivering key initiatives designed to further innovation, promote beef and create demand. The key to realizing the advantages of past research and innovation is demonstrating the benefits and getting it into the hands of producers, and this project will assist MBP in developing a stronger knowledge transfer climate. MBP will take advantage of new technologies to create interactive presentations that deliver messages to both our producer-members and the general public.

The fourth MBP provincial investment program will explore the use of strategic supplemental feeding using unique infrastructure to improve the performance of cattle in pasture-based production systems. During extreme winter weather events in western Canada, there are periods during which animals may lose weight and supplementing relatively low-quality feedstuff is necessary to meet energy and protein requirements. Effective supplementation will enable the industry to utilize extended grazing strategies for not only dry beef cows, but also other classes of animals including lactating cows, first-calf heifers, and backgrounded cattle. The potential also exists to extend the use of this technology to improve the value of cull cows to increase meat quality and potential profitability.

MBP's final check-off funded program will focus on perennial forage grain for fall grazing. Perennial grains may play a role in integrated beef production systems offering potential benefits such as reduced soil erosion, drought tolerance and increased carbon sequestration relative to annual cropping. This project will determine the potential of intermediate wheatgrass (IWG) as a dual-purpose crop providing a cash grain crop and high quality winter feed for beef cattle following grain harvest from the same acres in a single growing season. Perennial grains, especially domesticated IWG, are approaching commercialization as food crops. This project offers the opportunity for beef producers to incorporate innovative feeding strategies, and enhance the competitiveness of the industry. Currently, no dual-purpose forages exist for producers so this project provides an exciting opportunity to generate a cash grain crop while simultaneously providing a high quality feed.

Ontario: \$411,597*

The Beef Farmers of Ontario (BFO) have allocated 49.8% of their net national check-off dollars back to their province for investment for four high level strategies; some with multiple activities.

In collaboration with the Livestock Research and Innovation Centre (LRIC), the BFO Research Investment Strategy was developed to serve as a roadmap for investment to help BFO target its research dollars toward projects that have the greatest potential to make a positive impact on the industry without duplicating the efforts of others. The LRIC Research Advisory Committee is comprised of Canadian and international experts who provide expert advice on a wide range of global challenges and livestock and poultry research and extension systems designed to address those challenges. BFO pays an annual membership to LRIC, where the provincial investment dollars will go to work.

In partnership with the University of Guelph, and with funding assistance for equipment from provincial and federal grants, BFO has begun building the new research barn in Elora, the official launch for which took place in July, 2017. This new research centre, to house a herd size of 300 cows, will act as a hub for

bovine research in Eastern Canada, and will incorporate components of the National Beef Strategy to ensure the long-term strength and success of Canada's beef industry and the broader economy it supports. It is anticipated that the first wing of the facility will be ready for use by June 2019.

BFO is fully committed to research and its importance in driving competitiveness and innovation in the Ontario beef industry. The overall goal of the BFO Research Program is to increase the development, adaptation, assessment, and easy adoption of on-farm technologies that help beef farmers respond to changing demands. Benefiting both farmer and consumer, research is crucial in the development of methods and technologies that can identify better and more efficient methods of producing high quality beef and beef cattle.

BFO funds research projects pertaining to economic research and analysis, environmental sustainability, improved animal health and welfare, product development and marketing opportunities, production efficiencies, and the ensuring safe products. Beef research projects benefiting from BFO funding are being conducted with the expertise and under the direction of University of Guelph's key researchers Dr. Ira Mandell, Dr. Angela Canovas, and Dr. Katie Wood.

To enhance consumer confidence in the Ontario beef industry and to increase consumer knowledge in beef production, BFO activities will include a marketing and public relations campaign, creation and distribution of beef resources, a strong presence at media and food influencer events in urban markets, and farm tours with meat processors, butchers and chefs. The goals of this consumer engagement strategy are to increase beef demand and inspire increased consumer confidence in Ontario beef, which align with the Beef Demand and Connectivity pillars of the National Beef Strategy.

Québec: \$1,636,875*

Les Producteurs de bovins du Québec (PBQ) collect levies based on various classes of cattle, and in turn, their plans to invest their provincial allocations into classes of cattle/beef as well. The association allocates 100% of net check-off back to their province.

For feeder calves, PBQ looks to establish stronger producer links with the Verified Beef Production Plus (VBP+) program, and make the program easier for feeder calf producers to join.

The main areas of focus for fed cattle includes continuing work in strategic planning for market development and research, implementing the VBP+ action plan, and work to align the new beef grading classifications for carcass yields, which took place in January 2019.

Market development and promotion activities for Québec milk-fed and grain-fed veal are again a top priority for PBQ, which strongly support the province's "100% local" veal program, aimed at both consumers, and retail/foodservice. This also includes the Québec Veal Food Trailer, which saw 25 personalized events across Québec in 2018. Additional work around veal includes continuing research to improve biosecurity in transport, and on-farm biosecurity intervention plans.

For cull cattle and bob calves, PBQ has a strong plan to drive initiatives to add value in these cattle classes.

This includes finalizing the work of the Bob Calf Health Working Group, establishing stronger producer networks to share views and establish common priorities, and a continuing evaluation of the potential to develop a Holstein fed cattle production sector in Québec.

New Brunswick: \$19,000*

While the majority of investments made by the New Brunswick Cattle Producers (NBCP) in 2019/20 will focus on joint programs with the other Maritime provinces through the Maritime Beef Council, (MBC), NBCP will also fund provincial programs aimed at building a stronger, more profitable beef industry in the Maritime provinces.

The NBCP will continue initiatives around handling practices and herd health programs to improve overall quality of beef produced and to increase herd profitability, aligning with the National Beef Strategic Plan productivity pillar, through production clubs. Part of the initiative also ties into the VBP+ program, a portion of which will be funded by NBCP, and encourage producers to seek verification and other value added opportunities. Canada continues to be a world leader in beef quality, and successful programs in this area from the NBCP will ensure that producers are knowledgeable and consistent in this respect.

Recently, the NBCP have made significant progress in encouraging traceability programs with regional producers. The NBCP will invest in communication and education activities for producers regarding impending regulatory implementation around animal movements in Canada, and provide training support for producers around the use of electronic herd management platforms. This is in partnership with the traceability work planned by MBC.

Through recent producer workshops at fall regional meetings, NBCP has seen a significant improvement in the attendance at regional meetings and in general producer satisfaction. By continuing professional development programs for producers, namely in respect to the value of data management tools, NBCP aims to enhance producers' ability to track costs of production, and access value-added programs to bring greater profitability to the sector.

Additional support will be provided to the *Maritime Beef Council - Combined Maritime Initiatives* below.

Nova Scotia: \$22,800*

A cornerstone of the Maritime Beef Industry Development and Expansion Strategy is to improve genetic evaluations and herd performance, and Nova Scotia is home to the only public genetic evaluation station in Atlantic Canada. Each year more than 100 bulls from across the region are tested for performance traits such as average daily gain (ADG) and Residual Feed Intake (RFI). This project is designed to encourage breeders to have bulls evaluated and improve awareness and purchase of bull selection based on genetic performance measures. As a whole, the beef industry will benefit through the growth of the Maritime beef sector, and increased producer productivity and knowledge.

Additional support will be provided to the *Maritime Beef Council - Combined Maritime Initiatives* below.

Prince Edward Island: \$16,150*

The Prince Edward Island Cattle Producers (PEICP) will invest in two provincial strategies with the national check-off funds allocated back to their province, with the goal of showing national benefit through these activities.

The PEI Burger Love campaign will again make it's return in 2019/20, designed to promote 100 per cent Island Beef. The social media outreach of the campaign encourages consumers to enjoy Canadian beef across the country. The campaign enhances the public image of Canada's beef industry and boost consumer confidence in Canadian beef, as laid out in the National Beef Strategic Plan's beef demand pillar. The PEI Burger Love campaign originated in 2011, while the effects of BSE were lingering, and proved a positive way to encourage Canadian consumers to eat more beef, and show strong support for local beef producers. Since 2011, the campaign has grown from 11 restaurants to 82, and has promoted other related campaigns in the region which have contributed to increased demand for Canadian beef.

To ensure a strong and robust check-off system in Canada, regulatory compliance is paramount on all levels. In PEI, the PEICP will invest in regulatory compliance strategies to ensure the requirements in the Cattle Marketing Board Order and Canadian Beef Check-Off Agency's Collection and Service Agreements are being met and check-off is being collected consistently and fairly. In turn, this will enable PEICP to continue to invest in innovative, strategic programming to support the beef industry.

Additional support will be provided to the *Maritime Beef Council - Combined Maritime Initiatives* below.

Maritime Beef Council - Combined Maritime Initiatives

The Maritime Beef Council (MBC), which includes the New Brunswick Cattle Producers (NBCP) the Nova Scotia Cattle Producers (NSCP) and the Prince Edward Island Cattle Producers (PEICP) have submitted a joint, co-operative plan to increase beef demand, productivity, competitiveness and connectivity within the three Maritime provinces. Funding for these joint programs is contributed through each of the three province's provincial investment allocations listed above, for a total of \$44,185 in check-off funding from these three provincial associations.

The Maritime Beef Sector Development and Expansion strategy was developed as a means to support the growth of the Maritime beef industry. It has been determined that local processors will require an additional 10,000 carcasses to fulfill current and emerging markets. In addition, neighbouring markets including Ontario will require an additional 200,000 head to support their growth. The goal of the strategy is to expand the Maritime cow herd by 20,000 cows to support local processors. This will be accomplished through the programs that have been outlined by the strategy. This project will support the implementation of the strategy to develop and deliver the strategy programming.

Together, the MBC is aiming to expose 80 producers to the Verified Beef Production Plus (VBP+) program.. By increasing the number of producers participating in the VBP+ program, the Council will encourage producers to meet animal health and welfare standards, as well as improve the value of cattle by accessing specific markets.

The Maritime Beef Conference is held annually to train and educate beef producers on current and future trends in the industry, and how producers can better prepare their farms for the future. The joint MBC funding will support the event in its sixth year, with over 150 attendees projected. The conference will enhance the capacity of participants to better understand and manage their businesses both financially and technically while being provided with both networking and learning opportunities. Beef producers need to be aware of new advances in science and markets that will affect the demand for their product and the way they manage and produce beef.

Collectively, the Maritime provinces will continue to educate regional producers on various technology platforms with respect to traceability, record keeping and enhanced herd health. The program will also continue to develop databases as required by regulatory bodies, and provide training support for the use of various technology platforms to support the seamless flow of information through the beef value chain. By supporting the use of comprehensive data management systems, MBC sees the opportunity to create additional farm gate value through VBP+, and market attribute programs.

An identified gap in the beef and dairy industry is producers' ability to get small, newborn calves that they are not equipped to handle, to a 400lb marketable weight. The dairy beef program through MBC will see three nursery pilots set up in key regional areas to determine the economics of scale and procedures before replicating in more locations. The end goal of the program is to provide a viable solution to the local dairy bob calf issue, which is particularly of interest to providing a return on investment of check-off dollars to the dairy sector in the Maritimes.

Maritime beef sector leaders have studied the advance of the Ontario calf club model over the past several years, hoping to harness the success of this initiative to add value to Maritime cattle by evaluating the herd health status of the cow herd and feeder calves entering regional or export destination feedyards. In addition a feedlot club, which would be slightly different and more of a networking and education platform, could add value.

The combined Maritime initiatives will receive approximately \$17,850 from NBCP, \$20,685 from NSCP and \$5,650 from PEICP, directed from their provincial investment funds.

**estimates of provincial investment revenue are projected by the Canadian Beef Check-Off Agency, based on historical remittance revenues, market realities, and market trend research conducted by various sources.*

MARKET OUTLOOK

The beef market experienced surprising strength in 2018 despite larger protein supplies continued strong international and domestic demand has supported North American cattle prices.

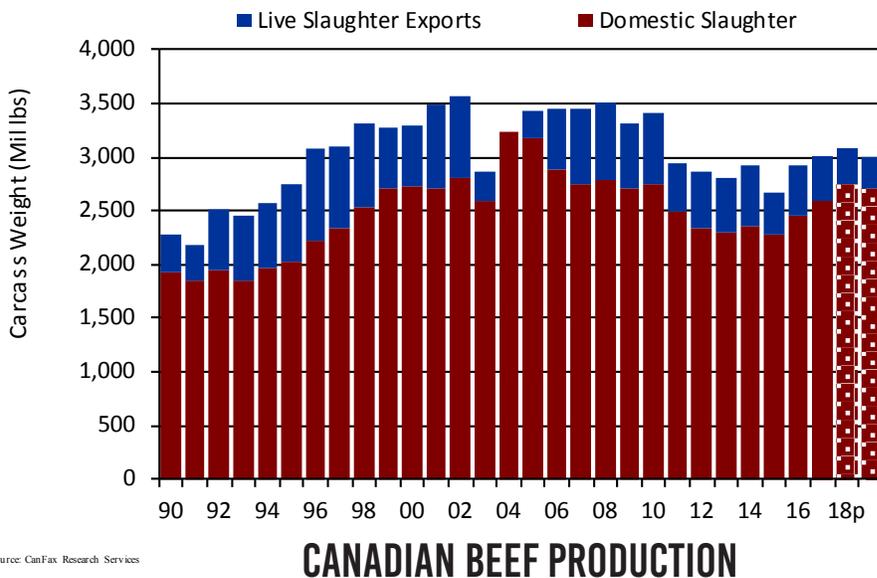
2018 MARKET HIGHLIGHTS

January 1, 2018 beef cow inventories were up 0.8% at 3.70 million head and total cattle inventories were up 0.9% at 11.62 million head. Beef replacement heifers were steady at 561,600 head.

In 2018, U.S. feeder imports since the second half of 2017 contributed to fed cattle marketings. Some of the U.S. feeder imports have been dairy steers as packing plants in the NW Pacific have changed procurement practices. Therefore, the trend of U.S. feeder imports is anticipated to continue going forward. This has implications on production projections as those animals are on feed for around 12 months and reduce feedlot turn rates to once versus twice per year – requiring more bunk capacity to maintain fed cattle marketings in Canada.

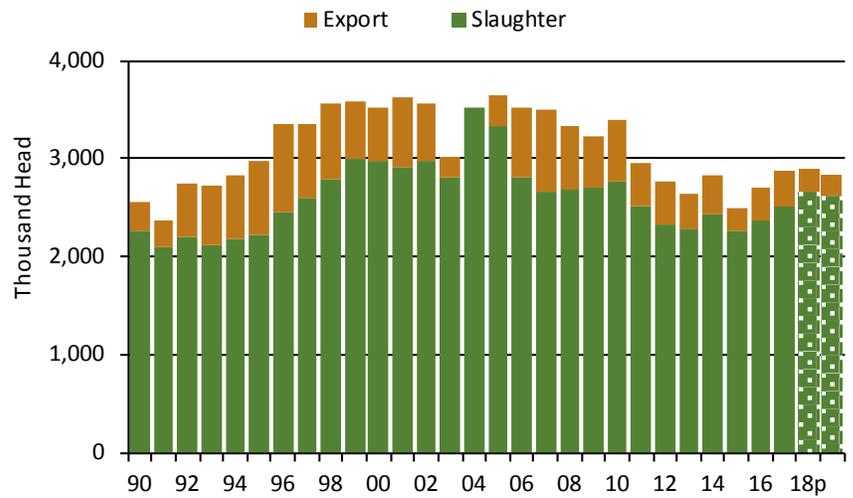
Total beef production (domestic and live slaughter) is projected to be up 3% in 2018 at 3.08 billion pounds, rebounding back to 2011 levels. Domestic production is projected to be up 6.4% at 2.75 billion pounds while live slaughter exports are down 18% at 335 million pounds. Beef production expanded with smaller net feeder exports, as U.S. feeder imports started in the summer of 2017, and larger cow marketings. Cow marketings are up 15.6% in 2018 with spring snow storms, dry pastures and poor hay crops contributing to producers doing some heavy culling to limit feed costs. The beef cow culling rate increased to 13.7% the highest since 2014. In addition, carcass weights have been steady as strong demand is able to keep feedlots current.

Fed cattle marketings are projected to be up 0.8% to 2.88 million head with slaughter up 5% at 2.65 million head and exports down 30% at 336,000 head. Non-fed marketings are projected to be up 14% to 770,000 head with slaughter up 14% at 594,000 head and exports up 15% at 176,000 head. Overall slaughter cattle marketings are projected to be up 3.4% at 3.65 million head. The proportion slaughtered domestically increased from 80% in 2017 to 83% in 2018. This improved utilization at Canadian federally inspected plants improved from 82% in 2017 to 86% YTD.



2019 OUTLOOK

The Canadian cattle herd on July 1, 2018 was down 0.8% at 12.43 million head. The beef cow inventories were down 1.2% at 3.72 million head. The 2018 calf crop at 3.99 million head is down 1.3% or 51,000 head. In addition, feeder exports are projected to up 32% or 42,000 head while U.S. feeder imports are projected to be up close to 20,000 head. Consequently, fed cattle marketings in 2019 could be down anywhere between 45-90,000 head (1.3-2.5%). Given the uncertainty around feeder trade moving into the first quarter of 2019 we will be using a mid-point of -2% or down 71,000 head.



Source: Statistics Canada, CanFax, AAFC

CANADIAN FED CATTLE MARKETINGS

Total beef production is forecast to be down 2.3% at 3.09 billion pounds. Domestic production is forecast to be down 1.8% around 2.7 billion pounds and live slaughter exports down 7.2% around 312 million pounds. Fed cattle marketings are forecast to be down 1.6% at 2.8 million head with slaughter down 1% at 2.6 million head and exports down 8% at 214,000 head. Non-fed marketings are forecast to be down 3.4% to around 744,000 head as the herd once again stabilizes, weather permitting. Overall, slaughter cattle marketings in 2019 are forecast to be down 2% at 3.58 million head.

Overall, larger marketings will support marketing, research and stakeholder engagement investments.

BUDGETS

I - Canadian Beef Check-Off Agency Operating Budget

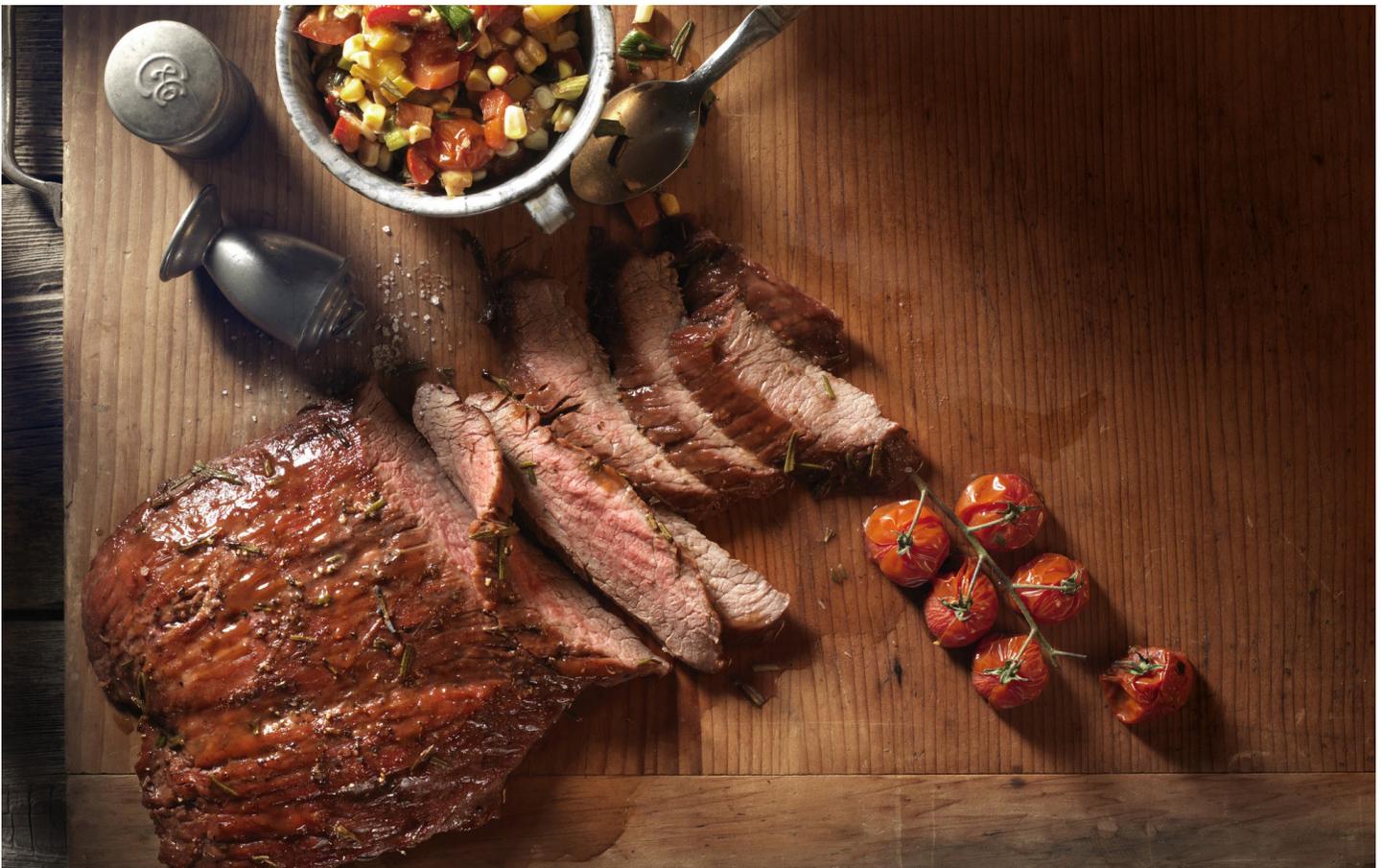
II - Agency Administration Budget

III - Research Budget*

IV - Market Development and Promotion Budget*

V - Public and Stakeholder Engagement Budget*

**from full business plans in appendix*



OPERATING BUDGET

CANADIAN BEEF CATTLE RESEARCH, MARKET DEVELOPMENT AND PROMOTION AGENCY OPERATING BUDGET FOR THE YEAR ENDED MARCH 31, 2019

REVENUE

Canadian Beef Cattle Check-Off	15,735,000
Import Levy	930,000
	<u><u>16,665,000</u></u>

EXPENSES

Board of Directors	244,500
Agency Administration	555,000
Provincial Investment*	2,178,978
Research*	5,063,500
Public and Stakeholder Engagement*	694,536
Marketing*	7,928,486
	<u><u>16,665,000</u></u>

Surplus/(Deficit)	<u><u>0</u></u>
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* Business plans attached in appendix

2019/20 Administration Budget

CANADIAN BEEF CHECK-OFF AGENCY

	2019/20	2018/19
OPERATIONS	365,300	370,600
ENSURE TRANSPARENT ADMINISTRATION	109,000	109,000
<ul style="list-style-type: none"> - Distribute an annual report to provincial and core partners and Farm Products Council - Manage service agreements in cooperation with provincial partners and service providers - Host an Annual General Meeting to review the business of the Agency - Maintain separate and distinct governance and operations 		
DELIVER MEASURABLE VALUE	19,500	20,000
<ul style="list-style-type: none"> - Conduct regular value assessments to determine the benefit of check-off - Audit Annual Reports of provincial and core partner check-off programming - Submit an annual business plan to Farm Products Council, provinces and service providers - Advise provincial and core partners of check-off investment inconsistent with Proclamation - Identify areas where value for the industry can be increased 		
EDUCATE AND ENGAGE STAKEHOLDERS	17,600	20,000
<ul style="list-style-type: none"> - Educate grass roots producers on check-off basics - Assist provincial partners on check-off administration, collection and management - Provide resources and tools to check-off collectors - Strengthen the identity of the Agency within stakeholder groups - Audit and investigation of check-off collection and remittance 		
GROW CONNECTIONS WITH INDUSTRY	33,600	31,100
<ul style="list-style-type: none"> - Engage in national conferences, events and networking opportunities - Collaborate on the National Beef Strategy, Roundtable and other national discussions - Foster positive working relationships with regulatory entities and stakeholders - Attend annual meetings of Provincial and Core Partners when prudent to do so 		
RESERVE FUND	10,000	10,000
TOTAL ADMINISTRATION	555,000	560,700
BOARD OF DIRECTORS	244,500	265,000
<ul style="list-style-type: none"> - Per Diems - Travel & Meeting Expenses - Orientation & Training 		
TOTAL (ADMINISTRATION + BOARD)	799,500	825,700

2019/20 Research Budget

BEEF CATTLE RESEARCH COUNCIL

Net Assets, beginning of year (July 2018)	3,371,064
Excess (deficiency) of revenue over expenditure - June 2019	<u>1,488,656</u>

Net Assets, June 30, 2019	4,859,720
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Projected 2019 - 2020 Revenue

National Check Off	5,100,000
Provincial Science Cluster Grant	111,000
Interest Earned	30,000
MISC.01.18 CIPARS AMR	77,000
AAFC Cluster Management	313,508
AAFC Cluster BQU.10.17	-
AAFC Cluster TEC.01.17	179,348
Grant from CCA - VBP	50,000
AAFC Management for VBP+	22,125
AAFC VBP+ CAP Contribution	221,250
VBP Dept 97 Industry Contribution	73,750
Misc Rev	-
Total Revenue	6,177,981

Projected 2019 - 2020 Expenses

BCRC Division Services	982,904
Projects	2,331,875
VBP+ management	589,748
On Farm Food Safety	0
Cluster III Projects	1,322,734
Enhanced VBP+ projects	295,000
Total Expenses	5,522,261

Excess (deficiency) of revenue over expenditure	655,720
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Projected Net Assets, June 30, 2020	5,515,440
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2019/20 Market Development & Promotion Budget

CANADA BEEF

Revenue	\$
Check Off - Marketing	7,045,000
Check Off - Issues Management	173,000
Import Levy	883,000
Govt of Canada - CAP**	540,497
Interest	50,000
	<u>\$ 8,691,497</u>

Expenses	
Board of Directors	60,650
Marketing	9,630,600
Issues Management	173,000
	<u>\$ 9,864,250</u>

(Deficit) to be funded out of unrestricted accumulated reserves **\$ (1,172,753)**

Marketing	2019/20			
	Programs	Capital	Operating	Total
Global	950,000		1,142,550	2,092,550
North America	625,000		1,378,300	2,003,300
Domestic - Generic	883,000			883,000
Latin America	550,000	-	330,700	880,700
Japan	520,000		457,700	977,700
Korea	100,000		26,000	126,000
China	550,000		317,500	867,500
S.E. Asia	200,000		116,600	316,600
Emerging Markets	150,000		127,300	277,300
Centre of Excellence	510,000		695,950	1,205,950
	\$ 5,038,000	\$ -	\$ 4,592,600	\$ 9,630,600

**Application approval pending - Amount required to balance budget

2019/20 Public and Stakeholder Engagement Budget

CANADIAN CATTLEMEN'S ASSOCIATION

ACTIVITY	CCA – SE PROGRAM	CANADA BEEF
Operations	193,020	
1. Implement enhanced SE Program branding & Terms of Reference with Stakeholder Groups	10,000	
2. Establish a media advisory group	25,000	
3. Social Media content sharing	40,000	46,000
4. Deliver the SE communications plan.	15,000	
5. Create a video series with key partners	35,000	
6. Training and industry consultations	20,000	20,000
7. Seek out and invest in key partnerships/projects for building public trust	82,000	10,000
8. Further Develop Beef Advocacy Canada	10,000	
9. Public Outreach	64,980	97,000
10. Further refine the SE Program long term strategy	5,000	
11. Issues Response Reserve	20,000	
TOTAL	\$520,000	\$173,000

APPENDICES

Appendix I - Research: Beef Cattle Research Council Plan

Appendix II - Market Development and Promotion: Canada Beef Plan

Appendix III - Public & Stakeholder Engagement Plan: Canadian Cattlemen's Association Plan

Appendix IV - Provincial Investment Plans

