



CHECK-OFF TRAINING MANUAL

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MODULE 1: HISTORY & BASICS

Note:

This Training Manual was developed and launched on June 24, 2020. Updates will be made as required, but always verify with provincial and federal regulations, orders and agreements to ensure you are in compliance. You can also always contact Agency staff to assist with any check-off related questions.

Module 1: History and Basics

Before the establishment of the Canadian Beef Cattle Research, Market Development and Promotion Agency the Canada Cattlemen's Association developed a voluntary national check-off system, where the provinces agreed to pay \$1 per head marketed to the Beef Cattle Research Council, Canadian Beef Export Federation and the Beef Information Centre to do research, market development and promotion work domestically and internationally. Under this voluntary system there was no formal reporting of the national groups regarding of how the money has used.

Individually, through their provincial associations, Canadian producers, prior to the Agency, funded market development, promotion and research activities but with rising issues impacting the industry and the increasing costs of addressing the issues it was decided that a more strategic approach was needed. The establishment of the Agency would serve to coordinate efforts and take advantage of economies of scale when funding market development, promotion and research activities.

Before the establishment of the Agency when animals were sold outside of their home province the money was collected for the marketing and sent to the provincial association where the cattle were sold and kept as provincial check-off dollars. At this point there was no legal framework for the concept of intra and interprovincial sales

History

1972

The *Farm Products Marketing Agencies Act* (now referred to as the *Farm Products Agencies Act*) was proclaimed in 1972 and allowed for the creation of the National Farm Products Council (now referred to as the Farm Products Council of Canada). This Act also provided for the legal foundations for the creation of the Canadian Beef Cattle Research, Market Development and Promotion Agency.

The *Farm Products Agencies Act* allows for the establishment of a promotion research agency and the Canadian Cattlemen's Association submitted a proposal to the then National Farm Products Council. The FPCC is responsible for monitoring the Agency's operations and reporting to the Federal Agriculture and Agri-Food Minister.

1995

CCA began the pursuit of the establishing the Agency to be able to implement a \$1 import levy on live animals and beef product.

Allocations back to a provinces, when the discussion of establishing an Agency and a national check-off systems to implement a levy on importers was being worked out, it was necessary for all provinces to participate to be able to show national treatment in order to implement the import levy. Quebec agreed to participate only if they could allocate back 100% of the dollars to invest in the unique marketing aspects of the Quebec beef industry. Ontario also wanted to allocate back 25% of what they remitted to invest into veal programming. At that time veal and beef were under the Ontario Cattlemen's Association. Thus, within the agreements it was agreed to that provinces could allocate back the national check-off dollars and invest it into provincial programming, while still being subject to all the federal reporting requirements.

Within the regulatory impact analysis, needed prior to the establishment of the original Proclamation, it was noted then that Provinces could receive a percentage of the checkoff collected to finance similar

activities at the Provincial level and that they would be accountable to the Agency for the use of those funds.

2002

With the Agency officially Proclaimed in 2002, the drafting of the levies order and provincial collection and service agreements began.

The Proclamation, officially establishing the Agency gave the Agency authority to impose and collect levies on beef cattle marketed domestically and on beef cattle, beef and beef products imported into Canada. The Agency was further authorized to use these levies to finance promotion, market development and research for the benefit of the beef industry. Through this, the overall goal of the Agency is to increase sales of beef and find better and more efficient methods of producing beef and beef cattle.

As the Agency was proclaimed, provinces realized that money was leaving the province as cattle moved outside their borders. Because of this, the agreements developed the concept of intraprovincial and interprovincial. These different marketing types came into play as provinces looked to create a mechanism where funds would flow back to the provinces of origin and ensure cattle where not leaving to be sold where the levy rates were lower.

When it was originally devised, the interprovincial levy rates were to be based on the provincial levy where the cattle were sold. This did not work for several provinces. With higher levy rates, Quebec stood to lose money when their animals were sold outside of their province. However, the Saskatchewan government, who oversaw the collection of check-off at that time, would not agree to collect a different check-off rate for out of province cattle. BC also was not interested in collecting various rates.

It was for these reasons that the federal levy is calculated differently, depending on location. It was determined that the federal levy rate of Manitoba east would be the levy rate of the province where the cattle originated, and west of Manitoba the federal levy rate would be the provincial rate in which the cattle were sold.

2011

In 2011, on the recommendation of the Canada Beef Working Group, two organizations, the Canada Beef Export Federation and the Beef Information Centre agreed to merge and include the Canadian Beef Cattle Research, Market Development and Promotion Agency. The merged organization was named Canada Beef, still under the legal umbrella of the Agency, and was responsible for domestic and international beef marketing, as well as the administration of the check-off.

Finally by 2011, the last of the provincial collection and service agreements were finalized and put in place.

2013

On June 5, 2013, the [Beef Cattle Research, Market Development and Promotion Levies Order](#) was gazetted, which amended it to include the import levy which had been mandated as part of the Proclamation in 2002. The first import levy was collected in September, 2013.

2014

All provincial cattle associations and national organizations came together to develop and implement the National Beef Strategy. All provincial associations agreed in principle to increase the national check-off to fully implement the Strategy.

2015

On April 1, 2015, the Veal Farmers of Ontario became an independent organization from Beef Farmers of Ontario and began collecting the check-off for veal animals.

2016

In March 2016, the Board of Directors made structural changes to the Agency and Canada Beef, at the recommendations of the provincial cattle association funders. To improve transparency and ensure administrative separation from marketing functions, the Agency hired a General Manager to oversee check-off administration, and operate distinctly from Canada Beef, the marketing arm of the Agency.

2017

On January 1, 2017, the Nova Scotia Cattle Producers became the first province to increase their levy. Based on the recommendation of \$2.50 for national levy to align with the National Beef Strategy, they increased their provincial levy to \$6.00, \$2.50 of which is remitted to the Agency.

In June, the PEI Cattle Producers also increased their levy to \$6.00.

2018

The New Brunswick Cattle Producers joined the other maritime provinces on February 1, 2018, in increasing their provincial levy to \$6.00.

On April 1, the Alberta Beef Producers, Saskatchewan Cattlemen's Association and Manitoba Beef Producers also increased their provincial levies to \$4.50, \$4.50 and \$5.50 respectively.

On July 1, the BC Cattle Industry Development Council also increased their provincial levy, collecting \$5.00 per head.

On October 1, the Les Producteurs de bovins du Québec opted to include an additional levy on fed cattle in the federal levies order.

In 2018, at the recommendations of the provincial cattle association funders, the Agency made another structural change to introduce additional transparency and separation between check-off administration and marketing, at a governance level. The Agency amended its bylaws to shift the oversight of Canada Beef and marketing through the Agency's Marketing Committee. This committee elected its own small committee executive, and are responsible for the strategic and business direction of Canada Beef.

2019

On November 1, the Beef Farmers of Ontario enacted an increase to their provincial levy to \$5.50, with \$1.00 continuing to be remitted to the Agency.

2020

On April 1, the Veal Farmers of Ontario officially became a collector of the Canadian Beef Cattle Check-Off.

The National Beef Strategy

In 2014, the [National Beef Strategy](#) was implemented to guide Canada's beef industry forward with common goals and a united direction. The goals of the strategy are to be carried out by national and provincial beef organizations, some of which are funded through the Canadian Beef Cattle Check-Off.

To ensure the Agency’s three service provider organizations received the funding required to meet the goals of the strategy, there were recommended allocations developed for provincial cattle associations. The recommendations were created with special circumstances for each region in mind, and are not the same for every province.

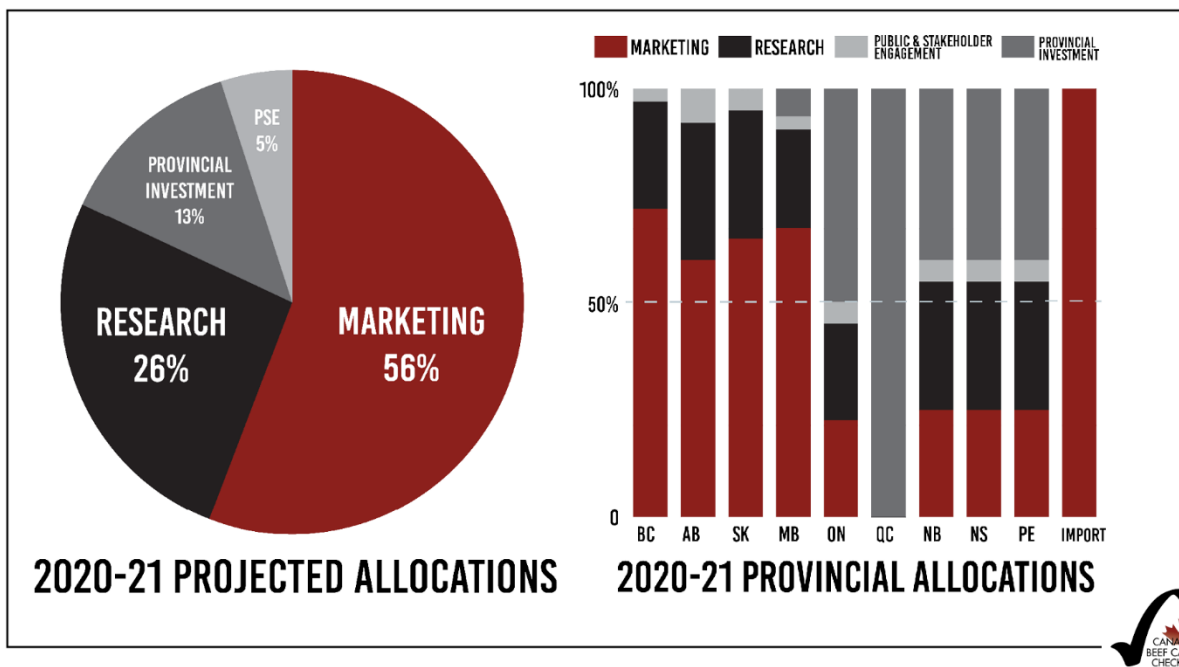
The Agency encourages all provincial cattle associations to allocate to service providers at the [recommended National Beef Strategy levels](#).

The Strategy was reviewed, measured and updated in 2020.

Service Providers

The Canadian Beef Cattle Check-Off is allocated to marketing, research, and public and stakeholder engagement by the provincial cattle associations that remit the check-off.

Each province has unique needs and priorities, [and designates a chosen percentage](#) of the national portion of the check-off from their province that they wish to allocate to each of the three functions (marketing, research, and public and stakeholder engagement). The Agency contracts the [Beef Cattle Research Council](#) (BCRC) to deliver research programming, and the [Canadian Cattlemen’s Association](#) (CCA) to administer the Public and Stakeholder Engagement Program, jointly with Canada Beef.



To deliver the marketing programs, the Agency has an internal committee, the Market Development and Promotion Committee (Marketing Committee). This Committee oversees the operations of [Canada Beef](#), an organization which is legally part of the Agency itself, but operates separately, with its own management, reporting and oversight. Canada Beef also invests the import levy funds into [generic beef programming](#) that focuses around culinary skills, recipe development, and health and wellness in food.

These three service provider organizations, BCRC, CCA and Canada Beef, work to deliver strong returns on producer and import investments, and to leverage those dollars to attract additional government funding for programs and activities to benefit the industry.

More information on service providers and their programs:

<https://www.cdnbeefcheckoff.ca/programs/>

Return on Investment

Within the past five years and a total \$47.8 million in check-off collected, averaging \$9.5 million per year and the Agency's role is to ensure those dollars are invested to provide returns for Canadian producers.

In 2016, ahead of the increase to the check-off, the Canadian Beef Check-Off Agency commissioned a study called [Evaluating the Economic Benefits from the Canadian Beef Cattle Check-Off](#). Overall the national check-off showed a total Benefit/Cost Ratio (BCR) of \$14 of benefit for every \$1 invested, up from the \$9 average between 2005 and 2008. In addition, the average benefit-cost ratio grew steadily between 2011 and 2014.

Two years later in 2018, the Agency commissioned an update to the study to include the benefits the industry sees when including the import levy dollars. The study found that the import levy gained \$6 in benefits for each dollar invested, and when including the additional data for the check-off invested during that time, the overall benefit-cost ration grew to \$25 to \$1.

Additional information and examples of valuable work done by our service providers can be found at www.cdnbeefcheckoff.ca/news and select the area you wish to learn more about.

Read all BCR studies online:

<https://www.cdnbeefcheckoff.ca/programs/value-of-check-off/>

Administration of Check-Off

The Agency is governed by a board of 16 Agency Members, and those members form 3 committees. The Finance and Governance Committees focus on the business of the Agency, from approving financial budgets and statements to overseeing the regulatory framework under which the Agency operates.

The Marketing Committee is considered an operational committee, and is responsible for the oversight of Canada Beef, the organization tasked with investing check-off dollars into market development and promotion. The members of this committee are appointed and elected from the best of the best in beef and marketing, ensuring that the Canadian beef industry receives strong value from their marketing investment through check-off.

It is important to remember that while the Agency and Canada Beef are related, they are separate organizations. Both organizations are working hard to maintain a separate and distinct brand and image, operations and structures and to have our industry partners identify the organizations distinctly.

The Agency is required to submit an annual business plan to the Farm Products Council of Canada on all activities which will receive national check-off support. This plan includes a high level overview of the work the Agency will conduct, as well as the work of each of the service providers who provide research programs, market development and promotion, and public and stakeholder engagement programs.

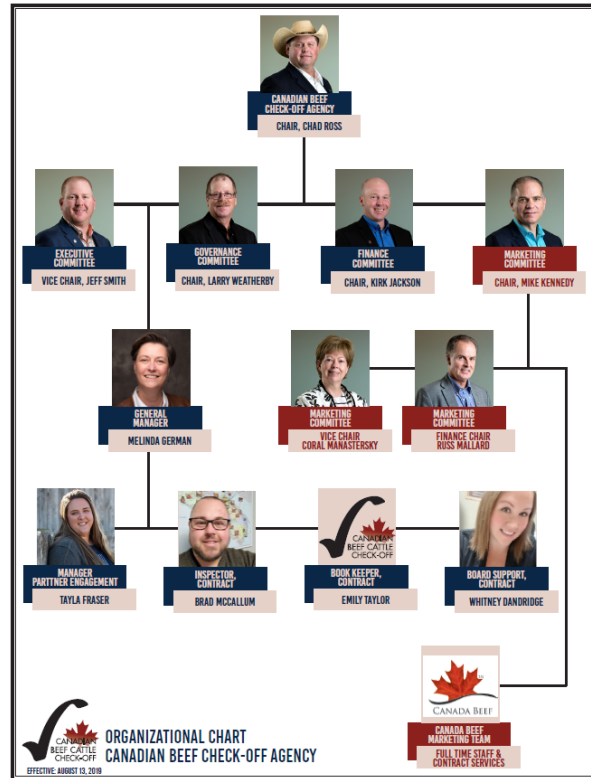
The business plan includes the budgets and plans for the Agency to administer the national check-off, including any operational costs and programs that the provincial cattle associations deem important to invest in. Areas like check-off knowledge and understanding, remittance procedures, inspection programs, communications strategies and more fit under this section, along with the more obvious board management and regulatory compliance related costs.

The Agency develops a budget each year, and subsequently converts this budget to a percentage of all national check-off and import levy revenue for the year. This is what is considered the Agency administration percentage, and is deducted from gross national check-off remittances.

If, at the end of the year, the Agency has deducted more administration dollars than approved in the budget, the Agency will send those dollars back to the appropriate service provider, based on the provincial allocations.

Example:

In April 2019, the Agency began the year with a budget of \$700,000, which was calculated to be 5% of projected revenues. When provincial associations remitted the check-off, 5% was deducted off of the national portion (\$2.50 or \$1) for administration. At the end of the fiscal year, \$750,000 was collected on all gross revenue, because there were more marketings during the year than projected. The overage of \$50,000 was allocated back, by province, to the service providers by percentage submitted by each province for the year.



Module 1: Questions

1. What are the recommended allocation percentages in the National Beef Strategy? What are the allocation percentages for your province?
2. What can national check-off dollars be used for? What are some examples of projects supported by check-off?

3. What can provincial check-off dollars be used for? What are some examples of projects supported by provincial check-off in your province?

Module 2: Pre-Module Exercises

1. Locate the Beef Cattle Research, Market Development and Promotions Levies Order online. Where/how did you find it?
2. Locate your provincial levy regulation or order online. Where/how did you find it?
3. How many written, signed agreements does your provincial association have with the Agency?
4. Locate your province's signed agreements and have them handy for the next module.