

GRASS ROUTES



RICH SMITH
Executive Director

INCREASED INDUSTRY FUNDING

Any producers who have been talking to their industry leaders over the past year have heard much discussion about the need for more industry funding in the cattle and beef sector of our economy. There seems to be widespread recognition that our current levels of industry funding are not sufficient to remain competitive in a global market. With federal and provincial governments facing strong fiscal challenges and intense demand for their limited resources, government funding of industry initiatives has been reduced significantly. When governments do provide funding for programs or projects, we are seeing increased requirements for matching industry funds as leverage for these investments.

These reductions in government funding are coming at a time of exciting opportunities for the cattle and beef industry in Alberta and across Canada. Our cow calf producers have seen two years of good prices and a year of record-setting prices. Cattle feeders had a tough year in 2013, but very good margins in 2014. This is the year when we can finally expect some resolution to the mandatory Country of Origin Labelling issue

in the U.S. and we are enhancing our access to key export markets. Canada Beef Inc. has opened the Canadian Beef Centre of Excellence in Calgary, the venue where the Canadian Beef brand will be brought to life.

Early this year, we released Canada's National Beef Strategy, a five-year plan designed to help our industry take advantage of the growing global demand for protein and the opportunities that this demand will present for our industry. The strategy is the result of an unprecedented level of collaboration among national and provincial cattle organizations and ABP was an active participant in the process. The strategy has set ambitious objectives in the areas of beef demand, productivity, and competitiveness, but our national policy, marketing, and research organizations have indicated that we will not be able to reach these objectives with the current \$1 National Check-off (NCO). It is clear that an increase in the NCO will be necessary for the National Beef Strategy to be successful.

Along with discussions of increasing the NCO, the ABP Plan Review provided the chance for grass roots producers in Alberta to talk about the funding challenges their own organization faces. Five years of refundable service charges have resulted in close to \$12 million in refunds and have had a very substantial impact on the ability of ABP to invest producer funds in vital trade advocacy, marketing, research and communications activities. Service charge refunds provide financial benefits to the producers who take the refunds, but we have not seen evidence that these refunds are being invested in organizations or initiatives that will bring overall benefits to the industry and large numbers of producers.

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KARIN SCHMID
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FUNDING: THE RESEARCH PERSPECTIVE

Research is expensive, but carries significant benefits to the industry. Every producer check-off dollar invested in national research programs results in approximately \$46 in producer benefits. This high rate of return is due to chronic underinvestment in the area, and also because applied research tools are directly available to producers.

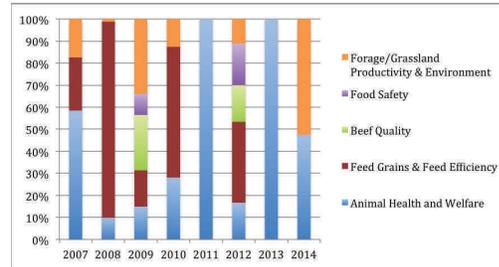
In 1994-95 federal beef research funding was cut by 15 percent, and has declined another 30 percent (inflation adjusted) since that time. Provincial funding has generally shifted, with some exceptions, to popular short-term research efforts with a commercialization or value-added focus and away from farm gate technology transfer and adaptation. Even though the proportional allocation of the National Check-off to research has approximately tripled since 2010 (to an average of 20 cents of each National Check-off dollar), the overwhelming cost of research means that industry investment accounts for only five percent of research funding.

Closer to home, the refundable check-off has decreased ABP's ability to make large, long-term investments in research programs. While we have been able to support programs such as the Beef Industry Science Clusters, the feed grain breeding program at Lacombe, the upcoming Alberta Beef, Forage and Grazing Centre, among others, with fairly large investments, ABP funding for individual research projects has

decreased by 74 percent (2007-10 vs. 2011-14). Even considering the large investments in the aforementioned programs, ABP's total research funding has decreased by 67 percent over those aggregated time periods.

This means that we often have to approach our research investments from a "triage" point of view – focusing on particular areas lacking in investment, rather than funding projects and programs in all areas of interest. Instead of being able to split our research funding fairly equally between animal health and welfare, feed grains and feed efficiency, beef quality, food safety, forage and grassland productivity and environment, we often must restrict our priorities to one or two areas that seem to be in the most dire need at the time.

Figure 1. Proportional Allocation of ABP Research Funding by Priority Area



*2009 and 2012 include standalone investments to the Beef Science Clusters, which increased government leverage for and funded projects across all priority areas.

However, what we have realized is that if industry is at the table with dollars, so is government. That government support is invaluable, and provides industry with the ability to provide direction and have impact on federal and provincial funding programs. The level of coordination and collaboration between industry and government funders is higher than ever before, and with that government support we are able to ensure a high amount of leverage. For ABP, since 2011, we have averaged over \$10:1 leverage with other funding sources for our research investments.

The improved coordination and increased government engagement are largely due to the leadership efforts of the Beef Cattle Research

Council (BCRC). The development of the National Beef Research Strategy in 2012 provided clear directions for funders willing to work together – and they are. BCRC's ongoing maintenance of a comprehensive research inventory, with information contributed by major beef research funding agencies, also plays a significant role in improving coordination. The inventory helps funders determine if other funders are considering the same projects, if other researchers are working on similar ideas, or if a project has been shopped around for a number of years with no uptake. Approaching research funding as a portfolio allows efficient use of available resources and helps to ensure that all priority areas receive adequate support.

While funding investments are important, the other critical piece of the puzzle is capacity and

infrastructure. Very few funding organizations will (or can) fund core infrastructure, which without sufficient government/university investment can lead to deterioration of facilities and equipment. A number of organizations will fund postdoctoral fellows and

graduate students, but supporting a full-time research scientist over the course of their career generally falls upon governments and universities. In some cases, industry is able to leverage government and university funding to fill key positions; however, these are very expensive propositions. Addressing gaps in research capacity is an even higher priority when we consider that up to 40 percent of Agriculture and Agri-Food Canada researchers are eligible to retire within the next three years. Not only do we need to ensure those positions are maintained, but ideally they are filled with someone who had an opportunity to be mentored by the outgoing scientist. University positions are likely in a similar state.

We've learned a lot these past few years about optimizing our investments through leverage opportunities, taking a longer-term,

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Now after a year of talking about increasing industry funding, we see this year as the time to take action. We think that the need for increased funding has been established clearly enough and good cattle prices make it an opportune time to seek more funding. Good prices are definitely not a reason for increasing industry funding, but it is easier to get funding when producers are making profits than when they are losing money.

ABP is an organization of producers and we fully understand that industry funding comes from producers. We know that when we talk about increasing industry funding, we mean asking producers to contribute more money through national and provincial check-offs. While increased check-offs represent a very small percentage of the value of each animal marketed, we recognize that producers will expect a good return on their investment in any check-off

increases. We are hoping that the work of Canada Beef Inc. and the Beef Cattle Research Council on the National Beef Strategy will justify producer investments in the National Check-off. It is also our intention to continue to show that the work of ABP and the Canadian Cattlemen's Association provides strong returns on provincial check-off investments.

Over the coming months, ABP will be exploring alternatives for increasing industry funding. We will be talking to producers, industry organizations, and the government about options that could include an increased National Levy, the use of some portion of the National Levy for provincial marketing and research initiatives, the creation of a non-refundable provincial levy for marketing, research, industry communications, and industry collaboration activities, and a return to a non-refundable service charge. ABP knows that close engagement

and detailed discussions with all stakeholders will be needed before any check-off increases can occur. Ultimately, increases in industry funding will need to be approved by grass roots producers at our fall meetings and by our delegates at a general meeting. We will put our full effort into building a good case for this support. ▾

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portfolio approach to research funding, and encouraging collaboration instead of duplication among research scientists. While aspects of the current research climate may leave something to be desired, industry investment creates opportunities to make real progress and drive research programs to achieve maximum benefits for producers. ▾

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FRED HAYS
Policy Analyst

THE BEEF SECTOR: LOOKING AT THE FUTURE

The beef sector is at a crossroads. Canadian producers are realizing that any beef business development is going to have to come from them. Producers are the ones with a central interest in their sector and need to band together to create their own future. Federal and provincial governments may support the cause, but it's going to be the industry that makes it happen.

The Canadian National Beef Strategy was initiated in 2014. In a climate where cattle numbers are coming down or levelling off, there is competition for exports from other countries and the volume of protein from poultry and pork is increasing. At the same time increased domestic costs of production and escalating wholesale/retail beef prices are reducing domestic purchases. The domestic beef demand index that shows overall consumer support is good, but actual individual consumption is waning. Agriculture Canada research suggested domestic per capita beef consumption will decrease five to six percent by year 2020 compared with 2013. The national strategy wants to address this.

The strategy has focused on several fronts to help improve production efficiencies including continuing genetic improvements that provide a continuum to the overall beef base, improving feed efficiency in forages and a substantial honing of the

marketing process both at home and internationally. The domestic market continues to be important while much of the expansion opportunity seems to be with exports.

One area under that needs some focus is working with consumer attitudes toward the product. In 2011, Canada's foreign-born population was just under 6.8 million, or about 20 percent of the total country, and their primary food choice is not beef. Migratory population increase is projected to grow from the present 35.2 million to about 51 million in 50 years. A younger population is also looking for diets and cuisine experiences that may, or may not include a beef dish. Some are looking for more vegan-based food and others want to have more variety of meat-product types.

One area being considered by the strategy includes sensitivity around consumer attitudes on beef production. Although most inputs provide producers with a "legal licence" for their production system, some consumers are taking interest in production practices and their impacts.

To the producer Genetic Modified Organisms (GMO), antibiotics and hormones are management tools used to increase efficiencies in production. GMOs in grains, forages and livestock genetics can help improve product quality, production efficiency for both plants and livestock, and help to reduce consumer cost for groceries or out-of-home dining experiences. But some believe these present nutritional and

environmental risks and debating the science will not convince them otherwise. It's not that these consumers are uninformed or that factual information isn't readily available. There is an information overload from many sources including the university research sector. They want to provide the right answers but there is still some consumer distrust, as there is with industry-supplied messaging. It may convince producers that what they are doing are acceptable production practices, but this is preaching to the converted.

A recent national survey by Farm and Food Care Ontario looked at consumer believability of various sectors of agriculture. Consumers gave the highest believability factor to farmers, family and friends rated at 61 percent, medical professionals at 54 percent and producer associations, or the industry, were at 43 percent. Consumers didn't give the farm industry as much approval as farmers themselves.

Farmers generally have good reputations but there is a disconnect. In a study by the Strategic Counsel for Agriculture Canada consumers

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CONNECT WITH ABP ONLINE TODAY

Alberta Beef Producers is constantly working towards better communications with producers. You can sign up for our weekly news updates online at www.albertabeef.org/page/news/ or by contacting katelynl@albertabeef.org.

ABP is on twitter and you can find us [@albertabeef](https://twitter.com/albertabeef). Our twitter account is connected to a strong community of ag-minded people who are continuously sharing information. You can also like our facebook page at www.facebook.com/ABBeefProducers and be sure to comment on and share our posts. ▼



BARB SWEETLAND
Marketing & Education
Manager

MARKETING AIMS AT EMERGING AUDIENCES

No one has to tell the average Alberta beef producer the kind of commitment it's taken to consistently produce one of the most respected beef products in Canada and possibly even abroad. They know exactly the kind. It's one that requires living their lives for it. Every day, 24-seven, rain or shine.

But what producers might not be as aware of is the kind of effort it also takes to market that product once it is produced. They might not suspect it takes more effort to promote their product today than it did in the past – and this is true in spite of Alberta Beef's historical reputation for quality and superior taste. Why? Because unadvertised and unpromoted, even premier products lose market share. That is particularly true when the consumer landscape changes as rapidly as it is currently changing.

It is estimated that Alberta's 2015 population of 3.9 million people will be 50 percent visible minorities and landed immigrants by the year 2031. They now make up 30 percent of our population. For marketing purposes this swiftly changing demographic presents us with some very real challenges. When we see companies like Global TV launch Mandarin language evening newscasts in Calgary and Vancouver, and Clorox Co. of Canada add red water filters (red is a good luck colour in Asia) to its Brita brand products, we understand the financial seriousness of those challenges.

So, taking a cue from the marketing giants, ABP has moved toward developing a multi-cultural marketing strategy specifically targeted at new Asian Canadians. The overall goal of the strategy will be to create long-term and meaningful communications with them that impact their beef buying decisions. In our messaging ABP will address new consumers' unique needs concerning beef selection, purchase and cookery.

With generous financial help from The Alberta Livestock and Meat Agency (ALMA), we aim to provide beef education to new Canadians by presenting at events such as: Edmonton Dragon Boat Festival, Globalfest, Calgary International Children's Festival and Chinatown Street Festival. Doing so will ensure three things. One: that we speak directly to the people whose culinary culture will be foundational to tomorrow's marketplace. Two: that we speak to as many of them for as few dollars as possible in the execution of a single initiative. And three: that we speak to them in as engaging a way as we can – which, providing free beef samples at an outdoor celebration, absolutely is.

In addition to talking to important ethnic groups, ABP hopes to engage a second emerging and rapidly expanding section of the consumer population – the so-called "foodie" demographic.

Coined in the late 1980s, the word "foodies" generally applies to consumers who have an ardent or refined interest in food and alcoholic beverage and who are looking for new experiences

in life through culinary experimentation. Studies show they are predominately pre-middle age, have secondary school educations and belong to a higher than average income bracket. In short, they are young, smart, well-off and interested in spending money on high quality food products like – yes, you guessed it – Alberta Beef.

Given any commercial product's longevity relies on its ability to resonate with consumers over time, and also given the beef industry has suffered a decline in consumption for a decade, it seems self-evident ABP simply must address this segment of the population. These people are, after all, a growing cohort and not only that but one which will, by virtue of its youth and financial capability, set the trends for future consumerism in this province.

The question is how, exactly, do we engage with a group having such specific and one might say refined tastes? To begin, we must of course, have resources. Happily, ALMA has once again supplied us with the dollars we need to make any kind of

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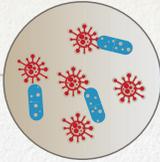
REMINDER: UPDATE YOUR PREMISE ID PROFILE

Premise identification (PID) became mandatory in 2009. They are required to complete transport documents such as manifests and permits, sell livestock at auction markets, apply for government grants and buy over the counter medication at retail outlets.

PID is an important component of traceability, and is crucial during a disease outbreak or other emergency situation. Have you looked at your PID profile lately? If this information is not current, you run the risk of not being contacted in an emergency or missing out on crucial information. To update your PID profile (or just double check that the information is correct) please call 310-FARM (3276)

Consider adding your e-mail address to your PID profile if you have not yet done so – in a situation when time is of the essence, e-mail communication is much more efficient than other methods. ▼

WHAT *Beef Producers* Need to Know



Responsible antimicrobial use to avoid resistance

Many people are talking about antimicrobial resistance these days, including consumers and governments. What do cattle producers need to know? Responsible use can not only save production costs, it reduces the chance of important antimicrobial drugs becoming less effective in animal and human medicine.

TIPS: Using antimicrobials responsibly

- Have an accurate diagnosis before using antimicrobials
- Follow all veterinary and/or label instructions (dosage, treatment time, withdrawal time, etc.)
- Monitor cattle health on an ongoing basis to provide prompt and appropriate treatment or care
- Ask your veterinarian whether a tetracycline-based antibiotic should be used first (e.g. Oxytetracycline, Liquamycin, Biomycin) **before moving to an antibiotic of High Importance** (e.g. Micotil, Draxxin, Zuprevo, Zactran) or **Very High Importance** (e.g. Baytril, A180, Excenel, Excede) **in human medicine**

Watch this video to see why responsible use is important at beefresearch.ca/AMR



TIPS: Preventing cattle illness to reduce the need for antimicrobial use

- Implement a practical vaccination program for your herd
- Use biosecurity practices to reduce spread of infection among animals
- Reduce stress on animals to keep their immune systems strong. Consider practices such as:
 - Low stress cattle handling
 - Low stress weaning techniques such as fence-line or two-stage
 - Preconditioning calves

Try our economics of preconditioning calculator at beefresearch.ca/AMR



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has the information you need to know about avoiding resistance through responsible antimicrobial use in beef cattle.



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generally visualized agriculture having “fields of crops, livestock, farms and tractors.” However, another group felt the sector utilized factory farm technology or were industrialized, mass production operations. Farmers were viewed as individuals but the farming industry was considered to be big business. Some consumers had credibility issues about their food supply.

This negativity surrounding GMOs, antibiotics and growth hormones is what impacts the consumer’s purchasing choices, but it really is the consumer’s choice. Consumers do believe in what farmers are doing, but also expect them to be accountable. The National Beef Strategy is focused on many elements of the supply chain with one focus on the sensitivity of consumers: Pillar 1- Beef Demand. Without consumers there is very little consumption. ▼

YOUNG GUNS DUE MAY 30

If you are between the ages of eight and 21, and are involved in Beef 4-H, junior cattle shows or beef production – this is your opportunity to win one of three prizes in the Young Guns Contest. We want to know what sustainability means to you and what it looks like on your farm or ranch. An entry may be submitted as an essay, video, audio segment, social media campaign, press release or any other form of communication tool.

Be creative.
Three prizes are available:

1st Place - \$1,000
2nd Place - \$500
3rd Place - \$250

Send your entry form, on the www.albertabeef.org homepage and contest submission to:

Katelyn Laverdure
Communications Manager
Alberta Beef Producers
165, 6815 8 Street, NE
Calgary, AB T2E 7H7
E-mail: katelynl@albertabeef.org

We must receive your entry by midnight, May 30, 2015 to be eligible to win. The winners will be determined by a panel of judges at the Alberta Beef Producers Semi Annual Meeting in June and will be contacted by June 19, 2015. ▼



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across province program effective. After getting those dollars, we must then develop tactics that associate our name with those of other haute cuisine food items and events that foodies already love. This simple technique is called tail-coating.

An example of how we will use tail-coating effectively will be seen when we sponsor ACTA’s Long Table Meal series. This chi-chi event annually draws international celebrity chefs to create exquisite cuisine using the best ingredients Alberta has to offer, including its world-class beef. When gourmards see Alberta Beef at one of their premier get-togethers they begin to make the kind of linkages to our brand that eventually drive sales.

We will tailcoat our product to several more high-profile epicurean events this year and the media coverage they garner will ensure not just foodies get their fill of the delicious details, so will a whole host of mainstream food bloggers and professional cuisine critics. And what will they be talking about? Why Alberta Beef, of course. ▼



LAURA PROCUINER
Controller

2015/16 BUDGET: PRODUCER DOLLARS AT WORK

The Alberta Beef Producers (ABP) Plan Regulation and Cattle Marketing Regulation authorizes ABP to collect a \$1 non-refundable National Levy and a \$2 Alberta Service Charge from producers who sell or who are in the business of feeding and slaughtering their own cattle. ABP's Plan Regulation outlines the mandate to "communicate with producers about growing, stimulating, improving the production and/or marketing of cattle and beef." The funds collected are used to run programs to achieve this mandate.

Effective April 1, 2000, a \$1 per head non-refundable National Levy based upon actual Alberta marketings, is paid to the Canadian Beef Cattle Research, Market Development and Promotion Agency. The Agency allocates these funds in accordance to the annual allocation established by the ABP Board of Directors. Currently ABP allocates 80 cents to Canada Beef Inc. (CBI) and 20 cents to the Beef Cattle Research Council (BCRC). CBI's mission is to enhance and sustain the profitability of Canadian beef producers through excellence in product promotion, positioning and the facilitation of domestic and international marketing initiatives. BCRC's purpose is to sponsor research and technology development for the benefit of all Canadian beef producers.

In order for ABP to budget effectively, the Board of Directors passed a motion stating that revenue collected in one year, less refunds issued and payments to the National Agency, will be used for the following year's

budget of operating expenses. For the 2015-16 budget year 30 percent of the budget has been allocated to national policy and trade advocacy. The cattle industry is reliant on trade and market access remains essential to our success. ABP needs to remain actively involved in developing strategies to ensure that Alberta's producers are effectively represented in national or provincial programs and policies. ABP and the Canadian Cattlemen's Association continue with policy and trade advocacy lobbying efforts at all levels of federal and provincial governments and their counterparts in the U.S. and internationally.

Thirteen percent of the budget has been allocated to ABP's organizational expenses. ABP business is conducted under the direction of the Board of Directors, councils, committees and working groups depending upon specific needs or the issues of the day. This area includes the cost of having a democratic organization, in which all producers are equal and have the opportunity for input into the policy setting process, the costs related to fall delegate elections and fall producer meetings. Expenses include the cost of having elected representatives, a Board of Directors, an Annual Report, and Annual and Semi-Annual General meetings.

Forty percent of the budget has been allocated to council, committee and project expenses. This area reflects expenses related to ABP's mandate in the priority areas of: policy, communications, marketing and education, production, research, stewardship and animal health and welfare. ABP's structure enables the Board of Directors, delegates, and staff to respond quickly and effectively to emerging issues for the benefit of all producers.

Seventeen percent of the budget has been allocated to office, legal and financial administration. This area reflects the expenses incurred to provide the infrastructure needed to support the business conducted by ABP. ▼

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