



Manitoba Cattle
Enhancement Council

NEWS

WINTER 2009 VOLUME 1 ISSUE 2



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New beef plant open to all Manitoba producers

Keystone Processors getting ready to go

Manitoba's newest beef plant has a new name. The Manitoba Cattle Enhancement Council (MCEC) recently announced that the former Maple Leaf pork plant at 663 Marion St. In Winnipeg will be owned and operated by a newly created company: Keystone Processors Ltd.

MCEC joins Natural Prairie Beef as the first two shareholders of Keystone Processors Ltd. The new company expects to welcome additional shareholders as the plant begins operations with a mission to be open for business for all Manitoba cattle producers as well as multiple processing companies.



"The new ownership structure is beneficial for a number of reasons," said Kate Butler, executive director of MCEC. "First, it creates a parent company that will run the plant for the benefit of all Manitoba producers. Second, it means several companies can use the plant's very modern facilities to process and bring various Manitoba beef products to market."

MCEC announced the purchase of the plant in July 2008 for \$1.2 million. That brought the total investment by MCEC into the venture to \$2.4 million. In exchange for its investment, MCEC is a shareholder in Keystone and can convert shares to hook rights for Manitoba producers. Hook rights would guarantee Manitoba producers would have access to the plant in the event of another crisis like the recently ended US border closure.

Continued page 4



Building a solid future for Manitoba's beef producers

What's in it for producers?

Producers stand to benefit by selling their cattle to Keystone Processors. In addition to competitive pricing, the company intends to offer producers full carcass yield data. This data will give producers vital information for identifying which of their animals produced the best yields. Knowing this will help producers refine their breeding programs for higher profitability.

"We know that we need to deliver value back to producers and that's what we intend to do," said Corry Berndsen, Vice President of Operations for Keystone Processors. "Producers will save money on transportation on yardage fees, but we also want to help make them more profitable as we go too."

Niche Markets

"We'll be accepting cattle for a variety of breeding programs to be processed for premium markets here at home, and for export to the

growing kosher and halal markets in North America and overseas," said Berndsen, adding that the company expects to tap into consumer trends for healthier, high quality food products. The company is also working to open up Asian markets where a growing middle-class is demanding more meat in its diet.

High Environmental Standards

The company is committed to ensuring the renovated plant meets or exceeds all environmental standards. The plant passed a rigorous Phase II environmental assessment in 2008. Independent engineers have stated that the plant will produce significantly less waste than it did previously as a pork operation.

The company is working closely with the City of Winnipeg, Manitoba Conservation and the Canadian Food Inspection Agency as work progresses.

Facts about Keystone Processors Ltd.

When will it be accepting cattle?

The first step is to get the plant open for processing. The company doesn't expect to complete building its slaughter operations until 2011. Until then, it will develop domestic and export markets, and will begin packaging beef products slaughtered at existing provincial facilities.

What kind of cattle will it accept?

The plant will be open to all Manitoba cattle producers. In addition to processing and marketing its own brands and products, Keystone Processors also expects other processors will use the facility on a contract basis to process other local brands of beef and bison.

How can I get my cattle to Keystone Processors Ltd.?

Do I need to be in the Natural program?

Please contact Keystone Processors at (204) 235-0454 to find out more about selling your cattle to Keystone Processors Ltd.

More about MCEC's investment

When the Manitoba Cattle Enhancement Council announced last July that it had helped purchase a new beef plant, it was also announcing the start of a made-in-Manitoba solution to strengthen the provincial cattle industry.

The board of MCEC decided the plant was a good investment for Manitoba cattle producers for three main reasons. First, it will benefit from Winnipeg's central location and its close proximity to major highways, railways and an international airport. The location can help minimize transportation costs for producers and Keystone Processors. Second, the company will also benefit from the city's

large and stable labour pool. And third, the plant has already passed a critical environmental assessment, which makes it possible to bring it on stream faster.

"When the BSE crisis shut the border in 2003, Manitoba producers were all but shut out of plants in Ontario and Alberta. They had no

place to take their animals and it nearly ruined our beef industry. We're very close to being able to say: never again," said MCEC Chair Bill Uruski. "Our council's mandate is to create programs that enhance our cattle industry. We'll continue to seek out a wide variety of opportunities that stand to benefit producers over the long haul."



The start of a cattle industry revival

MCEC working to find new opportunities

By Bill Uruski

Chair, the Manitoba Cattle Enhancement Council

It's been another tough year in a series of tough years for the Manitoba cattle industry. There's no way around that fact. Before the unseasonably high rainfalls hit this summer, producers were already having trouble coping with rising transportation and feed costs. The rains made it worse by washing away their fields.

But this year also saw what I believe could be the start of an industry revival. Keystone Processors announced it was setting up the first beef processing plant in Manitoba in a generation. The company's plan is to take a former hog plant in Winnipeg and turn it into a high end, federally inspected plant that can slaughter and process our cattle for premium niche markets around the world.

Keystone Processors was able to purchase the building and begin renovations with the financial help of the Manitoba Cattle Enhancement Council, which has invested \$2.4 million in the venture. As chair of MCEC, I'm very proud to have played a part in helping Keystone to this stage. Our council worked very hard with the management of the company to hammer out a sound business plan and find the right property.

But this is just the beginning for both Keystone Processors and for MCEC. The company plans to create a new, premium brand of Manitoba beef. Under its plan, over the next few years the plant will be upgraded, production will begin and export orders will be filled.

It's vital for Manitoba producers to have access to federally-inspected processing facilities. It's the federal license that permits export and

gains access to large supermarket chains and foreign markets. It was our lack of this type of facility that hurt us so badly when the U.S. border was closed to Canadian beef exports in 2003. Our producers were effectively blocked from getting their animals to market.

For our part, MCEC won't be satisfied with only one new facility. The Keystone Processors operation is a step in the right direction, but it will be only a mid-sized plant. We need more options for our producers. That's why we are already working with other organizations in the province to add slaughtering and processing capacity as well as other marketing opportunities for our cattle producers.

Our ultimate goal is to build a stronger provincial industry that will be able to stand on its own and prosper in a highly competitive global market. That was the reason MCEC was formed and it's a challenge we're tackling with determination. Our council administers an investment fund that is funded by a \$2 levy on every head of Manitoba cattle sold. The province has been matching that for the past two years, turning every \$2 into \$4.

We now have a fund that is large enough to provide financing for operations like Keystone Processors. But we envision the council will invest in multiple organizations in the coming years. We are in the process of vetting other business plans that we hope will form the basis of more good news for cattle producers.

Bill Uruski is former Manitoba Minister of Agriculture and now chairs the Manitoba Cattle Enhancement Council. Find out more about MCEC at www.mancec.com.

The rise of Asia and Canadian agriculture

Canadian cattle producers have seen seismic changes to their industry over the last few years, but it's nothing like what is coming. The rise of Asia as an economic power coupled with the challenges of decreased production in areas such as Australia, could leave Canada as the world's breadbasket, butcher and green grocer in years to come.

That's part of the picture that members of MCEC heard at the Transition in Meat and Livestock forum held in Calgary in October. Ted Bilyea, an agri-food consultant and former President of Maple Leaf Foods International, told delegates that the world needs to deal with the serious issues of environmental degradation at the same time that a growing middle and affluent class in Asia demands better quality food.

Opportunities for Manitoba

"The world is changing and we need to recognize that our industry here stands to benefit," said Kate Butler, MCEC Executive Director, who attended the forum with MCEC Vice-Chair Neil Van Ryssel. "We need to continue to put in place the building blocks of slaughtering and processing capacity together with advanced agricultural practices so we're in a position to reap those benefits."

MCEC continues to seek applications from individuals and organizations to fund made-in-Manitoba solutions to the challenges facing our cattle industry. Each proposal will be considered on how it can provide direct benefits to the province's cattle producers.

The council's investment committee, comprised of agricultural and financial industry specialists, is particularly interested in proposals that will provide producers access to new slaughter. At the same time, it recognizes the need to support other value-adding industry initiatives including processing, transportation, distribution and domestic and export market development.

"We've got a very unique investment fund here in Manitoba that's being studied around the world," said Butler. "By pooling capital of producers and government and focusing it on specific kinds of ventures, we're confident we'll generate long-term value for our entire provincial industry."

Natural Prairie plant changes name from page 1

"For MCEC, it means we are a major shareholder – on behalf of Manitoba cattle producers – in a new beef plant that will be flexible enough to handle all kinds of beef products while bringing different kinds of products to market," said Butler. "We're pleased with a solution that allows companies like Keystone to take full advantage of their niche markets, while also allowing other companies to produce other brands."

Keystone Processors expects to begin processing and marketing Keystone Premium Beef to Manitoba consumers in early 2009. It plans to market a commodity brand of beef under the Keystone Processors label as well.

When it begins operations in early 2009, the plant will be provincially inspected and licensed, meaning its products can only be marketed

within Manitoba. Meanwhile, Keystone will continue to upgrade and renovate the plant so that it can earn a federal, Canadian Food Inspection Agency license. Once it is federally inspected (expected in 2011), products from the plant will be eligible for export outside of Manitoba and Canada. It will also be able to sell to major supermarket chains.

"We're very excited to launch the new Keystone Premium Beef brand in Manitoba in 2009," said Kelly Penner, President and General Manager of Keystone Processors Ltd. "The Keystone Premium Beef brand will be available for purchase at independent retailers, smaller grocers around the province, at restaurants, and direct from the company. The Keystone brand will be open to all conventionally raised cattle."

Refund policy

Producers can now apply for a refund on receipts that are post-marked or received within one year after the month end in which the fee was deducted. Also, producers are to accumulate a minimum of \$30 in receipts before submitting a refund application. Receipts for less than \$30 may be submitted at the end of the calendar year.

Refund application forms are available at www.mancec.com.

For more information, please contact:

MCEC

Manitoba Cattle
Enhancement Council
102-545 Hervo Street
Winnipeg, MB
R3T 3L6

Phone: 204-452-6353
Fax: 204-452-6356
Toll Free: 1-866-441-6232

Email: info.mcec@mts.net
www.mancec.com