



Towards a brighter future for Manitoba cattle producers

MCEC takes multi-faceted approach to help beef industry

There's no denying that the Manitoba beef industry is in rough shape right now. High transportation costs and soaring feed prices have made the tough times stretch right across the country from producers to processors.

At the same time, there are some signs pointing to a brighter future for our provincial industry and the Manitoba Cattle Enhancement Council is doing what it can to support innovation and new opportunities for our cattle producers.

MCEC has been active in supporting worthwhile initiatives for the Manitoba beef industry. Here are a few of the things we have been doing:

- In October 2007, MCEC invested \$1.2 million in Natural Prairie Beef Inc., a Manitoba producer-owned company that aims to market a premium brand of hormone-free natural beef to niche markets.
- Last Fall, council members attended many regional meetings of the Manitoba Cattle Producers' Association to listen to the concerns of producers and to let them know more about the MCEC.
- Council members have also been active in speaking to various other groups including breeder associations, MAFRI, MRAC, CFIA, Ag Canada and other industry stakeholders about potential solutions to the industry's current challenges.
- In February 2008, MCEC Executive Director Kathleen Butler spoke at MAFRI's Moving Meat Into the Future events in Portage la Prairie and Gilbert Plains, Manitoba.
- Kathleen Butler is also a member of the steering committee for Manitoba's Buy Local program, created to foster better domestic markets for Manitoba agricultural products.
- In March 2008, MCEC sponsored the "Prime Cut" carcass competition at the Royal Manitoba Winter Fair.

If you'd like to learn more about MCEC, please visit our website at www.mancec.com.



Building a solid future for Manitoba's beef producers

Natural Prairie Beef: a first step towards a new CFIA-inspected Manitoba plant



Last October, MCEC invested \$1.2 million into Natural Prairie Beef Inc. to help it bring its premium-branded, Manitoba-raised beef to market. It was MCEC's first major investment and was the first step towards the creation of a new federally-inspected beef processing plant in Manitoba. That is the ultimate goal of Natural Prairie Beef and is key to MCEC's mandate as an investment fund for the provincial cattle industry.

Before it builds a new plant, Natural Prairie Beef is spending time to solidify its processes, build its brand and get customers under contract to purchase its products.

The company's research shows there is plenty of demand for niche players in the beef industry. It has had advanced discussions with major kosher operations out of the United States that are looking for a reliable source of high quality beef for their growing premium market. There is also rising demand for beef and beef by-products in certain Asian markets, and Natural Prairie is exploring those too with the help of trade representatives.

Meanwhile, the company is working with its suppliers to implement a sophisticated tracking program that will guarantee traceability from gate to plate. And it is working to bring more producers onside with its vision of a premium natural product.

New CFIA-inspected plant is vital

Ultimately, the company's goal is to have a vertically integrated operation that includes a Manitoba-based, federally-inspected slaughtering and processing facility for its products. By owning the entire process from production to market, the company can deliver more profitability to its shareholders. That's good for its majority producer-owners and for MCEC, but it's also good for all producers who have contributed to MCEC's investment fund.

Having a sizeable beef facility inspected by the Canadian Food Inspection Agency (CFIA) means our producers will be able to save on transportation costs (a major input) and have more immediate access to larger domestic and export markets. Major national

grocery chains typically only purchase meat from CFIA-inspected facilities and the CFIA won't allow export without its seal of approval.

Natural Prairie Beef's business model is based on producing high quality, hormone-free beef that will earn a premium for the company and its producers from wholesalers and retailers .

Working with industry and government

MCEC is committed to seeing a new CFIA-inspected plant built in Manitoba. To get there, MCEC is working with industry players such as Natural Prairie Beef, with other industry participants and with government.

The council has been meeting with industry representatives from producers to retailers to make people aware of its investment fund. The MCEC fund is the first of its kind in the Canadian beef industry and is attracting attention from other jurisdictions as a model for public-private partnerships in agriculture.

MCEC administers an investment fund that is fed by a \$2 per head levy on all Manitoba cattle sold. The province is matching those levies dollar for dollar for the first three years of the fund and has given MCEC access to additional financing if needed.

MCEC is now able to fund venture capital opportunities in the beef industry. Its objective as an investor is to help finance beneficial initiatives that will return profits over time that can be reinvested to further strengthen the industry.



Should we have a beef industry at all?

By Gaylene Dutchyshen



It's time for the Manitoba cattle industry to face up to reality: we have to change and adapt or face extinction.

Many producers who have hung on since the BSE crisis hit in 2003 are looking back on the day the U.S. border closed and probably wishing

they'd sold their animals then and walked away. Even with the border fully reopen now, the industry has continued to be hit by bad news. The rush towards bio-fuels has forced feed prices sky high at the same time that our dollar has punished us by reducing the value of our exports.

Today, the cost of raising each animal exceeds its sales price. Simple math forces us to ask the question: should we have a beef industry in Manitoba at all? As a cattle producer, I have a close-up view of the industry's troubles. But as a member of the Manitoba Cattle Enhancement Council, I also have had the chance to see there is hope for the future.

The council administers a fund to invest in innovative businesses and new initiatives that can help take our industry off its deathbed and put it on the road to recovery. Our goal is to make investments all along the value chain in companies that can help increase the profitability and sustainability of our industry.

Fortunately, a few trends are working in our favour. We're living in a time when more people than ever are taking special care over their diet and nutrition. We're increasingly concerned about the quality of the foods we feed our families; we're asking questions about the effects of pesticides, herbicides and genetic modifications on food products; and we are concerned about the effect of modern husbandry practices in our livestock.

The last few years has seen the rise of 'foodies' among us. Men and women of all ages and all walks of life are becoming much more passionate about cooking. Food preparation is the topic du jour at kitchen parties, at backyard barbecues and even at the water coolers of our office towers.

Our restaurants boast fine chefs who are increasingly proud to take the best local ingredients and turn them into culinary masterpieces. We even have a few ardent souls among us determined to live only on a diet consisting of food grown or raised within 100 miles of their homes.

Some cattle farmers have seen these trends and are actively creating a premium brand for their beef. They are raising their animals naturally without using hormones and some are going further by raising completely organic beef. They are also guaranteeing the traceability of their animals from gate to plate, so consumers can be assured of the quality of their meat.

The producers who are going down this road are the leaders of what could be a resurgent Manitoba beef industry. We have the advantage of some of the continent's best grazing land already. If we turn our energies towards guaranteeing our beef is of the highest possible quality, and we work together to market it well to niche markets around the world, then we will have a healthier, growing beef industry.

Unfortunately, there are still too few producers willing to move our provincial industry in this direction. Producers are stuck in the habits of the past that see us scramble for nickels a kilo while we're sending dimes, quarters and loonies in added value out of province or out of the country.

The current economics of our industry make a simple statement that we either have to find a way to cut our costs or to raise our prices. Most of us who remain in the industry have already done all the cost-cutting we can. If all we're doing is trucking our livestock out of province and buying it back out of cellophane packs in grocery stores, then there's little point in continuing. But if we can raise and package premium Manitoba beef and export it for more money per kilo, then we have a chance to rebuild our industry and help improve the overall quality of life – and diet – for our customers and for all Manitobans.

Gaylene Dutchyshen is a member of the Manitoba Cattle Enhancement council and raises cattle with her family near Dauphin, Manitoba.



Buy local, buy Manitoba beef

The Buy Local trend that is sweeping North America has arrived in Manitoba with the creation of a Buy Local steering committee in February.

Representatives from all areas of the food value chain in Manitoba have gathered to discuss the possibilities of a marketing campaign that highlights local Manitoba products in grocery stores, restaurants, hotels and retail outlets, and the news is promising.

"There is excitement," says Randy Stoyko, Director of Food Commercialization and Marketing at Manitoba Food and Rural Initiatives (MAFRI). However, he cautions that marketing local foods is only possible when all segments of Manitoba's food chain work together.

For example, he says, large retailers have historically been challenging for small to medium-sized suppliers who often must provide for a large network with limited resources. "Framing the program to get the retailers to support it is therefore very important," says Stoyko.

"This has great potential for Manitoba cattle producers," said MCEC Executive Director Kathleen Butler, a member of the steering committee. "We need to develop new markets including here at home."

The Buy Local initiative is funded by Manitoba Agriculture, Food and Rural Initiatives.

Winter fair sponsorship

MCEC was proud to be a part of the 101st Royal Manitoba Winter Fair this year as it sponsored the Manitoba Cattle Enhancement Council "Prime Cut" competition. The competition chose the best carcasses and showcased the high quality of Manitoba beef.

"This was a great way for us to talk to producers and other industry stakeholders about our mandate and how we're trying to help cattle producers," said MCEC vice-chair Neil Van Ryssel. "At the same time, it gives us a chance to celebrate some of the best producers in our province."

Spreading the word about MCEC

MCEC Executive Director Kathleen Butler has logged a lot of miles on her odometer over the past year as she criss-crossed the province speaking to interested farm groups about the MCEC and its mandate.

In February, she was one of several speakers at two Moving Meat Into The Future presentations organized by Manitoba Agriculture, Food and Rural Initiatives (MAFRI). The invitation only presentations took place in Portage la Prairie and Gilbert Plains and gave cattle producers a first hand look at some new technology and trends in their industry.

"I enjoy getting out of the office and meeting with producers on the ground to discuss what MCEC is and what we're trying to accomplish," said Butler. "There was a lot of misinformation about MCEC when we were first formed, but that has been disappearing as we have been busy looking at investment opportunities to strengthen the cattle industry."

If you are interested in hearing more about MCEC or want an MCEC representative to address your group, please contact us at (204) 452-6353.

For more information, please contact:



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

