

Nova Scotia Checkoff Committee Report

The check off issue continues to be worked on by all provincial associations. What appears to be a relatively simple process of implementation and collection is actually a complex series of agreements, legislative amendments and careful development of procedures. This work is being spurred on by the anticipated implementation of the national levy system in early 2004, which is designed to levy all eligible sales of cattle including imported cattle. The current system does not differentiate between inter (between) and intra (within) province transactions – all cattle sales regardless of provincial borders or type of transaction are to fall under the national scheme. For the national levy to be universally applied, provinces need to have accountable methods of identifying producers and sales and collecting and enforcing the actual levy. While the issue is not yet resolved, through considerable effort the NSCA has developed a simple, unique approach to addressing accountability surrounding the future sale of cattle in the province.

The NSCA has spent a significant amount of time researching and developing an effective provincial levy system. At the same time negotiations have been going on with the national agency on a service agreement and preliminary development of agreements with other provincial associations on remittance of levy collected outside NS on cattle of NS origin. These have been designed as legally binding, mutually agreeable, enforceable documents. There is little point in developing a process that is not enforceable or does not clearly spell out what is being accomplished. At the end of the day it is hoped that an effective levy system will provide long term structure and development to the beef industry. The NSCA is very aware that any levy received from producers must be spent to maintain and improve the competitive position of the beef industry.

Action! The NSCA has requested government to expedite legislative amendments to allow for implementation of a producer registration and traceability system in NS.



Need CCIA Tags? You can order bundles of 25 or 50 tags from the NSCA office. Smaller quantities are available on Thursdays at the NSCA office.

N.S.C.A. Board of Directors 2003-2004

- *Charles MacKenzie (President) – Antigonish / 863-5602
- * Jim Bremner (Vice-President) – Hants / 798-8037
- *Boyd Crouse – South Shore / 634-3468
- *Arnold LeBlanc – Cumberland / 667-9383
- Mike Horsnell – Western Annapolis Valley
- Larry Weatherby – Central
- Kevin MacNeil – Cape Breton/Richmond
- Phil Franey – Western Annapolis
- Larry Ward – Central
- Ron Wells – Cumberland
- David Oulton – Hants
- Percy McQuinn – South West Nova
- George Smith – Pictou
- Bill Scott – Pictou
- David VanZutphen – Dairy Representative

*Members of the Executive Committee

Contact Information

Nova Scotia Cattlemen's Association
P.O. Box 1474, Truro, NS B2N 5V2
phone 902-893-7455 | fax 902-893-3397
ruth.kaiser@ns.sympatico.ca
www.nscattle.ca



The NSCA is pleased to acknowledge the funding support of the N.S. Department of Agriculture and Fisheries and the Agri-futures Program in the production of this newsletter.



A Time of Crisis

As this issue of NSCAAction goes to print the beef industry is facing its greatest challenge in the last 200 years. The discovery of a BSE positive cow in the Canadian beef system has brought the industry to a virtual halt, with producers unable to ship product out of the country. That has meant shut-downs and

Action! The NSCA has urged the government to provide assistance to the NS beef feeding sector to mitigate financial losses due to BSE market depression.

layoffs at packing plants, drastic drops in prices to producers and, ironically, retailers left scrambling to get the beef their consumers still want. The situation changes daily and the Canadian Cattlemen's Association has taken the lead on the issue since day one. They hold a daily conference call with CCA directors and provincial cattlemen's association staff across the country to ensure that accurate, up-to-date information is available from coast to coast. As well, they are in constant contact with officials from provincial and federal governments and the Canadian Food Inspection Agency. If ever an issue illustrated the importance of strong producer representation, BSE has done that! Rather than print information here that will no doubt be outdated before it reaches you we suggest you check out the CCA and CFIA websites for credible, timely information on the BSE situation. The addresses are www.cattle.ca and www.inspection.gc.ca

Maintaining Consumer Confidence

The Beef Information Centre is getting the message out that Canadian beef is safe for a number of reasons. The animal that tested positive for BSE never made it to the food chain. There is no evidence that BSE spreads horizontally, i.e., by contact between unrelated adult cattle or contact between cattle and other species. Risk of maternal transmission is very low.

The risk of contracting vCJD – from eating Canadian beef is extremely remote. The majority of Canadian beef comes from animals younger than 22 months of age. The onset of BSE, and its infectivity, does not occur at this age and accordingly experts agree that meat from these animals poses absolutely no significant risk to human health.

As well, Canada has put in place strong systems to stop the potential spread of BSE to other animals and to the human food chain. Steps such as: making BSE a reportable disease; banning imports from BSE affected countries; creating a national BSE surveillance system; and banning the feeding of rendered carcasses of ruminants, back to cattle.

These are the kinds of messages we'll continue sharing with consumers, media and our stakeholders. Our retail team is developing marketing strategies for retailers to highlight Canadian beef and encourage the use of the entire carcass in upcoming retail promotions. Our foodservice team has sent an information resource to 45,000 foodservice industry members across Canada. The nutrition team is sharing timely updates with over 10,000 health professionals through organizations such as the Canadian Medical Association.

BIC's communications team is fielding media calls from across the country and is ensuring our messages to media, and Canadians are accurate, timely and based on scientific fact. We're conducting new consumer research to identify consumer concerns and see if their attitudes towards purchasing beef have changed in any



way. The BIC website and toll free line are also being utilized.

Our resource: Canadian Beef-Quality that Inspires Confidence – highlighting Canadian cattle producers and the role they play in producing a wholesome and safe product – is in demand by retailers. The resource went to over 2100 supermarkets across Canada, early in May. According to the Canadian Council of Grocery Distributors, beef sales have remained steady. By working with foodservice, retailers, packer/processors, and health professionals, BIC continues to reach Canadians with the message that Canadian beef is safe.

Action! The BIC Atlantic office has moved. Please update your records: P.O. Box 21005, Cole Harbour RPD Dartmouth, NS B2W 6B2 Ph: 835-2959 F: 835-7875

Janet Bryson
Communications Manager, Beef Information Centre, Atlantic Region

Ruminations

So what's up with auto insurance? Well, if you are a motorist in Nova Scotia, you know the answer is the cost. The provincial New Democratic party has determined that car insurance rates went up almost 65% from December 2001 to December 2002. Insurance rate increases are galloping far ahead of inflation, which has been pegged at slightly over 4% from April 2002 to April 2003 here in Nova Scotia.

So what's driving the increase in insurance rates? Well, when I asked my insurance representative the answer was "It's all these accidents and soft tissue injury claims." Whether you have been involved in an automobile accident or not does not seem to be a consideration.

You are still likely going to be hit with a rate increase. Further examination of the issue suggests that the reasons given to justify the increased rates are specious in that vehicle accident rates are on the decline and court awarded injury settlements for motor vehicle accident victims have increased only marginally over the past twenty years, according to the Canadian Bar Association.

Evidence suggests the real reason behind the dramatic insurance rate increases lies in the investment losses suffered by the insurance sector in the market meltdown a few years back. Apparently private insurers feel it necessary to jack up our insurance premium rates to cover losses incurred as a result of bad investment decisions.

Beef producers don't have the luxury of recovering dramatic losses by charging more for our products. In a fluid market environment where commodity prices fluctuate on the open market, cattle producers must make careful business decisions and be prepared to live with the consequences. Farmers are making tough decisions to streamline their operations and limit their exposure to exorbitant insurance cost increases. Producers are selling vehicles, limiting some vehicles to on-farm use only and hiring custom operators to provide services where practical. Other measures being taken include

reducing coverage levels and hiring mature drivers as farm machinery operators to reduce premium costs.

It is clear that insurance costs are having an impact on the way business is conducted. It is also clear that if left unchecked the insurance costs we are now facing could become too much to bear.

It is time for our government to take decisive action on this file to bring vehicle insurance costs into line. Whether regulatory intervention of the present system or a publicly run system of insurance is adopted, we need a better deal. It's about time the government acted to provide one in the best interest of the people of this province.

Action! The NSCA has brought this issue to government on behalf of NS beef producers.

By Boyd R. Crouse
Director, NSCA

It's Time To Buy Hooks

It has recently been announced that the Government of PEI will be the third equity investor in the new beef processing plant, Atlantic Beef Products Inc. The original plan called for two owners, Co-op Atlantic and beef producers who were members of Atlantic Beef Producers Co-operative Ltd. Each was going to put \$1.56 million towards operating capital to get the plant started. The beef producers' money comes from the sale of 'hooks'. While Co-op Atlantic are still going to buy their branded beef from the plant, they made a decision to reduce their original \$1.56 million commitment to \$500,000. Finding money became a challenge. Design and engineering stopped.

That's when the PEI government stepped in with operating capital funding to get the plant moving forward. What will keep it going is producers purchase of hooks. Hooks are the beef producer's commitment and strong sales are needed to keep the vision of a beef plant for Maritime producers. Producer investment is key to continue construction.

Members of the co-operative will be receiving a mailing that will contain the Offering Memorandum, the producer's supply agreement, Questions and Answers and a five page Overview on the whole project which will outline financial projections and risks. Anyone who wants to become a member and receive the Hook information package needs to contact Joan Perrin at 838 – 8441.

John Colwill has been hired to sell "Hooks" which are really Class A Preference Shares in the new co-operative, Atlantic Beef Producers Co-operative Ltd. Owning hooks gives a producer the right and the obligation to ship one head of program cattle for each hook held by the member every

year to the processing plant, Atlantic Beef Products Inc. That line says a lot – except the cost and when it needs to be paid.

A hook costs \$60 and represents one Class A Hook Preference Share. The minimum amount of hooks that a beef cattle producer must acquire is 20. Hooks will be sold to producers who are members of the co-operative. That means they have paid the \$100 value of a Class M Membership Share.

Each Class M Membership Share member will be required to purchase Class A Hook Preference Shares representing his or her planned yearly shipment to the new plant. For example, if the member expects to ship 100 program animals to the plant per year they would purchase 100 Class A Hook Preference Shares at \$60 per hook for a total purchase of \$6,000. The member would then have ownership of 100 Class A Preference Shares and one Class M Membership Share.

\$20 of the \$60 for each hook will have to be paid when producers sign the supply agreement. If you do not wish to pay the full \$60 at that time, you will have to sign a contract committing to final payment timelines. The full \$60 per hook payment has to be completed by June 30th 2004.

Action! The NSCA has asked government to work with the association to secure a unique financing program to assist NS producers to purchase hooks in the new plant.

Joan Perrin
Atlantic Branded Beef