

BEEF BUSINESS

JANUARY 2011

IN THIS ISSUE:

2010 STATE OF THE INDUSTRY REPORT P.12

TRENDS IN OFF-RANCH EMPLOYMENT, PART II P.28



A Saskatchewan Stock Growers Association Publication

Publication Mail Agreement #40011906

Working for Producers

*A Proud Supporter of the
Saskatchewan Stock
Growers Association!*



www.paysen.com

- * Squeeze Chutes * Portable Loading Chutes * Crowding Tubs
- * All Types of Feeders * Working Alleys * Rodeo Equipment
- * Calving Chutes * Concrete Concrete Waterers * Calf Tables
- * Feeder Panels & Texas Gates * New Z one piece Ear Tags
- * Gates & Panels * Steel Water Troughs * Maternity Pens
- * El Toro Electric Branders & Twine Cutters * Bison Handling Equipment



Our headgates
& squeeze
chutes are
NOW AVAILABLE
with neck
extender!



CANCRETE Concrete Waterer

Engineered to withstand harsh
winters and hot summers.
- A model for any size pen of
cattle, horses or bison



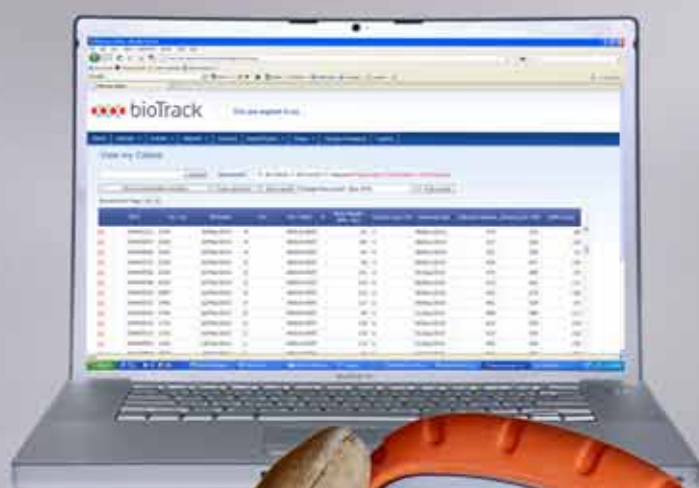
Box 309, Central Butte, SK S0H 0T0

PH: 306-796-4508

FAX: 796-4909 email: ple@sasktel.net

**QUALITY
LIVESTOCK
EQUIPMENT**

ROCK SOLID. FIELD READY.



BioTrack

- Complete herd info
- Health, traceability
- Across breed genetic evaluations
- Web access

Archer Field PC

- Rugged construction
- Long battery life
- Waterproof
- Uploads to Excel
- Provides Herd Management
- Links directly with BioTrack

We invite you to discover
a complete Information
Management System.
Ask for a free demonstration!



bio

Beef Improvement Opportunities
CANADA 1.855.BIO.BEEF (246.2333)
www.biobeef.com



435.226.5353 www.fort-supply.com

CONSULT YOUR VETERINARIAN
FOR A COMPLETE HERD HEALTH PROGRAM
ENSURING PRUDENT ANTIMICROBIAL USE.

No matter what situation life throws at them

PREVENT, PROTECT & CURE THEM
Prevent, protect & cure them



To find out more, speak with your veterinarian

Caution: Although safe when properly given, improper administration of EXCEDE Sterile Injectable Suspension can be fatal to the animal. Do not use without adequate training on the proper administration technique. Consult your veterinarian and/or your Pfizer Animal Health representative for more information.



© Draxxin and A180 are registered trademarks of Pfizer Products Inc; Pfizer Canada Inc., licensee.
© Excede is a registered trademark of Pharmacia & Upjohn Company LLC. Pfizer Canada Inc., licensee. CORP C JADP02 0609 E

*A Proud Saskatchewan
Tradition Since 1913*

Industry News

- 6 A Full Season of Break Even Calf Prices
- 6 Flood Money
- 7 No More Flooding for Beavers
- 7 Higher Penalties for Animal Abuse
- 8 Farm Plates up for Review
- 8 Higher Retail Prices Predicted for US Consumers
- 9 EU Bans Cloned Livestock
- 9 EU Trade Deal Getting Closer
- 10 China Deal Not Yet Paying Off

Markets and Trade

- 12 State of the Industry 2010
- 20 2010 Price Review
- 22 Saskatchewan Live Cattle Trade
- 22 Saskatchewan Fat Cattle Trade
- 22 Slaughter Cow and Bull Trade
- 22 Retail Meat Price Survey
- 23 What's up With Replacement Female Prices?

Features

- 28 Trends in Off-Ranch Employment Part 2

Science and Production

- 35 Where's the Beef? Active Missing Livestock Files
- 36 Securing Payment for the Livestock You Offer for Sale

Association News and Reports

- 37 A Report from the SSGA General Manager
- 38 A Report from the SSGA President
- 39 Director Profile - Brooks Whitney
- 40 Director Profile - Karla Hicks

Stewardship

- 41 Sustainability for the Beef Industry - What's Your Definition?
- 42 To Seed or Not to Seed - Native Plants, That is!
- 43 Calendar of Events
- 43 Advertiser Index



**Did you know that the SSGA is
Saskatchewan's oldest agricultural association?**

BEEF BUSINESS

A Saskatchewan Stock Growers Association
(SSGA) Publication

General Manager: Chad MacPherson

Administrative Assistant: Wilma Switzer

Box 4752, Evraz Place, Regina, SK S4P 3Y4

Tel: 306-757-8523 Fax: 306-569-8799

email: ssga@sasktel.net OR ssga.admin@sasktel.net

Website: www.skstockgrowers.com

Editor: Jim Warren

Tel: 306-569-9389

email: jwarrenconsulting@gmail.com

Advertising Sales - Tracy Cornea

Tel: 306-693-9329

Fax: 306-692-4961

email: tracy.cornea@gmail.com

Subscriptions - Wilma Switzer

Box 4752, Evraz Place, Regina, SK S4P 3Y4

Tel: 306-757-8523

Fax: 306-569-8799

email: ssga.admin@sasktel.net

Subscription Rate: 1 yr \$26.50

(GST included) Published 6 times per year

Design and Layout - Jackson Designs

Candace Schwartz

Tel: 306-772-0376

email: cjacksondesigns@gmail.com

Prairie Conservation Action Plan (PCAP)

Manager: Michelle Clark

Box 4752, Evraz Place, Regina, SK S4P 3Y4

Tel: 306-352-0472

Fax: 306-569-8799

email: pcap@sasktel.net

SSGA reserves the right to refuse advertising and to edit manuscripts. Contents of Beef Business may be reproduced with written permission obtained from the SSGA Editor or Manager and proper credit given to the Saskatchewan Stock Growers Association. Articles submitted may not be the opinion of the Association. SSGA assumes no responsibility for any actions or decisions taken by any reader from this publication based on any and all information provided.

Publications Mail Agreement #40011906

Return undeliverable Canadian addresses

(covers only) to:

Saskatchewan Stock Growers Association

Box 4752, Regina, SK S4P 3Y4

Contributors

Amber Fletcher

Ryan Holota

Calvin Knoss

Chad MacPherson

Peggy Strankman

Leanne Thompson

Jim Warren

Cam Wilk

A Full Season of Break Even Calf Prices

Prices obtained by Saskatchewan cow-calf producers managed to surpass the Western Beef Development Centre's (WBDC) 2008 break-even threshold for the final four months of 2010. In September of 2010, the WBDC published its *2008 Cow-Calf Cost of Production Analysis*. The study included 18 production units with an average herd size of 241 cows. It concluded that the break-even price for a 545 lb. calf in fall 2008 was \$1.21/lb.

Five hundred to six hundred pound steers broke the 2008 break-even barrier in late August this year followed by heifers in late September. Based on the 2008 analysis, as of mid-December 2010, there was around \$58 profit in a 545lb. calf.

Of course costs and conditions are not equal across time or between production units. That said, inflation and interest rates have remained modest and stable since 2008, - so depending on things like local feed prices and weather, the numbers are probably reasonably relevant today. And besides, the WBDC's data is pretty well the only scientifically constructed benchmark information we have to go on.

One of the kickers in the WBDC calculation is the value for labour it included. The analysis employs a figure termed "unpaid labour" which amounts to a labour value that you might or might not have been able to afford paying yourself, but was

nonetheless included as an expense. Our rough calculations indicate that the producer's unpaid labour was valued at \$8.75 per hour.

So, congratulations – in addition to your \$58 per calf profit, you could have earned as much as the kid who sold you your last Happy Meal for the time you spent running your outfit. ☺

To take a look at the WBDC's *2008 Saskatchewan Cow/Calf Cost of Production Fact Sheet (2010)* go to www.wbdc.sk.ca.

Flood Money

Province Comes up with Novel Plan to Assist Cattle Producers in the North and Northeast

Rain soaked producers can now apply to the province for cost relief for the transportation of feed to their cattle or, alternatively, the cost of shipping their cattle to grass and feed. The new Saskatchewan Feed and Forage Program (SFFP) was announced, by SK Ag Minister Bob Bjornerud, on Nov. 9 at the annual Saskatchewan Rural Municipalities Association (SARM) convention in Saskatoon. The new program also includes \$30 in assistance for rejuvenating water-logged forage stands and pasture.

According to the Minister, the program was designed to assist producers in the north central and northeast of the province who were affected by this past summer's heavy rains. The eligibility period is retroactive to June 1, 2010 and runs to August 1, 2011.

Bjornerud told reporters on Nov. 8 that this year's greater than normal moisture conditions were "a double-edged sword, we had probably more feed in the province than we've had for, I guess, ten years. The problem being it's not all in the right areas."

The 2010 feed problem involves a flip side version of the more traditional situation in which drought stricken producers in the south found themselves shipping in hay from the north at what were often, arguably, excessive prices. Analysts, like Kevin Hursh, maintain that applying the assistance to the freight expense isn't as likely to drive up the price of hay like it did under previous assistance efforts.

Nonetheless, not everyone is content with the size of the lifeboat the government has provided. Around 50 producers gathered at the Legislature on Dec. 6 to tell Bjornerud they needed \$150 per cow and \$75 per yearling to get them through the winter. And while the freight assistance will help, a lot of producers can't afford the cost of purchasing the feed.

The Ministry's challenges with respect to finding the Goldilocks range for this sort of ad hoc measure are compounded by ongoing uncertainty about what it takes to trigger action via the Agri-Recovery provisions of the federal-provincial agricultural policy framework.

The Saskatchewan Society for the Prevention of Cruelty to Animals (SSPCA), which enforces the province's Animal Protection Act, has cautioned that flooded fields could translate into a jump in animal rescues and mistreatment charges in 2011. Given the higher prices we're seeing today for bred and cull cows there is even less excuse for the tendency among some producers to hold onto their animals when they are running short on feed.

Questions remain with respect to what sort of spending caps, if any, are involved in the SFFP, and whether there will eventually be regional boundaries or other restrictions. ☺

To inquire about the SFFP contact your local SK Ministry of Agriculture regional office; phone the SFFP, toll-free, at 1-877-874-5365 or; visit www.agriculture.gov.sk.ca; applications are also available at RM offices.

No More Free Flooding for Beavers

Saskatchewan producers are now eligible to receive compensation for damage caused by beavers and blackbirds. Ag Minister Bob Bjornerud announced the necessary changes to the province's Wildlife Compensation Program at the SARM convention in Saskatoon on November 9. The move came in the wake of lobbying by RM councilors from northern grain belt municipalities concerned about the flood damage beavers were causing to pastures, cultivated land, hay fields and roads – exacerbating this year's already soggy conditions.

Affected producers can apply to Saskatchewan Crop Insurance for compensation for 100% of damages over \$149. Producers do not have to pay premiums or be Crop Insurance customers.

The RM of Porcupine submitted a resolution to the SARM convention calling for a \$20 bounty on beavers, given that low fur prices had made it unattractive for

trappers to go after them. The apparent success of the province's coyote bounty program had encouraged the resolution.

Beavers and blackbirds join a list of species that can prompt damage claims when producers' land, crops and livestock are adversely impacted. Animals on the list include: predators, white tail and mule deer, antelope, elk, moose, bison, wild boar, ducks, geese and sandhill cranes. The wildlife damages program was developed by the Saskatchewan Party government after the 2006 election. This is the first major enhancement announced

since compensation rates were increased from 80% to 100% in 2008.

Readers may recall that in the 1990s, RM and producer efforts to deal with beavers resulted in a gun toting official from Canada Fisheries and Oceans showing up at the legislative building to charge a cabinet minister with compliance in the disruption of water bodies that might have fish in them. ☞

To access the program, producers can contact their local Crop Insurance Office or call toll free to 1-800-935-0000.



Higher Penalties for Animal Abuse

Penalties are going to get a lot stiffer for that small handful of livestock producers who neglect to provide adequate care for their animals. On November 9, a day that saw a flurry of agriculture related announcements, Ag Minister Bob Bjornerud, proposed changes to the Animal Protection Act that will raise the fines for a first, and each subsequent, offense to \$25,000 along with a possible two-year jail sentence. Currently, the maximum is \$5,000 for a first offense and \$10,000 for each subsequent offense, with a maximum possibility of six months in jail.

The changes came in the wake of a headline grabbing case dating back to the winter of 2008-2009 when 200 head of cattle died from a lack of care on a cattle operation at Outlook.

The Saskatchewan Stock Growers Board of Directors had previously been consulted about the proposed changes. According to SSGA President Calvin Knoss, "The SSGA wholeheartedly supports the changes. Encouraging responsible stewardship is one of our core principles. The small minority of producers who don't take that responsibility seriously cast a shadow on the industry as a whole."

Frances Wach, Executive Director of the Saskatchewan Society for the Prevention of Cruelty to Animals (SSPCA), which administers the Act, welcomed the changes in penalties along with an amendment to the wording of the legislation. Formerly, the Act held those who directly caused the cruelty open to prosecution. The new wording holds anyone "responsible" for causing an

animal distress accountable. This means that in addition to the hired hand, an absentee landlord/rancher who won't spring for the cost of getting more feed could be on the hook as well.


The Ministry also announced \$390,000 in additional funding for the SSPCA over the next three years to help address the recent increase in offences. That funding will allow the SSPCA to hire three new animal protection officers.

The Society has also been concerned recently about the potential impact of flood-induced feed shortages in the northeast as well as an apparent collapse in horse prices. ☞

Farm Plates up for Review

SGI began a review of the farm licence plate system this past fall. Officials from SGI plan to have their review done by the end of 2010 and will be forwarding their recommendations to government sometime in the New Year. The system hasn't been tinkered with for 30 years. The current farm plate program is not subsidized. SGI maintains that the lower cost of farm plates versus other plate categories is due to lower risk factors such as trips of shorter duration that are usually taken in low traffic areas.

Changes being talked about include extending eligibility to those who custom haul for other producers; family members not involved in the farming operation; and retired farmers. Since the farm plate is cheaper and also associated with an 80% refund of the 15% provincial gas tax – who wouldn't want one?

The provincial Cabinet Minister responsible for SGI, Tim McMillan, has indicated that if the actuaries determine extending eligibility will result in increased insurance risk the plates probably won't be the same level of bargain they are today. 

People wanting their comments noted can complete the online survey at www.sgi.sk.ca or phone toll free to 1-888-751-1816.

LANE REALTY CORP.

For the most VALUE & EXPOSURE that you deserve when selling your farm or ranch property, contact one of our Farm & Ranch Specialists today!

BOB LANE - Regina	(306) 569-3380
KEVIN JARRETT - North Battleford/Unity	(306) 441-4152
JASON BEUTLER - Yorkton/Estevan	(306) 735-7811
ED BEUTLER - Yorkton/Whitewood	(306) 620-7260
GARTH HENDRY - Moose Jaw/South Central	(306) 631-0802
JEFF HEGLAND - Saskatoon/Prince Albert	(306) 270-9050
DALE MURDOCH - West Central/Kindersley	(306) 774-6100
JASON SELINGER - Qu'Appelle/Weyburn	(306) 861-1750
DOUG JENSEN - Melville/Raymore	(306) 795-2644
MORLEY FORSYTH - SW Saskatchewan	(306) 672-6629
STAN HALL - Davidson/Strasbourg/Humboldt	(306) 725-7826
MURRAY MURDOCH - West Central Saskatchewan	(306) 858-8000
DARRELL HERAUF - Dairy / Poultry	(306) 527-9636
MORWENNA SUTTER - NE Saskatchewan	(306) 327-7129
FLORENCE KOMARNISKI - Lane Realty Corp. (Manitoba) Ltd.	(204) 638-5270

"Now representing purchasers from across Canada, the United Kingdom & Mainland Europe!"



LANE REALTY CORP.
Saskatchewan's Farm & Ranch Specialists™

PH: 306-569-3380

Visit our website at www.lanerealty.com
to view current listings and virtual tours

Higher Retail Prices Predicted for US Consumers


US consumers should prepare for significantly higher meat prices in 2011; especially for beef. That's the assessment of Chris Hurt, an agricultural economist at Purdue University. Hurt's comments were reported in the Nov. 5 edition of CCA Headlines.

According to Hurt, during the period prior to 2007, corn was averaging US \$2 a bushel and retail beef prices averaged about US \$3.84 per pound. Today, corn prices are around US \$5.00 per bushel and in 2011 retail beef prices can be expected to reach an average of US \$4.65 per pound.

Hurt predicted that hog inventories could expand by as much as 1% in 2011, but the impact on beef will be minimal given that a decline in US cattle numbers of 2% - 3% for 2011 is anticipated.

Poultry production could expand as much as 2% in the US in 2011, but Hurt advised against it because that would drive feed prices even higher.

Back in 2009 and early 2010, US observers had noted that despite higher prices being paid for fed cattle by packers – US retailers were too worried about sticker shock to increase consumer prices. Based on the *Beef Business* retail price survey, (which, while based on one urban market,

is dominated by the same large chains operating across the west), Canadian retailers haven't been as shy about increasing prices. Ground beef prices rose by 24% in Regina over the course of 2010, whereas carcass prices went up by approximately 25%. Given the lag time between the setting of carcass values and the retail price sticker going onto the meat, we can safely say that Canadian retailers are already managing to keep up as of December 2010. 

**Help the SSGA fight for your industry!
Become a member today**

EU Bans Cloned Livestock


The European Commission, an EU governing body, announced an interim ban on products from cloned animals, cloning technology and clone genetics on Oct. 19, 2010. The interim decision came in the wake of a report on cloning commissioned by the Commission and is expected to be replaced by permanent legislation.

The EU action was criticized by Dr. Mark Walton, president of the Texas-based biotech firm ViaGen. In a company news release issued on Oct. 19, Walton stated, "Today's report from the European Commission is very disheartening. Nowhere in the report does it mention that animal cloning can actually improve animal health."

"This technology has important application in today's livestock industry, and this proposed ban on livestock cloning in Europe further limits the ability of European animal breeders to compete in the global market, and could even impact its use worldwide," added Walton.

In the US, products from clones are not restricted from the marketplace. And, according to Walton, "Government and private food safety authorities around the world agree the products from cloned animals and their offspring are safe."

ViaGen reports that clones are used in the US today to "improve product safety and quality by distributing superior genetics more broadly."

Not surprisingly ViaGen doesn't provide much ink to describe exactly what the EU's objections are. The EU position amounts to a zealously applied precautionary principle which places a heavy burden of proof on anyone advancing a new technology. It can prove near to impossible to demonstrate a new product or technology is safe at all times in all imaginable conditions. Another criticism leveled at the technology is its potential impact on genetic diversity. Indeed one doesn't have to be European to notice that in some industries like poultry, hogs and dairy the gene pool has been shrinking with the assistance of biotechnology that has been legal and in use well before cloning became possible. There are no restrictions on the marketing of cloned livestock products in Canada. 

Semi-Annual Meeting Notice

**January 20, 2011
1:00 pm
Saskatoon, SK**

1st Call for Resolutions

Please submit resolutions to:

Harold Martens
345 Laurier Drive
Swift Current, SK
S9H 1L3

Phone: 306-773-6782
email: mbranchltd@shaw.ca

EU Trade Deal Getting Closer


Canadian and EU trade negotiators reported this fall that a comprehensive free trade deal is on track for 2011. The Canadian Cattlemen's Association has suggested that "An agreement with the EU could be the biggest single opportunity for the Canadian cattle and beef industry since the Canada-US FTA."

That said, a CCA report issued in October 2010 cautioned that negotiations were now entering into sensitive areas and one of the difficult issues was unfettered access for Canadian beef into Europe. Apparently negotiators are holding back on pushing for access of Canadian poultry and dairy products. This comes as no big surprise – since Canada's supply managed sectors have managed to remain immune to adjustment or inclusion with respect to trade agreements.

While a joint EU-Canada study reported that Canadian agricultural exports to Europe could double if the deal goes through, it also noted that besides the high tariffs and low quotas we currently

face, the EU has non-tariff barriers that make market access difficult (e.g. imported meat has to be synthetic hormone free).

The potential for non-tariff barriers to be a problem after a deal is consummated hasn't been lost on cattle industry officials. In his address to the annual State of the Industry luncheon at Agribition, CCA president, Travis Toews, emphasized the importance of ensuring that the full range of technical issues related to beef access are dealt with by negotiators, given the EU's penchant for coming up with technical non-tariff barriers related to things like animal health and food safety.

Some observers wonder if Canada's negotiators really expect the Europeans to allow the entry of hormone implanted, antibiotic fed or cloned product into Europe. And if access is supposedly opened up to animals that were raised free of these sorts of processes, how will they expect us to prove it? 

China Deal Not Yet Paying Off

The Canadian Cattlemen's Association has predicted that the trade deal for UTM bone out beef and tallow negotiated with China in June of 2010, will not likely translate into actual sales until the end of 2010 at the earliest. Apparently it has been taking a while to work out the technical details related to the deal.

In November 2010, the CCA's director of international relations, John Masswohl predicted that the Chinese tallow market alone could translate into \$60 million in sales for the Canadian beef industry.


One of the under reported facets of getting re-entry of Canadian beef into markets that shut the door on us post-BSE, is that getting a deal signed doesn't mean imports start to flow the next day. Two things have to happen first. One is that the technical details have to be worked

out. For example, issues around whether our plants and inspection methods meet the importer's standards, labeling and other minor questions might need to be addressed.

The other hold-up relates to the response of packers and marketers to the new opportunity. Sales can take some time to close and packers need to determine how they can adjust their cattle purchases, plant and transportation logistics to take advantage of new opportunities. Indeed, while the ability to send more cow lips into Cuba appears from the outside to offer a great value-adding opportunity, it might not be an immediate top of mind concern for a meat marketer (who already has a customer for lips, albeit maybe not at optimal prices). It might take some time to figure out how to make the most of opportunities to sell specialty cuts like lips,

lungs, tripe, etc. You need to ensure that you can cut and package tripe and lips just the way your new customer likes it.

Federal Agriculture Minister Gerry Ritz, who has travelled the globe getting borders reopened to Canadian beef, has noted the issues described above and has also indicated mild frustration with the apparent lack of enthusiasm that marketers were demonstrating with respect to some of the new business he'd found for them.

For example, during an interview with *Beef Business* in 2009, Ritz noted his disappointment that several months after getting deals negotiated with countries like Saudi Arabia and Jordan, Canadian meat dealers weren't yet making significant sales into those countries. 

PARKSIDE FARM & RANCH



30' 5-BAR PANEL



30' WINDBREAK PANEL



GRAIN TROUGHS & SILAGE BUNKS



SQUARE HD BALE FEEDERS



GRAIN & PELLET FEED BOXES

Authorized dealer For SAKUNDIAK Grain Bins

We also offer:
Pole Buildings, Texas Gates,
Bin Crane Rental, Bin Moving,
Equipment Washing,
Thawing Water Bowls, Pasture
Brush Mowing, Grass Seeding.

PARKSIDE FARM & RANCH
BOX 278 KENNEDY SK S0G 2R0

OFFICE TOLL FREE
1-877-371-4487

OFFICE: 306-538-4487

CELL: 306-577-7694

FAX: 306-538-4411

EMAIL: parksidervices@sasktel.net
www.parksidefarmandranch.com

At Early Sunset Ranch... Only The Good Ones Sell!

Annual Production Sale - February 25, 2011 - 1:30 pm CST - At the Ranch



Offering

35 Angus Bulls ~ 10 Simm Angus Bulls (Profit Makers)

15 Open Yearling Angus Heifers ~ 10 Open Yearling Simmental Heifers

View the catalogue online at www.cattlemanagement.ca

Optimal Bovines Inc.

Rob Holowaychuk 780-916-2628
Fax: 403-343-6133
#407, 4808 Ross St., Red Deer, AB T4N 1X5
Mark Holowaychuk 403-896-4990
Bob Toner 306-932-2180
Kirk Hurlburt 306-222-8210



Jim Grant & Peggy Grant

P.O. Box 220, Edam, SK S0M 0V0

Phone/Fax: (306) 397-2541

Cell: (306) 441-3590

Email: earlysunsetranch@hotmail.com