

Meat Business

The Beef, Pork & Poultry Industry Magazine

Beef Prices Continue to Rise

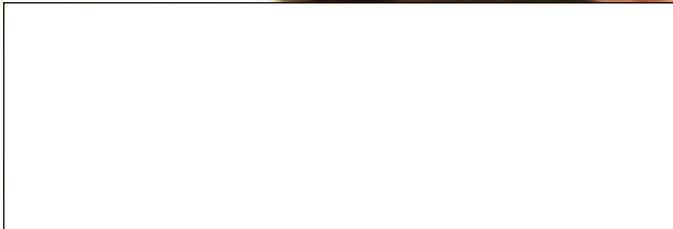
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PUBLISHER

Ray Blumenfeld
ray@meatbusiness.ca

EXECUTIVE EDITOR

Alan MacKenzie
alan@meatbusiness.ca

CONTRIBUTING WRITERS

Robert de Valk, Kevin Grier, Randy Butler,
Ronnie P. Cons, Mandy D'Autremont

CREATIVE DIRECTOR

Krista Rutledge

FINANCE

Jerry Butler

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We Communications West Inc.

106-530 Kenaston Boulevard
Winnipeg, MB, Canada R3N 1Z4
Phone: 204.985.9502 Fax: 204.582.9800
Toll Free: 1.800.344.7055

E-mail: publishing@meatbusiness.ca
Website: www.meatbusiness.ca

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The other chicken meat

WHILE THE MAIN meat proteins have declined since 2007 on a per capita basis, there is one less known meat protein that has almost doubled in consumption. This meat is a subset of chicken

meat known as fowl or mature chicken meat and this trend is unique to Canada. Statistics Canada data indicates that chicken per capita consumption declined from 32 kilograms in 2007 to about 30 kilograms in 2012, while mature chicken meat per capita consumption increased from 1.7 kilograms to 3.3 kilograms, over the same time period.

Recently, mature chicken meat has been in the news, but for the wrong reasons. Mature chicken is a by-product of the egg and hatching egg industries. Making use of this by-product was not easy. It took Canadian further processors years to perfect the use of fowl meat and the efforts have paid off as Canadians and consumers in 34 countries are eating more mature chicken products than ever before.

Canadian further processors have become world leaders on how to use mature chicken meat because it is cheaper than young chicken meat and supply is not controlled at the border. Currently, about one-third is supplied by Canadian sources and the remaining two-thirds are imported from the USA. Canada has been the most consistent and largest buyer of USA mature chicken meat for over 30 years. This constant demand was artificially created by the setting up of supply management for young chicken in 1978. As a result, the price of chicken products increased, providing a natural market for lower priced mature chicken products.

The use of older animals for meat is an efficient and environmentally friendly practice. Beef and dairy cows are an essential part of total beef supply. Similarly, mature turkeys are used to manufacture turkey sausages and canned, flaked turkey.

Consumers everywhere have accepted differences in meat value based on age because it is usually reflected in the price. So it is with mature chicken meat. Canadian further processors have used the toughness and taste of mature chicken to their advantage to make cheaper and tasty chicken products by using special technology and at lot of trial and error experience. Canada's ethnic community purchases a lot of mature chicken which is used in the buffet style restaurant format that is now very popular. Some chicken products can only be made using mature chicken.

To better track mature chicken growth, the Minister of Agriculture and Agri-Food Canada (AAFC) agreed that a special report would be prepared by his department. This publication has been available for several years and documents growth since 2007. In 2007, the Canadian processing industry imported about 28 per cent of U.S. mature chicken slaughter. By 2011, this increased to 34 per cent due to growing demand for lower priced chicken products as a result of a worldwide economic recession. Financially challenged consumers traded down at the meat counter. Chicken breast meat demand suffered while demand for dark meat and mature chicken meat reached new heights.

A further increase in Canadian demand has been documented by AAFC and it now stands at about 43 per cent of U.S. slaughter. Part of this increase is due to further product development. Some of this recent increase may also be due to some misclassification issues at the border which Canada Border Services Agency is investigating. The bottom line is that Canadian consumers and the economy have been well served by innovative further processors providing a range of cheaper priced chicken products that are not being provided by the chicken supply management system. This demonstrates the skill and determination of the Canadian meat and poultry industry to find ways to service the Canadian consumer while making investments and creating jobs. **M**

Robert de Valk is an Ottawa-based food consultant who has served the Canadian meat and poultry industry for over 30 years.



Photo: Canada Beef Inc.

Beef Prices Continue to Rise

Why your steak is getting more expensive.

By Kevin Grier

OVER THE PAST several years, beef prices at the consumer level have increased more than other consumer items. This is likely to continue to increase even more in 2014.

The Statistics Canada Consumer Price Index (CPI) is an indicator of the changes in consumer prices experienced by Canadians. The CPI measures price changes by comparing, over time, the cost of a fixed basket of goods and services. This basket is based on the expenditures of the target population in a certain reference period, which is currently 2011. The CPI measures a wide variety of products including a basket of retail prices for beef from Canadian grocery stores.

The CPI measure has its critics, particularly grocery retailers, who say that it does not capture the weight of products sold on feature, which can be huge. With that noted, the CPI does

provide a good overall indication of pricing direction and magnitude of changes.

Over the past 14 years from 2000 to 2013, all items in the CPI, from furniture to cars and milk, increased at a compound annual rate of two per cent. Over that 14 year time frame all food items increased by three per cent while beef increased four per cent each year. During 2013, consumer beef prices increased by three per cent, while food and all items increased by one per cent. During January of 2014, beef prices increased by four per cent compared to January of 2013. Meanwhile in January all food and all items increased by just over one per cent. The bottom line is that over the longer of the past decade or the shorter term of the past year, beef prices at the consumer level have been accelerating at a faster pace than food and all items in total.

Beef demand

The performance of beef prices is important because it has implications for beef consumption, which in turn has implications for the beef industry.

At a basic level, demand is the combination of price and quantity consumed. Under normal demand circumstances, the higher the price of a product, the less of that product demanded and vice versa. In those “normal” circumstances, demand for the product is neither increasing nor decreasing.



Grocers have more control over their own retail pricing than packers or cattle feeders can exert on cattle prices.

Declining demand occurs when prices are declining and yet consumption is also declining. Being unable to attract consumers despite lower prices is a very challenging time for any industry. Conversely when prices are increasing and yet consumption is increasing, that is a period of increasing demand. Being able to increase price and still draw consumers is a very positive development for any industry.

In the case of beef, it appears that over the past 20 years or so, demand has been behaving normally. That is, when prices are high, Canadians eat less and when prices are low Canadians eat more. From 1991 through 2013 when the deflated CPI for beef increased, like last year, Canadian per capita consumption of beef declined. Conversely when prices were lower as in the late 1990s and 2000, Canadians ate more beef. Again that behavior is relatively normal and to be expected.

Beef and cattle comparisons

Statistics Canada not only tracks consumer price indexes but also the price indexes of raw products and livestock such as cattle. Tracking the beef versus the cattle indexes shows, perhaps not surprisingly, that there is a strong relationship between consumer beef prices and Canadian cattle prices. As cattle prices go, consumer beef prices follow. In fact when tracked on a quarterly basis and lagged by one quarter, there is a nearly 80 per cent R-squared relationship between year-over year-changes in the two prices. That suggests that cattle prices are a good explanation of consumer beef price direction.

Another way to look at the relationship is that the quarterly change in cattle prices in Canada tends to lead the changes in consumer beef prices. When cattle prices increase, beef prices increase and vice versa. Cattle prices are more volatile than consumer prices. Raw commodities tend to be more volatile than consumer goods for a variety of reasons. One reason is that grocers have more control over their own retail pricing than packers or cattle feeders can exert on cattle prices.

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Grocers desire less volatile upward or downward movement in store prices from a marketing perspective.

During the last two quarters of 2013, cattle prices increased by eight per cent on a year-over-year basis. Meanwhile over that same time period, consumer prices increased by just two to three per cent. That means that consumer prices have not kept pace with cattle prices. The bottom line is that if the past performance of prices is any indication of the future, then beef prices are headed up by another five per cent or so during the first half of 2014.



As the wholesale price of beef increases, retailers are obviously finding it increasingly difficult to feature beef.

Expensive compared to other meats

While beef prices at the consumer level have increased more than other items and are likely to continue to increase even more, another factor is relative prices. It is important to look at the price of beef relative to pork and chicken at the wholesale level. The relationship between the three main meats can be measured at the wholesale level using the Canfax boxed beef cutout value in comparison to the R.A. Chisholm pork cutout and the Chicken Farmers of Canada chicken composite.

During the first seven weeks of 2014, the beef spread relative to chicken has been running three to four times more than the average during 2009 to 2013. The spread relative to pork is running about 1.5 times more than the five year average. The fact that beef is more expensive relative to the other meats and relative to history suggests that beef would be viewed less favorably by retailers.

While consumer prices have been increasing sharply, as noted above, they are not keeping pace with cattle prices or wholesale boxed beef prices. Wholesale boxed prices were up about eight per cent in the second half of 2013 compared to 2012, which is similar to the cattle cost increase noted above. The relative performance of the competing meat prices in combination with retail and boxed beef prices means that retail beef margins are struggling. In fact relative to the

previous five year average, current beef margins are running about 20 to 25 per cent less than average. Pork and chicken margins are close to the five year average.

Beef featuring declines

As another point of note, the George Morris Centre tracks beef features in grocery flyers at the major banners across southern Ontario. During January, beef comprised 31 per cent of fresh meat features in Ontario flyers. During the previous eight years, beef comprised 37 per cent of fresh meat features during January. In addition, the centre tracks features on the front pages of grocery flyers across Canada. Over the last several years, beef typically has featured on two thirds of the front pages of flyers across the country. The share of beef on flyer front pages has been declining in recent weeks in 2014.

As the wholesale price of beef increases, retailers are obviously finding it increasingly difficult to feature beef. That is, the higher the wholesale price of beef becomes, the less attractive beef can be priced at in flyers. Retailers appear to be responding rationally to the higher beef costs and weaker margins by featuring less. That is important because flyers can move anywhere from two to five or even 10 times the normal volume of a regularly priced beef item.

The bottom line for the cattle and beef industry is that there are going to be serious challenges to beef market share during 2014. Part of the challenge is that grocers and consumers will turn their attention towards competing meats, particularly chicken, given the pricing performance noted above. Fewer features mean that beef sales tonnage will decline in Canada. In addition, even ignoring features, the overall price of beef is going to increase. Given the demand discussion noted above, that means that Canadians will simply eat less beef.

The forecast for beef production in North America during 2014 is for a decline of at least three per cent. As such, the sales tonnage decline will be in addition to the fact that there is simply less North American beef production expected in 2014.

The cattle industry is likely to enjoy very strong returns in 2014 which is good news for an industry which has struggled for many years. Within that context, however, the reduced sales and tonnage means that the industry risks losing market share. For an industry that has struggled to keep consumers, a loss of market share will be a challenge when production begins to increase in the future. **M**

*Kevin Grier is a senior market analyst with the George Morris Centre. He can be contacted at kevin@georgemorris.org. A version of this report first appeared in the George Morris Centre publication, *Canadian Cattle Buyer*.*

Critical Trade Deal

Canada reaches free trade agreement with Korea.

ON MARCH 11, Prime Minister Stephen Harper announced that Canada and the Republic of Korea have concluded negotiations for a bilateral free trade agreement (FTA), a development that was applauded by representatives of Canada's meat industry.

The FTA eliminates tariffs and reduces non-tariff measures that hinder market access for Canadian exporters and investors in Korea, bringing transparency and predictability to the business environment. Once the agreement is fully implemented, Korea will remove duties on 98.2 per cent of its tariff lines, covering virtually all of Canada's imports.

Korea is the world's fifteenth largest economy, with a GDP of \$1.1 trillion. It is the fourth largest economy in Asia, with a population of 50 million people.

"Our government recognizes the importance of opening new markets for Canadian goods, services and investment which is why we launched the most ambitious trade agenda in Canadian history," Harper stated.

The Canadian Meat Council (CMC) said it is essential that the FTA be ratified and implemented as soon as possible, as a delay in the conclusion of the negotiations has put Canada at a disadvantage. Competitive markets like the European Union, the United States, Australia and Chile already have agreements with South Korea.

For countries without agreements, South Korean import tariffs are 40 per cent for chilled and frozen beef, 22.5 per cent for chilled pork and 25 per cent for frozen pork. In the case of countries with free trade agreements, these tariffs are reduced progressively until they reach zero, the CMC noted.

After having reached \$96 million of beef and \$233 million of pork in 2011, the absence of competitive market access resulted in Canadian beef and pork exports falling to \$10 million and \$129 million in 2012 and to only \$8 million and \$76 million in 2013, according to the CMC.

"Characterized by an economy that ranks fifteenth in the world, a population of 50 million mostly middle income consumers, and an import demand that exceeds \$2 billion for beef and pork products annually, the South Korean market is highly coveted by all of the globe's major meat exporting nations," CMC executive director Jim Laws said in a release. "By the time Canada's meat processors and exporters regain competitive access, it is projected that annual beef and pork exports will rebound and reach \$100 million and \$300 million."

The Canadian Pork Council (CPC) noted an American study evaluated the benefits for the U.S. pork sector of the FTA between U.S. and Korea at US \$10 per hog, and that benefits for the Canadian pork industry should be similar.

"The completion of a Canada-South Korean Free Trade Agreement was of critical importance for the Canadian pork sector. Korean people recognise the quality of Canadian pork due and we look forward to rebuilding market share lost in South Korea," CPC chair Jean-Guy Vincent said in a separate release. "The absence of an FTA with Korea was causing substantial and growing prejudice to the Canadian pork industry due to the tariff rates since all of our key competitors in Korea have FTAs in place." ^M

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"By the time Canada's meat processors and exporters regain competitive access, it is projected that annual beef and pork exports will rebound and reach \$100 million and \$300 million."

— Jim Laws, Canadian Meat Council

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Significant Shortfall Seen

North American hog slaughter could decline by nearly 18.5 million hogs over 2014 and 2015.

ACCORDING TO A new Rabobank report, Canada will see a significant shortfall of hogs next year if the porcine epidemic diarrhea virus (PEDv) spreads at a similar rate as it has in the United States, where the virus has so far had impacted about 60 per cent of the country's breeding herd.

The financial services group's Food & Agribusiness Research and Advisory team said the North American hog slaughter could decline by nearly 18.5 million hogs over 2014 and 2015, or 12.5 per cent relative to 2013 levels – a significant two-year shortfall.

Overall U.S. pork production is anticipated to decline six per cent to seven per cent in 2014, the most in more than 30 years, the report said.

"In the U.S., we see the outbreak of PEDv causing a significant shortfall in the availability of market hogs in 2014 – to the tune of 12.5 million hogs or 11 per cent of annual slaughter," Rabobank analyst William Sawyer. "Given the ever rising number of PEDv cases reported, coupled with a six-month average lifecycle, the months of August through October are likely to be the tightest for processors, where slaughter could decline by 15 per cent to 25 per cent against 2013 levels. If the virus continues at its current rate, the shortfall to U.S. slaughter in 2014 could be as much as 15 million hogs."

PEDv is not a food safety issue and it does not affect humans. However, it is fatal for very young pigs and highly contagious, making it devastating for producers. It was first discovered in the U.S. in May 2013, Rabobank said.

"The specific origin of PEDv in the U.S. has not been definitively identified but strains of PEDv in the U.S. have indicated a close relationship with PEDv strains in China," the report said. "What is clear is that once the virus enters a region, it can spread quite easily and rapidly throughout an entire population."

The first PEDv case in Canada was confirmed Jan. 22 in Ontario. There have been 38 cases in Ontario as of March 24, according to Ontario Pork. Manitoba, Quebec and Prince Edward Island have each reported one case.

The bank said the spread of the virus could be slower as

summer approaches, making containment less problematic. It also noted that Canada "ramped up biosecurity policies" shortly after the first cases were confirmed to try to prevent a scenario similar to the U.S.

The report also noted that U.S. mandatory country-of-origin-labelling (COOL) has limited what could have been an increase of exports of Canadian hogs to the U.S. during this time.




"What is clear is that once the virus enters a region, it can spread quite easily and rapidly throughout an entire population."

– Rabobank report

"The U.S. would have looked to Canada in the past to help backfill vacant barns and processing capacity," the report said, noting that live Canadian hog shipments to the U.S. have declined to nearly half of 2007 levels of about 10 million. A strong Canadian dollar was also a factor, the report said.

As PEDv spread through the U.S. this winter, Canadian producers were incentivized to increase shipments of feeder pigs to the U.S., but shipments actually declined, the report said.

"In the January trade data, shipments of feeder pigs declined by eight per cent on last year and total live pig shipments declined by 17 per cent," the report said. "This may indicate that even with the outsized financial incentive, the hurdle of COOL regulations may prohibit the type of response we would have expected in years past." 

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The "Meatologist" Is In

The importance of education in driving meat department sales.

By *Ronnie P. Cons*

STUDIES SHOW THAT many meat shoppers are undereducated and confused about beef purchases and are thus looking for guidance. The confusion stems from the existence of the many types of beef cuts with varying nutritional values, prices, tastes and methods of preparation.

For instance, a mother of young children will be less concerned about the fat content of the sirloin than would someone with heart disease. Thus the latter would want to know which cuts are the leanest, while the former might want to know which cut is tastier for her children when grilled.

The confusion and concern has only increased due to the many new recipes for different cuts as well as a general increase in the desire for nutritional information.

Today's consumer wants to be well informed about what he eats, and the meat department personnel must be knowledgeable enough to answer all the questions the consumer might have. He or she must be able to answer questions ranging from: what cut to buy; storage; preparation and receipts; nutritional value; taste of final product; which type of people generally prefer which cuts (kids vs. adults) etc.

In order to answer this need, the meat department should ideally have at least one meat expert on hand at all times. This person will be the "meatologist" – the store's official meat expert and go-to person to answer all meat-related questions. This person will be perceived as a very valuable resource by the consumers, as they will now feel more confident in their meat purchases. The existence of this meatologist should be advertised in the regular flyers and in a store display positioning him or her as a meat expert ready to guide them in all their purchases. This exposure will position the department as a home to meat information experts, which will lead to a greater volume of new clients, higher sales and customer satisfaction.

If a current meat department has no meat expert on hand but just personnel who are somewhat informed, then the manager can install an education program to educate a couple of the personnel over the coming months. After hours training by a hired meat consultant or having them study the necessary literature to become a meat expert can be implemented. A final evaluation of the personnel by a meat expert will confirm if the person is ready to take on the title of "meatologist." Another option is hiring a new person for that position.

The marketing effect of having such an expert will be enhanced by having the meatologist wear a distinct outfit, featured on an in-store poster.

The second part of meat education that goes hand-in-hand with an educated staff is having all the resources on hand

to educate the customer. Tools must be available that the meatologist can refer the customer to so that he can educate himself and answer in detail any questions that he may have. For example, the meatologist might be posed a question on the nutritional value of a particular cut of beef. He or she will answer the question in brief and then direct the customer to a "information wall" that has the brochure (among many) that discusses that cut of beef. This brochure can contain all the useful information about that type of cut, including



This exposure will position the department as a home to meat information experts, which will lead to a greater volume of new clients, higher sales and customer satisfaction.

nutritional value, methods of preparation, recipe tips, and portion sizes. The brochure should also have practical advice on how quantities to buy according to the number of diners. This will lead to a simple request to the department for that amount. This information wall can also contain posters, such as one that shows all the beef cuts and final prepared products from those cuts.

One modern method is to place an on-site computer for the use of the consumer linked to a website that allows one to enter from a list, the type of cut one wants and the type of preparation one wants to do and it will show the results with pictures and recipes. This method is inexpensive as websites like these already exist and are free to use. The result is a very cool meat department and a buzz that will bring more clients.

In summary, having educated meat personnel and in store educational resources will lead to more educated and satisfied clients, and act as an engine to drive sales and profits. **M**



Ronnie P. Cons is the executive vice-president of C&C Packing Inc., a leading Canadian meat and poultry distributor. He can be reached at 514-461-5202 or rcons@ccpacking.com.

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Organic Meat Sector Growing

New handbook filled with tips and techniques for organic livestock farming.

By Alan MacKenzie

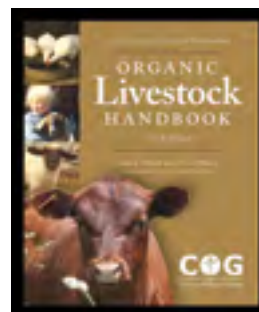
IN MARCH, CANADIAN Organic Growers (COG) launched an updated guidebook for organic livestock producers, *The Organic Livestock Handbook 2nd Edition*, the sixth book in the group's Practical Skills series for organic food producers.

Laura Telford, one of the book's two lead authors said the update was needed because of the changes to organic food production in Canada since the original guide was released in 2000, particularly since the federal government's 2009 release of the Canadian Organic Products Regulations (OPR).

"The first edition was really out of date, because at the time Canada had just a voluntary organic standard and there was no federal regulation," Telford said. "Some could argue that it is stricter now, but the rules have become much clearer."

Although a small part of the organic industry, meat is one of the fastest growing segments of the sector, she added.

Feed and housing are the main considerations for producing organic meat, Telford said. Feed needs to be 100 per cent organic, with no additives or genetically modified organisms (GMOs). In terms of housing, animals must be raised in low-stress environments – a trend that Telford said has been extending beyond the organic sector. Over the last year Canadian pork producers including Olymel and Maple Leaf Foods – along with U.S. giants Tyson and Smithfield



– announced business plans to phase-out the use of space-limited gestation stalls for pregnant sows.

"The hog industry moving toward loose housing for sows is something the organic sector has really been leading, and it's gratifying to see that the rest of the world is heading in that direction too," Telford said. "But, of course, that's only one aspect of it."

The handbook is filled with tips and techniques for producers thinking about starting up an farm or making the transition to organic, and includes profiles on organic livestock farm operators from across Canada.

"The main strategy in organic livestock production is to use the highest quality feed you can afford and minimize stress as much as possible," she said, noting that the best way for organic livestock farmers to keep feed costs down is to grow their own feed, provided they have the land base.

"If nothing else, focus your investment on feed – but that's not usually affordable unless you're growing it yourself," she said. "There may be one exception to that, and that's chickens,

because a lot of chicken producers don't have the land base, so the economics seem to make sense to purchase feed."

The high costs of feed are one of the main reasons meat still remains the smallest part of the organic food sector, Telford noted. The organic sector itself has tripled in value since 2006 and is now worth an estimated \$3.5 million – but the meat, poultry and fish category makes up only one per cent of organic sales in Canada, according to a 2012 report from the Canada Organic Trade Association (COTA).

"Mainstream retailers have only just started stocking organic meats," Telford said, noting that high prices mean it is still a niche market. "Consumers are often looking at a 200 per cent premium over conventional (meats)."

Another aspect that has changed for the organic industry, which could lead to more sales, is the growth of the international market, with major trade deals like the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) that was signed last October. Also, Canada has equivalency agreements on organics with the United States, European Union, Switzerland, and Costa Rica.

"Canada now has harmonized standards with four major trading partners which represent about 96 per cent of the world's organic market," she said. "That whole trade aspect has changed since the first edition of this book. Back then it really focused on a local system, but organics has grown and changed."

Telford has been involved in the organic sector since 2003, when she became the director of the COG. She now lives in rural Manitoba and works for Manitoba, Agriculture, Food and Rural Development as an organic marketing specialist.

Her co-author, Anne Macey, was an editor of the first edition of the handbook, and has contributed to several COG publications. She is a member of the Animal Welfare Task Force and chair of the Livestock Working Group of the Canadian General Standards Board's Organic Technical Committee. Currently she lives on Salt Spring Island, B.C., where she recently opened an abattoir for local livestock farmers.

The authors were assisted by Dr. E. Ann Clark, a grass-farmer based in Warkworth, Ont., and Roger Henry, a soil and water technician with Agriculture and Agri-Food Canada.

The book is divided into three sections – the underlying principles of organic management, an introduction to various tools, and specific examples and case studies of organic livestock operations in North America, including dairy, beef cattle, sheep, goat, hog, and poultry operations.

The book is available at www.cog.ca.



"The main strategy in organic livestock production is to use the highest quality feed you can afford and minimize stress as much as possible." – Laura Telford, author

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Former and current students of the NMTC.

Back to School

National Meat Training Centre at Olds College reopens with expansion and updates.

By Randy Butler

BIG THINGS ARE happening at the National Meat Training Centre at Olds College. The centre was closed in the Fall 2013 term as it underwent a large renovation that allows students to learn more efficiently, and more effectively.

The renovations are now complete, and the National Meat Training Centre re-opened for the Winter term in January, with a crew of students who are dedicated to learning the art behind meat processing. The grand re-opening celebration was held on March 14. The celebration included recognition of the visionaries of this expansion, including Brad McLeod and David Hale from the National Meat Training Centre, as well as government supporters and members of industry, many of which were former students. Perhaps most importantly, was a tour of the new facilities.

“Our multi-purpose facility is fully equipped to teach value added skill sets and knowledge to our students, so when they leave here they are prepared to be leaders in the meat industry,” explains Brad McLeod, program coordinator of the college’s meat processing program.

The updated, expanded National Meat Training Centre at Olds College is home to the Meat Processing program, a one-of-a-kind program in North America that offers training in the complete process stream, from slaughter to retail, into 15 weeks. The program includes teaching hands-on practical techniques and science for the highest premium quality cuts. Students learn techniques for professional meat cutting, trimming, boning, breaking, wrapping, sausage-making and curing with professional sanitation and food

safety applications, including HACCP (Hazard Analysis Critical Control Point). As Alberta’s training site for humane handling and stunning, and the only program in North America that teaches slaughter skills and techniques such as skinning, eviscerating and carcass preparation, the National Meat Training Centre at Olds College is best positioned to revive the art.

The Meat Processing Certificate earned at The National Meat Training Centre at Olds College is unique in North America, packing the whole process stream from slaughter to retail into 15 weeks. Where big plants once dominated the industry, the revival of the art is back; teaching hands-on practical techniques and science for the highest premium quality cuts. Our successful graduates gain the experience needed to start their own entrepreneurial business venture or find employment in Canada’s third largest industry.

Twice a year our program takes in a wide range of students from all over North America. We teach techniques for professional meat cutting, trimming, boning, breaking, wrapping, sausage-making and curing with professional sanitation and food safety applications, including HACCP. We are Alberta’s training site for humane handling and stunning and the only program in North America that teaches slaughter skills and techniques such as skinning, eviscerating and carcass preparation.

The centre boasts an extensive multi-purpose facility fully equipped to teach our students value added skill sets and knowledge for the meat industry. Our facilities are expanded

to cater to industry from sausage making, dried cured hams to installation of an industrial canner. At our popular retail counter, students will learn applied retail merchandising and customer service skills in explaining the attributes and benefits of various products and cuts.

Potential careers for graduates of the National Meat Training Centre include professional retail or industry meat cutter, value added meat processor, sausage maker, slaughter man, or business operator. Graduates are also well placed to pursue further education options such as a Meat Science degree or with further training graduates can qualify as trained meat inspectors.

The National Meat Training Centre retail store is one of the most popular places on our campus. Open daily, with extended hours on Friday afternoons, the store carries a wide variety of products created by the students, including sausage, cured hams, ground meats, sandwich meat, and more. We also provide custom processing and sides of beef and pork are available. In addition, weekly specials are available to members of the Carnesseur Club. We also recently launched an online store, so customers can make their purchase on their home computers or in our retail outlet.

As a program that is completely self-funded, the National Meat Training Centre is operational because of three income sources. The first two, student tuition and profits made from the retail outlet, are not enough to completely fund the operations of this program. Thankfully, Mountain View County recognizes the value it provides to the community and is stepping up to support the Centre. The county has pledged support of the National Meat Training Centre at Olds College with a generous \$60,000 sponsorship contribution.



“Our multi-purpose facility is fully equipped to teach value added skill sets and knowledge to our students, so when they leave here they are prepared to be leaders in the meat industry.” – Brad McLeod, Olds

College

The sponsorship, spread over four years, will go a long way in ensuring the success of the facility.

“Community support for the National Meat Training Centre at Olds College is essential, as this is one of our programs that receives no base government funding,” explains Tanya McDonald, associate vice-president of research and learning enterprises. “The program survives off of profits earned from the National Meat Training Centre retail outlet, student tuition, and donations from community and industry. We are very thankful for support shown by Mountain View County.”

Randy Butler is a communications coordinator at Olds College in Olds, Alberta.

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Events Calendar promotes upcoming trade shows, conferences, workshops and other events for the meat industry. For up to date listings, visit meatbusiness.ca/events.

McDonald's claims CCA innovation award at AGM

The Canadian Cattlemen's Association (CCA) at its annual general meeting (AGM) in March introduced a new award that recognizes innovation that supports industry competitiveness and sustainability. McDonald's Canada was named the first recipient of the award.

The Beef Industry Innovation & Sustainability Award (BIISA) publicly recognizes industry stakeholders and value chain members for their outstanding commitment to the sustainability of Canada's beef industry through loyalty and innovation. The BIISA is awarded by the CCA on behalf of the producers who operate Canada's 68,500 beef farms and feedlots.

McDonald's was selected for its long-standing commitment to Canadian beef in its hamburgers as well as its 'Our Food, Your Questions' online platform. The platform is an excellent example of how using innovation can enhance the sustainability of Canada's beef cattle industry, said CCA president Martin Unrau.

"Using an innovative approach to address popular myths and misconceptions about products, and particularly beef production in Canada, has served to educate and inform consumers in a very open and transparent way," Unrau said in a release. "Producers also appreciate McDonald's loyalty to Canadian beef. They've set an excellent benchmark for future BIISA recipients to meet or exceed."

"We're committed to telling our food story in authentic and innovative ways that enable us to make a real connection with Canadians," added John Betts, president and CEO of McDonald's Canada, who accepted the award at the AGM in Ottawa. "It's a true honour to be recognized for our achievements and to receive the inaugural BIISA on behalf of the entire McDonald's family and our industry partners."

For more information on the BIISA, and to download an application form for the 2015 award, visit www.cattle.ca.

NAMA to hold Centre of the Plate Training in June

Registration is open for the North American Meat Association's (NAMA) Center of the Plate Training to be held at Texas A&M University in College Station, Texas, on June 3 to 5.

The course combines the resources of one of the top meat science departments in country with the program developed by NAMA and led by Steve Olson, NAMA's standards and specifications advisor and a former specialist with the USDA Agricultural Marketing Service.

Course demonstrations show the breakdown of full carcasses of beef, pork, lamb, and veal into the cuts commonly sold in retail and foodservice. The same cuts are featured in the NAMP Meat Buyer's Guide published by NAMA, which serves as the text for the class. Class participants also learn about industry standards, purchasing options, factors affecting variations of quality, how value can be determined, and the

latest cuts being merchandised in the industry. In addition, this all-encompassing program covers poultry standards and grading, processed meat formulations, and specifications for the most popular seafood items.

For more details, visit meatassociation.com.

RMC program to explore innovative strategies for controlling pathogenic E. coli

The American Meat Science Association (AMSA) recently announced that, Dr. Terrance Arthur, USDA/ARS U.S. Meat Animal Research Center; Dr. Vanessa Sperandio, UT Southwestern Medical Center and Dr. James Wells, USDA/ARS U.S. Meat Animal Research Center will be the featured speakers in the AMSA 67th Reciprocal Meat Conference (RMC) Food Safety Symposium sponsored by Corbion Purac, on June 16.

The beef industry continues to be challenged with control of pathogens in beef products. This session will feature innovative research that increases understanding of how pathogenic e. coli survive and flourish in the bovine digestive system.

Dr. Terrance Arthur will focus on High Event Periods – sporadic peaks in contamination rates where multiple E. coli O157:H7-positive lots are clustered in a short time frame. His research group determined that individual High Event Periods show little to no diversity of strain genotype. Each High Event Period has one strain type that makes up most if not all of the contamination. This differs from the genotypic diversity of E. coli O157:H7 found on the hides of cattle entering processing plants.

Dr. Vanessa Sperandio will address the subject of SdiA Chemical Sensing in Enterohemorrhagic E. coli Colonization of Cattle. The talk will focus on technical aspects of the attachment and action of EHEC in the recto anal junction of cattle. The roles of enterocyte effacement genes and the glutamate acid resistance system in EHEC survival and colonization will also be explored.

Dr. Jim Wells will wrap up the session with a presentation on the Fecal Microbiome in the Bovine Animal. In recent years, human medical research has uncovered an association between gastrointestinal microbes and host immune function, health, and well-being. Microbes can also competitively exclude other bacteria, including pathogens, from a niche. Dr. Wells will explain how current research with cattle using next-generation sequencing is determining how diet can alter the fecal bacteria, and how specific types or groups of bacteria in feces associate with E. coli O157:H7 shedding and animal performance.

The AMSA 67th Reciprocal Meat Conference (RMC) will be held June 15 to 18 at University of Wisconsin-Madison.

For more information regarding the AMSA 67th RMC visit www.meatscience.org/rmc.

Upcoming Events

May 2014

7 – 9

Canadian Meat Council's 94th Annual Conference
Westin Harbour Castle
Toronto, Ont.
cmc-cvc.com

15 – 18

AMSA 67th Reciprocal Meat Conference (RMC)
University of Wisconsin-Madison
Madison, WI
meatscience.org/rmc

28 – 29

Alberta Foodservice Expo
BMO Centre
Calgary, Alta.
albertafoodserviceexpo.ca

June 2014

3 – 5

NAMA Center of the Plate Training
Texas A&M University
College Station, Texas
meatassociation.com

17 – 21

CIFST National Conference
Guelph Food Technology Centre
Montreal, Que.
iufost2014.org

29

Meat Microbiology Course
Guelph Food Technology Centre
Guelph, Ont.
gftc.ca

November 2014

3 – 4

Connect Show
Vancouver Convention Centre West
Vancouver, B.C.
connectshow.com

September 2014

11 – 14

NAMA Outlook Conference
Charleston Place Hotel
Charleston, South Carolina
meatassociation.com

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BRITISH COLUMBIA

Province allows hunting of feral pigs

It is now legal for licensed hunters to harvest feral pigs anywhere in British Columbia, under a new regulatory amendment designating the animal as "Schedule C" wildlife.

Feral pigs can cause significant damage to local ecosystems by competing with local wildlife for forage, damaging crops, uprooting native vegetation and eating the eggs of ground nesting birds. They can also be the source of infectious diseases and parasites which can be harmful to wildlife, livestock and human health, the province said.

Designating feral pigs as Schedule C will assist in reducing their numbers and provide hunters an opportunity to harvest them that was not previously available.

Feral pigs can be aggressive, and may pose a threat to the public or a hunter if they are wounded, the province said. Therefore, the regulation requires anyone harvesting a feral pig to possess a valid hunting licence.

The province said there are not many feral pigs in British Columbia, this is a proactive measure since once established feral pigs are extremely hard to eradicate.

ALBERTA

New executive committee for AFAC

Alberta Farm Animal Care (AFAC), a partnership of Alberta's major livestock groups with a mandate to promote humane animal care within the livestock industry, recently elected a new producer executive committee.

The 2014 annual general meeting of the organization in Edmonton recently saw Brian Chomlak of Alberta Beef Producers take over as chair, replacing Heini Hehli of Alberta Milk. Hehli remains on the board.

James Jenkins of Western Stock Growers Association is the new vice-chair and Ite Veurink of Alberta Chicken Producers is new finance chair. Laurie Fries of Alberta Goat Breeders Association was elected director at large.

AFAC board member organizations cover the broad industry. They include: Alberta Milk; Alberta Pork; Alberta Beef Producers, Alberta Cattle Feeders' Association; Western Stock Growers Association; Alberta Chicken Producers; Alberta Egg Producers; Alberta Hatching Egg Producers; Alberta Pork, Alberta Lamb Producers; Alberta Auction Markets Association; Alberta Agriculture and Rural Development; Alberta Veterinary Medical Association; Alberta Federation of Agriculture; Alberta Equestrian Federation; University of Alberta, Faculty of Agricultural, Life and Environmental Sciences; and University of Calgary Veterinary Medicine.

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A number of additional groups serve as active members of AFAC and as general supporters of AFAC, including Alberta veterinarians, colleges, food companies, meat processors, agribusinesses and individuals. More information on AFAC is available at www.afac.ab.ca.

MANITOBA

Manitoba joins Western Livestock Price Insurance Program

Manitoba will join Saskatchewan, Alberta and British Columbia by participating in the Western Livestock Price Insurance Program (WLPIP), a livestock price insurance program designed to help cattle and hog producers manage price risks.

"With this new program, Manitoba's beef and pork producers can insure their herds against unexpected price drops," Federal Agriculture Minister Gerry Ritz said. "Our government will continue to work closely with the provinces and industry to make sure producers have access to the bankable and predictable tools they need to grow their operations and our overall economy."

Details of the new pilot program are being finalized and will be available for cattle and hog producers beginning this spring. It is a voluntary and user-friendly program which will help producers manage risks related to market volatility and unexpected price declines.

"This insurance program is new territory for the Manitoba livestock sector and something producers have been asking the province to pursue," Manitoba Agriculture, Food and Rural Development Minister Ron Kostyshyn added. "We are pleased to partner with the other western provinces and the federal government to make it a reality. Through WLPIP, producers will now have a new way to manage price risk."

The four-year pilot program will enable livestock producers to protect themselves against unexpected price declines beyond market expectations by allowing them to purchase insurance coverage, while still being able to take advantage of favorable market conditions if livestock prices should rise.

Producers will select from a range of coverage and policy options to help them manage price risk. Indemnity payments will be paid to producers if the settlement price is less than the insured price. The program is intended to be self-sustaining, with premiums fully funded by producers.

"Price insurance has been a long standing request from beef producers and this new risk management tool will help the industry develop the confidence we need to re-build Manitoba's beef herd," stated Heinz Reimer, president of Manitoba Beef Producers. "Beef producers require strong, bankable risk mitigation tools. The combination of this price insurance and the revisions to forage insurance announced this past fall will give beef producers a strong and bankable risk management package, which could fundamentally change beef production in this province."

Alberta's Agriculture Financial Services Corporation is providing program administration across Western Canada, with the Manitoba Agricultural Services Corporation acting as the insurer for Manitoba producers who participate in the program.

Alberta introduced price insurance in 2009 for its cattle and hog producers sectors. In January the Alberta program was expanded to a regional model, opening it up first to livestock producers in British Columbia and Saskatchewan.

The federal and provincial governments will cover the administration and delivery costs through Growing Forward 2. The federal government will also provide deficit financing for the pilot.

ONTARIO

French company to acquire animal health business of Bioniche Life Sciences

France-based Vetoquinol will acquire the animal health business of Ontario-based biopharmaceutical company Bioniche Life Sciences Inc. for \$61 million, the companies announced.

"We look forward to the integration of Bioniche Animal Health business into our organization," stated Vetoquinol's CEO Matthieu Frechin. "This acquisition is a new milestone in the implementation of our long term strategic plan. It will represent a significant reinforcement of our portfolio of products with immediate synergies in Canada and the U.S., and mid-term prospects in other markets."

"In May, 2013, Bioniche Life Sciences Inc. began a formal process to divest our animal health business," added Dr. Michael Berendt, CEO of Bioniche Life Sciences Inc. "This divestment is the logical progression of our corporate strategy to create a well-capitalized company focused on human health. Our goal is the successful commercialization of our Phase III bladder cancer therapy, Urocidin, and the addition of another oncology asset to our development pipeline."

The agreement remains subject to the approval by shareholders of Bioniche Life Sciences Inc., and "the usual closing conditions for a transaction of this type."

Maple Lodge Farms sentenced for animal transport violations

At the Ontario Superior Court of Justice in Brampton, Maple Lodge Farms – Canada's largest chicken slaughter plant – was sentenced in a case involving 60 charges laid by the Canadian Food Inspection Agency (CFIA) for violations under the Health of Animals Regulations.

According to a release from the Animal Alliance of Canada, the company was found guilty of two charges following a two-year court trial in September 2013. On March 27, the company pleaded guilty to 18 of the remaining 58 charges. However, the court ordered sentencing for the 18 charges be suspended for three years during which Maple Lodge will be subject to a probation order which requires the company to spend "no less than one million dollars" to modify transport trailers, change company facilities, transport methods, policies and procedures.

The company was also fined \$80,000 plus a 14 per cent victims' surcharge for the two court convictions. The remaining charges were suspended. The court ordered Maple Lodge to make public, information on the offences of which they were convicted, the sentence imposed by the court and any measures the organization is making to reduce the likelihood of it committing a subsequent offence.

Maple Leaf Foods fined \$110K for employee injury

Maple Leaf Foods has been fined \$110,000 after an employee lost fingers in a chopping machine at a meat processing plant in North York, Ont.

The worker was injured on July 10, 2012. According to a court bulletin from the Ontario Ministry of Labour, the machine had a cage which enclosed a moving blade. Once the cage was lifted the blade would slowly come to a stop. The worker noticed that some meat had become stuck in the blade and attempted to use a hook to pull the meat from the blade, which continued to turn. As the worker did so, the hook became caught by the

moving blade causing the worker's hand to come into contact with the blade.

The Ministry of Labour concluded that Maple Leaf failed as an employer to ensure that a part of a machine was cleaned only when motion that may endanger a worker had stopped.

In addition, the court imposed a 25 per cent victim fine surcharge as required by the Provincial Offences Act. The surcharge is credited to a special provincial government fund to assist victims of crime.

QUEBEC

Government invests in Quebec-based family poultry business

The federal government recently announced that Ferme La Rose des Vents, a poultry producer based in Mont-Laurier, Que., has been granted financial assistance that will enable the firm to increase productivity at its agrifood processing plant.

The investment of \$109,800 repayable financial contribution through Canada Economic Development's Quebec Economic Development Program, will allow the family-run enterprise to expand its plant and purchase secondary and tertiary processing equipment, thereby generating increased revenues.

"By supporting our enterprise, Canada Economic Development is helping ensure that jobs are maintained in our region and that our children can take over the reins," Diane Aubin, owner of the business, said in a release.

"In assisting Ferme La Rose des Vents with the acquisition of equipment, our government is once again demonstrating its commitment to investing in projects that further economic growth," added Denis Lebel, Minister of Infrastructure, Communities and Intergovernmental Affairs and Minister of the Economic Development Agency of Canada for the Regions of Quebec.

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Understanding the Omega-3 Market

Regina company working with processors to see the value of omega-3 enriched meats.

By Alan MacKenzie

Consumer awareness and interest in food products enhanced with omega-3 fatty acids has increased significantly in recent years, and a family feed business in Saskatchewan is on the forefront of this growing market.

Omega-3 fatty acids are polyunsaturated fats that are believed to have numerous health benefits, including preventing heart attacks, diabetes, inflammatory diseases such as arthritis, and even depression.

One of the richest sources of omega-3 is flaxseed – however, flaxseed is difficult to digest due to high oil content and a hard protective husk. But a product called LinPro from Regina-based O&T Farms uses an all-natural blend of flaxseed and pulses that increases palatability and is available in different variations for specific animals, including beef cattle, which typically have a harder time digesting and absorbing fatty acids than monogastric animals.

“All species of animals have different tolerances for what is palatable,” said Tim Weins, president of O&T Farms, a second-generation family business.

Fish and nuts are also common sources of omega-3, but Weins notes that flaxseed is a particularly great source because it won't leave an undesirable aftertaste like fish, or pose allergen risks like nuts.

Consumers willing to pay

Last year, O&T Farms contracted the Nielsen Perishables Group to conduct a survey on consumer interest and awareness of omega-3s in the United States, which found the U.S. to be very receptive, with 79 per cent of consumers polled indicating they are interested in omega-3 enriched chicken, and 58 per cent saying they would pay more for it.

“We expected to find that consumers are receptive to a new health attribute in the meat case, but we were surprised to see such a high percentage who are willing to pay a premium for omega-3 chicken,” said Sherry Frey, vice-president of the Nielsen Perishables Group.

Interest in omega-3 enriched chicken is highest among consumers who shop in natural/specialty food stores, where 93 per cent indicated they are interested in the product, and 80 per cent of those consumers are willing to pay a premium, the study found. Appeal is also high among consumers over age 35.

As the omega-3 market continues to grow, Weins said O&T Farms is now working with retailers and processors on understanding the market, and that they can sell this premium product at a higher profit margin.

“Consumer education is definitely a factor that comes into marketing a new product, but the education of retailers and processors is where we've really been focussing,” he said. “We see that as the first hurdle – if you have the processor on side who sees the value, they will take it to the retailer, who will put a package together that shows the positive attributes.”

“Where health conscious consumers go to is definitely a target-rich environment,” Weins said. “And then the

combination of those consumers who spend more time reading labels and understanding and being more conscious of what they eat, we see that as the best area to lay the framework for a growing industry.”

History

O&T Farms wasn't always in the feed business. It took a bit of reinvention to get them to where they are now.

The company was founded in 1967 by Weins' father and uncle, Ted and Otis Weins, who were previously in the trucking business in Manitoba, hauling eggs and cream for Canada Safeway. At the time Saskatchewan Safeway stores were sourcing eggs from Manitoba, so the brothers saw a need for an egg production facility in the prairie province. By the early 1980s, the company was the second largest egg producer in the country.

“We did some vertical integration in the company, and continued with that into the '90s. We started looking into other ventures that were out there in agribusiness, just trying to stay ahead of the curve,” he said, noting that the company started concentrating its research and development on naturally enriching livestock feeds in 1997.

The original plan at the time involved using the farm's spent hens from the egg laying operation and converting them into a protein energy source for the feed milling operation. However, the company ran into an environmental problem, when they realized how strong the odour from that process was.




“We were surprised to see such a high percentage who are willing to pay a premium for omega-3 chicken.”

– Sherry Frey, Nielsen Perishables Group

“We had to reinvent ourselves and started to use oilseeds and pulses, to see the value that could be gained from using those products in our process. The sum was greater than the parts,” he said. “Then we got into canola, and from there we got into the flax side. Omega-3s were an emerging market and we saw that we had the ability to get more value than conventional straight flax for feeding operations.”

Today, O&T's product LinPro is available in four varieties, including DairyPro and LinPro-R for ruminant animals.

To learn more about LinPro and O&T Farms, visit www.otfarms.ca. 



Rory McAlpine (vice-president of government and industry relations, Maple Leaf Foods), **Member of Parliament David Sweet** (Ancaster-Dundas-Flamborough-Westdale), **Parliamentary Secretary Pierre Lemieux** (Glengarry-Prescott-Russell) and **Rick Young** (executive vice-president, Maple Leaf Foods) at Maple Leaf Foods announcement in Hamilton.

Hamilton Home to New Technology

Government invests \$5M in Maple Leaf Foods to install Canada's first Armor Inox Thermix System.

The federal government on March 20 announced a \$5 million investment for Maple Leaf Foods to purchase and install new meat processing technology to improve the company's operating and production efficiencies and enhance food safety at its new Hamilton, Ont. plant.


The Armor Inox Thermix System, the first of its kind in Canada according to Agriculture and Agri-Food Canada, is a fully automated process that improves food safety and includes built-in features to facilitate product traceability. The system is also expected to improve the shape, texture, consistency and shelf-life of deli meat products while reducing sodium content.

Upon completion of the project, the \$400 million Hamilton plant will have the capacity to produce 82 million kilograms of deli products annually.

"Innovation continues to be a priority for our government, and making strategic investments like this in one of Canada's largest food processors will boost the competitiveness of the meat sector and create employment opportunities for years to come," Parliamentary Secretary Pierre Lemieux stated.

The funding comes through the government's AgriInnovation Program, a five-year, up to \$698 million initiative under the Growing Forward 2 policy framework.

"We are building the most advanced prepared meats facility in North America," added Rick Young, executive vice-president of transformation at Maple Leaf Foods. "The AgriInnovation Program has helped us secure world-class technology that will improve our efficiency and support high skilled, knowledge-based jobs in Canada's food industry."

The Hamilton plant is part of Maple Leaf's major restructuring announced in October 2011 to create what it called a "world-class prepared meats network." Also included in this plan were investments in the expansion of existing plants in Winnipeg, Saskatoon and Brampton. 

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"We are building the most advanced prepared meats facility in North America."

- Rick Young, Maple Leaf Foods

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Dansensor's new gas analyzer for thermoforming, tray-sealing packaging lines



Dansensor recently launched a new on-line gas analyzer for modified atmosphere packaging (MAP) equipped thermoforming and tray-sealing machines.

The new Dansensor MAP Check 3 Vacuum offers food packagers around the world increased process control and traceability data to

help support the latest food safety protocols. The new gas analyzer is ideal for a wide variety of modified-gas food packaging applications including meat, poultry, fish and baked goods.

MAP Check 3 Vacuum continuously measures gas content of the packages before they are sealed. Through a user-friendly touch-screen, the operator can create individual programs for each product. As the packaging machine is running, MAP Check 3 Vacuum takes a gas sample directly from the sealing die and gives an average reading of the residual oxygen (and optional carbon dioxide) for every cycle.

If the gas levels approach the preset limit, MAP Check 3 Vacuum will notify the operator. If the limits are exceeded, the packaging machine will be automatically stopped, minimizing the chance of a future recall. Additionally, labour, product waste and repackaging are reduced when compared with destructive, manual off-line testing.

In common with other Dansensor MAP Check 3 analyzers, MAP Check 3 Vacuum has full data logging capabilities, USB and Ethernet connectivity. It also provides the same level of on-line process control and quality assurance as the other members of the family – the MAP Check 3 and MAP Check 3 Pressure.

The launch of MAP Check 3 Vacuum means that Dansensor can supply precision analyzers for all major MAP techniques on the same MAP Check 3 platform. This ensures compatibility and connectivity, leading to reliable quality assurance and cost savings.

dansensor.com

New Xpert C600 X-ray system meets needs for large food packages

Food processors can now better meet product inspection needs of larger individual products or packages, as well as filled cases, with a new X-ray system designed specifically for detecting metal, glass, dense plastics and other foreign objects in large food packaging.



The Thermo Scientific Xpert C600 X-ray system features a 50 per cent larger aperture and wider X-ray beam than that found on the previously-launched Thermo

Scientific C400. The 22-inch wide by 10-inch tall aperture enables larger food products that do not fit through standard X-ray machines to be examined for contaminants or inspected for missing or damaged pieces. Examples include larger diameter pizzas (individual or stacked in multipacks), bagged or cartoned items, bulk packages and/or those already placed in corrugated cases.

The system can analyze an X-ray image to estimate weight and fill or determine whether a packaged item has missing objects. Its highly-sensitive detectors are available in 0.8mm resolution, and its suite of algorithms is designed to find small contaminants in complex images with few, if any, false rejects. The Xpert C600 also features a high power 160W X-ray source for better penetration of large objects.

The unit's flexible software design also allows up to eight lanes to be simultaneously fed through the aperture to maximize throughput and reduce cost of inspection.

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Dr. Davey Griffin & instructor Steve Olson



Updated Pig Code of Practice

After three years of multi-stakeholder consultations and a 60-day public comment period, an updated Code of Practice for the Care and Handling of Pigs was unveiled on March 6.

The Code of Practice is a product of the National Farm Animal Care Council and the Code Development Committee, a 17-person group of representatives from the Canadian Federation of Humane Societies (CFHS), pig producers, scientists, transporters, processors, veterinarians and government.

Highlights of the revised code include a full commitment to adopt loose housing for sows and gilts in all new facilities built after July 1, and a further ban on conventional stall systems that continuously restrict sow movement by 2024.

"This new code is a watershed moment in Canada," Barbara Cartwright, CEO of the CFHS, stated in a release. "Negotiating significant advancements in animal welfare was an arduous process because the CFHS advocates for only those farming practices that provide good welfare for the animals. The elimination of sow stalls is chief amongst these."

Cartwright said the CFHS is disappointed the industry wasn't "outright willing" to eliminate the use of gestation stalls, but the group noted that more than 50 restaurants and retailers in North America, Tim Hortons, Loblaw, McDonald's and Costco, have made the commitments to eliminate sow stalls from their supply chains.

CFHS praised that the code ends the current practice of castrating piglets or removing their tails without any pain relief. By 2016 piglets of any age must receive pain relief. Also, farmers must immediately provide enrichment to enhance the pig's physical and social environments.

U.S., Canada harmonizing names of meat cuts

Canada and the United States have agreed to harmonize the terminology used for wholesale cuts of meat, the Canadian Food Inspection Agency (CFIA) announced on Feb. 24.

"This common understanding of terms will benefit industry through reducing costs of maintaining separate inventories, easing trade and reducing red tape and regulatory burden," the agency said in a release.

Selected meat cut names including chicken breast fillets, beef hip and lamb leg and chops can now be used interchangeably with their U.S. equivalent. The full list of eligible names is available in the CFIA's Meat Cuts Manual and the U.S. Department of Agriculture's Institutional Meat Purchase Specifications document.

"Our government recognizes that the North American livestock industry is based on the integration of Canadian and U.S. sectors and this initiative will render benefits for stakeholders on both sides of the border," Agriculture Minister Gerry Ritz stated.

"This initiative will give industry access to a broader range of raw material and suppliers in the U.S. We appreciate the efforts of both the CFIA and the U.S. Agricultural Marketing Service officials to reduce trade irritants," added Robert de Valk, general manager of the Further Poultry Processors Association of Canada.

CCA welcomes new president

At its annual general meeting in March, the Canadian Cattlemen's Association (CCA) named Camrose, Alta. native Dave Solverson as its new president, taking over from Martin Unrau, who moves to the position of CCA past president.

During his term as president, Unrau successfully resolved three long-standing files: a Canada-EU trade deal, Japan moving to accept under-thirty-month beef, and the expansion

of the cattle price and basis insurance program. The CCA will continue to work on a fourth goal – to successfully resolve U.S. mandatory country-of-origin-labeling (COOL).

Solverson's other goals include obtaining free trade agreements with Korea and Japan, and to ensure the Comprehensive Economic and Trade Agreement (CETA) with the European Union is implemented in a manner that enables Canada's beef cattle producers to derive the very significant benefits that have been negotiated.

"The CCA has achieved significant progress on a number of key files and I am determined to keep that momentum going," Solverson said in a release.

Solverson runs Woodwind Ranch, a 5,000 acre cow-calf to finish operation along with his brother Ken. He has sat on both CCA and Alberta Beef Producers (ABP) Board of Directors and served as ABP's finance chair and Canadian Agri-Food Trade Alliance representative. He has served as chair of the CCA animal care and foreign trade committees. He was acclaimed as CCA vice-president in March 2012.

He thanked Unrau for his leadership over these past two years and said he looks forward to working with Dan Darling, who was named vice-president.

Darling, past president of Beef Farmers of Ontario (BFO), brings a fresh perspective to the CCA, the association noted. He resides in the Township of Cramahe, Northumberland County and operates a cow-calf operation with his brother Van.

New beef advocacy program launched in Canada

Canada Beef and the Canadian Cattlemen's Association (CCA) recently launched a new advocacy and education program. With funding from the Alberta Livestock and Meat Association (ALMA), Beef Advocacy Canada is a comprehensive program with two courses that will walk future beef advocates through the entire industry from gate to plate.

Canada Beef and CCA began work on the program in 2013, understanding the need for a positive, knowledgeable and unified voice for the beef industry.

The goal of the program is to empower people, those who make their living by and take pride in bringing beef to the world's table, to communicate about beef production with knowledge and confidence. Numerous industry partners collaborated on developing the material used in the course work.

Two courses provide information for a large range of audiences. The first is designed to provide basic information about the entire process from cattle on the farm, to beef in the meat case. This information is suitable not only for aspiring beef advocates, but also for the general population – anyone who wants to know more about the Canadian beef industry.

The second course will be designed specifically for those people who want to become advocates for the Canadian beef industry. There will be specific resources and information available to registered users of both courses.

The Beef Advocacy program is an educational, online resource designed to provide information on the Canadian beef industry via smart phones, tablets and desktop computers.

Maple Leaf Foods posts Q4 loss

Maple Leaf Foods reported a loss of \$21.7 million in the fourth quarter of 2013 due to restructuring costs.

The loss compared to adjusted operating earnings of \$70.0 million during the same period in 2012. Year-to-date adjusted operating earnings were a loss of \$12.3 million compared to adjusted operating earnings of \$172.0 million the previous year.

"We are in a peak phase of executing our prepared meats network strategy, which added tremendous costs and

inefficiency in the quarter as we ramped up five new facilities while continuing to operate our parallel older plants,” Maple Leaf president and CEO Michael H. McCain stated in a release. “As expected, this is causing short-term earnings volatility, which was compounded by weak protein markets. Our bakery business delivered solid results for the quarter and increased earnings for the full year. We are very pleased with this performance, particularly with strong gains in our U.K. and frozen bakery operations.”

The company’s bakery division, Canada Bread, saw a 6.7 per cent drop in fourth quarter adjusted operating earnings to \$30.9 million, compared to \$33.1 million the previous year. The company announced an agreement to sell its 90 per cent interest in Canada Bread last year, so that it could focus more on its protein division.

“For three years we have been building a new plant network, which entered a peak period in December of 2013 as we began commissioning Maple Leaf’s single largest facility in Hamilton,” McCain noted. “Now the focus changes. From here on, our job is to get the new plants running at peak performance, transfer production from older high cost plants to new low cost plants, and close the older plants down. Once completed, later this year, we expect to start seeing significant structural margin expansion. We also expect more normal market conditions to unfold in 2014.”

Sales in the meat products division declined 1.1 per cent to \$742.7 million from \$751.4 million during the same period the previous year. Full year sales declined 4.0 per cent, or 2.1 per cent after adjusting for the impact of divestitures and foreign exchange, primarily due to lower volumes in the fresh pork and prepared meats businesses. Partly offsetting this was the benefit of higher commodity prices in fresh pork, price increases in the fresh poultry and prepared meats businesses, and higher fresh poultry volumes, the company noted.

Meat products saw a loss of \$42.6 million in the quarter, compared to adjusted operating earnings of \$42.6 million in 2012.

Earnings were significantly impacted by the company’s restructuring of its meat division, particularly in the cost of commissioning five new facilities, resulting in transitional costs of approximately \$15 million during the quarter.

Government invests in poultry research

Agriculture Minister Gerry Ritz in February announced an investment of \$4 million to the Canadian Poultry Research Council (CPRC).

The funding will be used for research that will focus on helping the poultry processing industry remain competitive, while addressing consumer concerns about poultry welfare and environmental preservation. This will include developing new vaccines, reducing the environmental footprint of poultry farms and providing poultry farmers access to high-calibre training opportunities.

“The Canadian poultry industry is a key contributor to Canadian agriculture and our overall economy. Collaborative research investments such as these advance the sustainable production and profitability of the Canadian poultry industry, while further improving animal health,” Ritz stated.

Agriculture and Agri-Food Canada’s (AAFC) researchers will collaborate in priority areas, including developing viable alternatives to the use of dietary antibiotics in chicken production, the release noted.

CPRC was formed in 2001 to provide poultry industry research funding on behalf of its five members: Chicken Farmers of Canada, Canadian Hatching Egg Producers, Canadian Poultry and Egg Processors Council, Egg Farmers of Canada and Turkey Farmers of Canada. In 2012, Canada

produced poultry products worth \$3.8 billion.

“Canada’s poultry industry has made embracing innovation part of the industry’s vision in recognition of the need to be dynamic and to foster efficiency for farmers and our industry partners,” noted CPRC chair Roelef Meijer. “This announcement of funding for a second Poultry Science Cluster is a substantial contribution to the sector’s future. It will enable researchers to find more immediate answers to industry issues and to provide important information to farmers, stakeholders and consumers.”

NAMA names Reiser 2014 Supplier of the Year

North American Meat Association (NAMA) gave its 2014 Supplier of the Year Award to Reiser. The award was accepted on behalf of the company by president Roger Reiser at a ceremony held during the association’s annual meeting on March 21.

“Robert Reiser & Co. subsequently grew into one of the most respected suppliers of processing and packaging equipment in the food industry,” a release from NAMA said. “Today known as the Reiser Group, it also includes several prominent manufacturing companies, including Vemag, Holac, Ross Industries, and AMFEC, as well as sales and service companies in numerous countries around the world. Overall the Reiser Group employs more than 1,000 people and serves customers in more than 100 countries.”

Roger Reiser took over the family business in January of 1967.

“As a proponent of technological progress for the betterment of the industry, Roger has been a thought leader. He is also a strong supporter of this association. His dedication to excellence is unparalleled,” said NAMA co-president Tony Gahn, Jr.

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2014 Federal Budget

What's in it for you?

By Mandy D'Autremont

The federal budget is always a mixed bag of plans/initiatives and this year is no different with the government outlining everything from tax measures, to programs to help Canadians find jobs. As a business owner, you are probably wondering what's in Budget 2014 for you?

The Canadian Federation of Independent Business (CFIB) outlined our members' top pre-budget priorities in a meeting with federal Finance Minister Jim Flaherty and are encouraged there were several small business friendly changes in the 2014 federal budget.

Federal Deficit: Our members have told us they support the government's target of eliminating the deficit by 2015-16, since today's deficits are tomorrow's taxes. Result: This year's budget did not contain large tax or spending measures, as the government continues to focus on eliminating the deficit by next year.

Small business tax rate: CFIB recommended the government implement a plan to reduce the federal small business tax rate from 11 to 9 per cent over multiple years, making Canada a more attractive place to start and run a business. Result: While there was no action on the small business tax rate in 2014, there was a commitment to provide further tax relief for small business once the deficit is eliminated.

Payroll tax burden: CFIB research revealed 73 per cent of Canadian small business owners identify payroll taxes, like Employment Insurance (EI) and Canadian Pension Plan (CPP) as the taxes that limit growth of their business the most. Result: We are pleased the 2014 federal budget confirmed freezes in both EI and CPP rates. However, we all know bad ideas have a way of hanging around – small business owners in Ontario, Prince Edward Island and Manitoba are facing the even worse idea of a provincial pension plan. A hike in payroll taxes would be a hit to your bottom line and your employees' pockets.

Red Tape: We recommended the federal government continue to reduce red tape at the Canada Revenue Agency (CRA) by increasing remittance thresholds for payroll taxes and GST. Result: CFIB's recommendation was accepted by allowing more small firms to remit source deductions (this includes CPP, EI and personal income taxes deducted from employee wages), less frequently.

Shortage of Qualified Labour: CFIB said initiatives like the Canada Jobs Grant, the Temporary Foreign Worker Program (TFWP), and the apprenticeship tax credit are important to help address the shortage of qualified labour in Canada. Result: Budget 2014 introduced new approaches to workplace training, loans for apprentices and internships in small businesses. Hopefully these measures will help your business find employees. The TFWP is a lifesaver for businesses that need it, but recent changes have made it more difficult to



access, and unfortunately no improvements were made to address these concerns.

EI Hiring Credit: We also recommended the EI Hiring Credit be maintained or converted to an EI Training Credit. Result: While small firms recognize the federal government froze EI premiums for 2014, CFIB is disappointed they eliminated the Hiring Credit for small business.

Agriculture Specific Initiatives: There are a variety of initiatives specific to agriculture within Budget 2014. These include: A new Western Livestock Price Insurance Program for cattle & hog producers, which will offer insurance against unanticipated price declines.

The government plans to hire 200+ inspectors and staff at the Canadian Food Inspection Agency (CFIA); part of the government's efforts to enhance Canada's food safety system. While our members have told us some improvements have been made in terms of how the CFIA deals with agri-business owners, hopefully the additional staff will help improve service.

The budget also outlines that \$205.5 million will go to continue BSE programming at CFIA, Health Canada & the Public Health Agency of Canada (PHAC) over the next five years.



The government plans to hire 200+ inspectors and staff at the Canadian Food Inspection Agency; part of the government's efforts to enhance Canada's food safety system.

We are pleased with many of the initiatives outlined in Budget 2014 and that the government remains on course to eliminate the deficit next year, but there is still more to do to help foster a competitive environment for small business in this soft economy. CFIB will be lobbying hard for tax reductions, such as a cut in the small business corporate tax rate, in advance of the 2015 budget. Hopefully there is something in the budget that will help your business in 2014 and beyond. **M**



Mandy D'Autremont is a senior policy analyst, agri-business with the Canadian Federation of Independent Business (CFIB), Canada's largest association of small- and medium-sized businesses. She can be reached at mssask@cfib.ca



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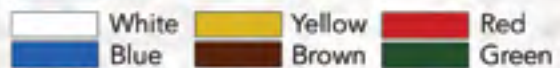
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