

CANADIAN

March/April 2015

# Meat Business

*The Beef, Pork & Poultry Industry Magazine*

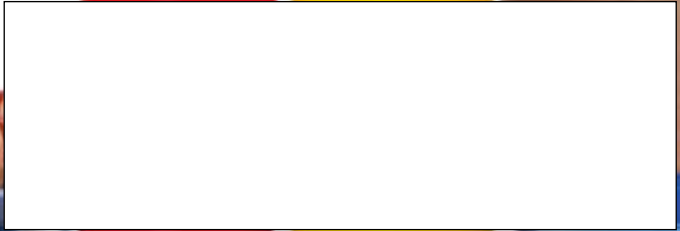
## Fast Food:

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**PUBLISHER**

Ray Blumenfeld  
ray@meatbusiness.ca

**MANAGING EDITOR**

Scott Taylor  
publishing@meatbusiness.ca

**DIGITAL MEDIA EDITOR**

Cam Patterson  
cam@meatbusiness.ca

**CONTRIBUTING WRITERS**

Mandy D'Autremont, Dr. Sylvain Charlebois,  
M. Ehasn Sairally

**CREATIVE DIRECTOR**

Christian Kent

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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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# COOL should not be a government mandate

By Chuck Jolley

Country of Origin Labeling (COOL) was signed into American law under Title X of the Farm Security and Rural Investment Act of 2002 (the Farm Bill). Pushed hard by isolationist groups, it requires U.S. retailers to provide country-of-origin labeling for fresh beef, pork, and lamb but exempts processed meats.

COOL is driven by the belief of most U.S. cattlemen that American beef is the world standard, giving it a marketing advantage that should be recognized. A secondary argument is American consumers deserve to know 'where their meat comes from' except if it's processed. In that case, all bets are off.

The terms of engagement have changed since the original 2002 Farm Bill first attracted the attention of America's Canadian and Mexican trading partners who took their objections to the World Trade Organization. The U.S. lost when the first WTO decision was rendered. Upon appeal, the WTO's Appellate Body upheld their original decision that COOL treats imported livestock less favorably than domestic livestock, but reversed the decision that it doesn't fulfill a legitimate objective to provide consumers with information on origin.

The USDA responded by issuing a slight revision that was deemed unacceptable by Canada and Mexico. Both countries requested WTO authorization to retaliate by raising tariffs on selected U.S. products. Given WTO timelines, the tariff battle is just a few months away.

Unwilling to compromise is R-CALF USA CEO Bill Bullard, the most vocal proponent of COOL. Grabbing the Canadian Food Inspection Agency confirmation that a case of mad cow disease was found in Alberta, he said the immediate ban on Canadian beef by five countries "demonstrates that consumers the world over not only have an interest in knowing the country of origin of the beef they purchase; but also, they make purchasing decisions based on country of origin information."

When I asked Bullard about the objections from America's closest trading partners, he said, "Canada and Mexico are whining because COOL will bring their undeserved gravy train to a halt. . . (they) decided long ago that they would forgo competition at the retail level and would relegate themselves to be nothing more than commodity suppliers to U.S. meatpackers as well as to meatpacker-aligned U.S. feedlots."

During a recent press conference, Mark Dopp, the North American Meat Institute's (NAMI) Senior V.P. of Regulatory Affairs, explained the position of most U.S. meat industry trade associations. "Shoes might say 'Made in the USA.' They do not say 'Leather from cattle born in Canada, harvested in the USA, tanned in South Korea and processed in the USA', yet that is the sort of labeling that we are now being forced to apply."

The dispute must be resolved soon. A North American trade war could spell economic disaster if the U.S. is suddenly faced with finding outlets for the tremendous amount of trade in agricultural products with Canada and Mexico. The depression in commodity prices will have painful repercussions in Washington but Ottawa and Mexico City would suffer, too.

A reasonable solution came from NAMI CEO Barry Carpenter during a conversation I had with him in January. Suggesting voluntary labeling, he said, "I think you'll see a mixed bag at some point when it comes to Country of Origin Labeling. You'll see the marketplace taking advantage of that which is good. If I'm a producer, and I'm adding extra costs, I should be able to capture the value that I've created."

Bottom Line: COOL should be a marketing decision, not mandated by government decree. If a packer sees an advantage in promoting country of origin, let him label his beef, pork or poultry as 'Product of America'. R-CALF, NFU and friends can encourage their members to push for such labeling on a voluntary basis. If their claims are true, the marketplace will quickly make the decision for everyone. **M**

*Chuck Jolley is the President of Jolley & Associates and is a respected and accomplished writer/editor/publisher and public relations expert with more than 25 years experience in the meat and poultry industry.*



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# Fast Food: The Canadian Beef Industry Can't Live Without It

By Scott Taylor

THANK HEAVEN FOR the Big Mac.

It's not like all the beef produced in Canada goes into this delicious double-decker mound of meaty goodness, but for many of Canada's cattle producers, you could argue that it starts there.

After all, in 2013, McDonald's Restaurants of Canada, makers of the legendary Big Mac, purchased 70 million pounds of Canadian beef. That's not chicken feed.

Of course, McDonald's is also at the forefront of both the Global and Canadian Roundtables for Sustainable Beef and through that initiative, Alberta was chosen as the testing ground and primary producer of this old/new beef product. If mastered, the mere idea of Sustainable Beef could be a windfall for Canadian Beef Producers.

Of course, in the Canadian fast food industry, there is more than just McDonald's. From A & W and its huge "Better Beef" marketing plan to Dairy Queen, Burger King and any number of smaller chain and independent hamburger outlets, ground beef is a major part of the domestic market for Canadian beef.

According to Brenna Grant, the Manager of Canfax Research Services for the Canadian Cattlemen's Association, the beef industry in Canada is international in scope, but also domestic in importance.

"Canadian beef, excluding live cattle export, by market as a percentage of production has grown worldwide over the last two years," Grant explained. "In 2013, the Canadian market took up 68 per cent of Canadian beef sales while the United States was at 22.6 per cent, Mexico was 2.1 per cent, Hong Kong was 3.2 per cent, Japan was 1.6 per cent and the rest of the world was only 2.2 per cent of Canadian beef sold."

"Last year, in 2014, the domestic market was still the strongest at 65 per cent while the U.S. grew to 24.4 per cent. Hong Kong was 2.9 per cent, Mexico was 2.5 per cent, Japan was 2.1 per cent and the rest of the world was at 3 per cent. Obviously, the domestic market is the largest and most stable market for Canadian beef, and remember, all live cattle exports go to the United States and are excluded from the above percentages."

When 65 per cent of all prepared beef in Canada is sold in the domestic market and more than 70 million pounds of it is sold directly to McDonald's, it's obvious that Canadian consumers love the product.

Interestingly, Grant has another number that illustrates how important ground beef – I'm thinking about a Big Mac right now – is to the national beef industry.

"It is important to note," Grant said. "That while exact numbers are almost impossible to get, it is estimated that 50 per cent of all



It would be unfair to suggest that when the Fast Food Industry blinks, Canada's Cattle Producers jump. However, it would be fair to say that if the Fast Food Industry has an initiative like Sustainable Beef, Canada's – and the World's – Cattle Producers will pay attention.

the beef sold at Canadian retail is ground beef."

As for McDonald's, the creation of the Global and Canadian Roundtables for Sustainable Beef might have upped the ante. McDonald's is already a huge purchaser of Canadian beef, but the production of Sustainable Beef could increase Canadian beef sales exponentially.

"I think we've seen a number of fast food restaurants, as well as Subway and Tom Horton's make a substantial investment in telling the Canadian beef story and we appreciate what they've been doing," said Fawn Jackson, the Manager of Environment and Sustainability for the Canadian Cattlemen's Association. "McDonald's was part of the original group that created the Global Roundtable and they've made a huge investment into sourcing Canadian beef and defining the pillars for Sustainable Beef production."

"We want consumers to be aware of the story of Canadian

Beef Production. We're proud of it and we're proud of our involvement in the Canadian Roundtable for Canadian Beef. I just hope we can find a way for people to market their products, not just in Canada, but all over the world."

While McDonald's is the driving force behind both the Global and Canadian Roundtables for Sustainable Beef, A&W Restaurants and Tim Horton's Restaurants are also members of the Canadian Roundtable. Although this is a product that is already a healthy part of the Canadian dinner table, the requirements realized from the Sustainable Beef initiative could grow that production and sale markedly.

McDonald's has made it extremely clear that by 2016, the company will purchase only "verified Sustainable Beef." By its own definition, "The Global Roundtable for Sustainable Beef is a global, multi-stakeholder initiative developed to advance continuous improvement in sustainability of the global beef value chain through leadership, science and multi-stakeholder engagement and collaboration. The GRSSB envisions a world in which all aspects of the beef value chain are environmentally sound, socially responsible and economically viable."

And at the global level, those are "The Three Pillars" that guide the GRSSB: "That Sustainable Beef is (1) Environmentally sound, (2) Socially Responsible and (3) Economically viable." Period.

Of course, it's important to note that The Global Roundtable for Sustainable Beef was not created by some eco-conscious committee at the United Nations. Instead, it's an initiative of McDonald's Restaurants, Cargill, Elanco Animal Health, Merck Animal Health, Walmart, JBS Food, Solidaridad (a Dutch organization that believes in fair and sustainable trade) and the World Wildlife Fund.

As a result of its influence on the GRSSB, McDonald's chose Canada – specifically Alberta – over Australia and Europe in May

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of 2014 as the site of its first pilot project in its ambitious goal to serve only “Sustainable Beef” in its restaurants around the world. In many ways, Alberta is the perfect choice: The province is home to about 40 per cent of Canada’s cattle herd and about 80 per cent of the country’s beef processing. It also has more experience in beef production than most regions of the planet.

“We’ve got all the building blocks right here,” said Bryan Walton, chief executive of the Alberta Cattle Feeders’ Association. “We’re a beef nation. We have the land base, we have the know-how and we have the infrastructure.”

Cargill, of course, is also an important part of the chain of production. McDonald’s purchases 100 per cent of the beef it sells in Canada from Cargill and, in return, Cargill is a very important supporter of the Ronald McDonald House program in this country. They’re a team, they are both founding members of the Canadian Roundtable and both will have an input into how much Sustainable Beef is purchased domestically.

“We’re working closely with the Canadian roundtable in order to develop the specific indicators and means of verification that will become part of Canada’s sustainable beef standard,” Derek Schoonbaert, managing director for beef and poultry for Cargill Canada told the Calgary Herald. “We’re aligning the work that we’re doing in Canada with the principles and criteria that have been established by the Global Roundtable for Sustainable Beef,”

Jeff Fitzpatrick-Stilwell heads up McDonald’s sustainability efforts in Canada and is chairman of the Canadian Roundtable’s communications working group. He says McDonald’s is moving forward to develop a Sustainable Beef supply chain in Canada. According to Fitzpatrick-Stilwell, however, it’s unlikely the Canadian Roundtable will produce a complete life-cycle analysis for the beef industry before the third quarter of this year. Still, he believes the CRSB will be ready to meet McDonald’s 2016 goals.

Most importantly, McDonald’s doesn’t foresee any bumps on the road to Sustainable Beef because it agrees with the Canadian Cattlemen’s Association assessment of the entire supply chain: Canada, and especially Alberta, is already doing the things necessary to provide a Sustainable Beef product to, not only, the fast food industry in Canada but consumers everywhere.

“McDonald’s has made the commitment to begin purchases of verified sustainable beef, beginning by 2016 – and likely from Canada,” McDonald’s Canada spokesman John Gibson told the Calgary Herald last month. “It also appears Canada is the first market to begin concrete work on a sustainable supply.”

Cherie Copithorne-Barnes is a fourth-generation rancher from Jumping Pound, Alta. She is the operations manager of CL Ranches Ltd. and is the chairperson of the Canadian Roundtable for Sustainable Beef. She is obviously behind McDonald’s Sustainable Beef initiative, but is concerned that the program could add another load of paperwork to an already “over-regulated” industry.

“Most of us are in the same boat,” she told the Ottawa Citizen. “We can’t add another layer of bureaucracy to a very busy business already, and we don’t have the personnel and the staff to be able to have hours and hours to fill out reams of paperwork. The ideal situation right now is that there be no change in cost. It’s just going to be a little bit of time management because all we’re doing is defining what we’re already doing.”

“We’ve got to create a system that can automatically fold into our everyday standard operating procedures. We need to have the flexibility and the freedom to be able to set up those indicators that best suit our specific needs, and not ones that specific interest groups would be going after.”

McDonald’s, based on all of its current marketing and its plans

for the future, is committed to the Sustainable Beef program. That means Canadian Beef Producers have to be ready to comply with what McDonald’s ultimately determines is its supply-chain standard. After all, McDonald’s purchases far too much beef from this country’s producers to be ignored or challenged.

“We are working with ranchers in Canada as well as the Canadian Roundtable and the Canadian Cattlemen’s Association in order to establish what verification systems will look like for Canada,” said Michele Banik-Rake, director of Sustainability - Worldwide Supply Chain at McDonald’s, in an email. “By 2016, those groups will have developed a Canadian standard – and third-party verification system – that McDonald’s and others can use to purchase verified Sustainable Beef. However, it’s very likely that all Sustainable Beef produced in Canada will be sold and consumed within Canada.”

**+**  
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That makes the presence of McDonald’s and the other fast food restaurants in Canada so important. They buy a large percentage of the beef already and the producers can’t afford to squander or even question the goals of that market.

“When you look at consumer data, there are two things that consumers feel that they have the power to change to make a difference for the environment,” Fitzpatrick-Stilwell, told a recent conference of the Alberta Beef Industry. “The first thing is recycle. The second thing is they think they can make purchase decisions for themselves and their families that can affect change. That’s why this sustainability initiative is so important.”

McDonald’s has a presence in more than a hundred nations, but it chose Canada for the pilot project for a variety of reasons. Most importantly, the Verified Beef Production Program, the presence of the Canadian Roundtable and the Beef InfoXchange System are already in use.

“We believe that the Canadian beef industry is largely sustainable already,” Fitzpatrick-Stilwell told the delegates in Alberta, “but customers don’t trust us to tell them that’s happening so we needed some way to verify that the good work is already being done.”

Say what you like about fast food, but it’s pretty clear: If McDonalds is happy, the Canadian Beef Industry is happy. And by 2016, we’ll see if McDonald’s is happy. **M**

# The Power of Meat

## An In-Depth Look at Meat and Poultry through the Shoppers’ Eyes

AMERICANS VALUE THE nutrition and balance that meat and poultry products deliver in the diet according to the new research recently released by the North American Meat Institute (NAMI) and Food Marketing Institute (FMI). The tenth annual Power of Meat report looks at meat and poultry trends through the shopper’s eyes and examined health and wellness trends for the first time.

It found that 79 percent of shoppers put some or a lot of effort into making sure they make nutritious and balanced meat and poultry choices.

However, perceptions of nutrition are a bit different for meat vs. poultry products. For meat products, including beef, pork and lamb, nutrition benefits are most associated with nutrients, such as iron and protein, followed by their role in a balanced diet and providing energy. Consumers value poultry products, such as chicken or turkey, for the balance they provide in the diet, followed by the nutrients they offer and their contributions to maintaining a healthy weight.

“Whether it’s protein for developing, maintaining and repairing muscles, Vitamin B12 for normal metabolism and mental clarity or iron for its variety of roles in the body, meat and poultry are a key part of a balanced diet,” said Barry Carpenter, President and CEO of the NAMI. “Consumers recognize this and as an industry we’re striving to offer a wide range of fresh and processed products to help Americans meet their nutrition goals.”

Overall, price and convenience still rank above nutrition for shoppers when buying meat and poultry, and price is seen as the greatest challenge to making nutritious and healthful meat and poultry choices, cited by 75 percent of shoppers, but many do have strategies in place relative to health. Five in ten shoppers say their strategy is choosing leaner cuts with some regularity, and four in ten frequently limit portions and second helpings.

The Power of Meat study also looked at Millennial attitudes toward the nutrition benefits of meat and poultry products, finding the group is most likely to seek out protein in foods, associating meat and poultry consumption with nutrients, energy and building physical strength, but challenged by how to prepare some of the cuts/kinds they deem to be more healthful.

As these findings were generated from a U.S. based survey, many of the results can be

related to and shared by Canadian consumers.

### 2015 Study Highlights

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relatively low food-at-home inflation, shoppers were less prone to list-making than they were during the height of the recession all the way up to last year. This means a greater share of the decision is shifted to in-store — putting additional emphasis on operational excellence.

Among the 78 percent of the population who do make shopping lists, meat and poultry continue to be well-researched list items— often planned down to the specific type and cut (52 percent). Consumers use an average of two media vehicles when researching promotions, led by the circular reviewed at the home (70 percent) and in the store (58 percent). This research includes comparing promotional offerings within the store they shop most and across other stores. Millennials are more likely to use digital sources to research meat and poultry offerings. Promotional offerings certainly influence meal and store choice, even though the routine purchase is king among 41 percent.

Everyday low prices are the most preferred promotional strategy, followed by cents-off or a percentage of the price per pound. Straight BOGOs are more popular than dinner item combinations.

#### *The Purchasing Decision*

While benefiting from relatively low price increases for most food items, some meat and poultry segments were noted exceptions — particularly beef and pork. As such, 40 percent of consumers made changes to their protein purchases, which included purchasing less (33 percent), purchasing promotional items more (19 percent), trading down to less expensive items (16 percent) and other measures. At the same time, another shopper group (predominantly high-income shoppers) have eased up on money-saving measures and emphasize quality, convenience and nutrition.

The meat purchasing decision tree reflects this dichotomy in the marketplace, with price per pound still firmly in first place, followed by appearance in second — a position it lost to total package price in 2011.

Both shopper groups displayed a flexible buying attitude relative to species, cuts and brands. For instance, shoppers reduced their beef and pork purchases, but increased turkey, chicken and veal — which saw either prices decreases or very mild increases. This also caused a shift back to greater brand neutrality, rather than having an outright national brand preference.

Other mega trends affecting the purchase include “Made in the USA” and locally-sourced. The latter is driven by interest in freshness and supporting the local economy, with shoppers defining locally-sourced meat as being from within a certain mile radius or their state. These platforms are especially popular among high income households.

#### *The Channel Choice*

Shoppers slightly increased their weekly grocery spending and trip frequency. This drove the lowest share of people who buy in big quantities and freeze to use over time in years.

Supermarkets continue to be the dominant outlet for fresh meat and poultry — benefitting from high shopper conversion and secondary shopper pickup from other channels. Overall, 26 percent of shoppers switch channels when purchasing meat/poultry. Supercenters continue to be challenged by lower shopper retention in meat/poultry, whereas club and specialty stores pick up shoppers from other channels. Chief reasons for shoppers to switch to supermarkets are perceived better quality, greater variety and customer service.

Alternative channels are also starting to take some of those dollars. Farmers’ markets are the greatest source of the occasional purchase, at 15 percent of shoppers. Online sales are a fraction of total sales today, but improved availability and growing confidence in quality may prompt increased online ordering.

#### *Consumption and Preparation*

Home-cooked evening meals containing an actual portion of meat or poultry remained flat at 3.7 times in an average week. This is far below the study average of 4.1 times per week. One driver is meat alternatives, served on occasion by 76 percent of the population. Eggs and beans are meat’s greatest competition, along with a 10 percentage point increase for quinoa and other whole grains. The reasons for serving meat alternatives mostly center on adding variety and health. Nearly half of shoppers say they prepare more meals that are healthy and nutritious versus five years ago.

Other popular meal types are international/ethnic dishes and those focusing on convenience (one-pot and under 20-minute dishes) and stretching the meat dollar. After several years of slow but consistent growth, reported consumption of heat-and-eat and ready-to-eat meat leveled off in favor of more fresh meat purchases. Meat departments are increasingly providing

*Continued on page 12*

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# Get ready for higher priced Chicken McNuggets

By Dr. Sylvain Charlebois

**WHEN MCDONALDS' MAKES** a statement, the fast food world listens.

Recently, the corporation announced that all chicken served at its restaurants would be free of antibiotics used on humans within two years. Not necessarily earth-shattering news, since restaurants such as Chipotle, Mexican Grill, Chick-fil-A and the Canadian-based A&W have made similar statements.

However, this is McDonalds'. It is a bold move for the fast food giant, but many wonder if this change will offset its recent balance sheet woes. Additionally, given that we have a supply managed chicken industry, there is the question whether this move will eventually make a difference to Canadian restaurants. With this announcement, procurement becomes an issue for the iconic company.

With 14,000 stores in the U.S. alone, it is estimated that McDonalds sells over 1.5 billion McNuggets a year. A halal version of the McNuggets is even sold at some McDonald's franchises. The Chicken McNugget's arrival on McDonalds' menus has long been tied up in supply chain challenges. Though the company had perfected the recipe for their product by 1979, it was not available throughout the U.S. until 1983. At the time, there was no reliable supply of chicken that could meet the potential demand for the product.

Given how large the U.S. market is today, economics continue to be a huge factor in McNugget sales. This new policy on antibiotics and a two year deadline to meet compliance will only add increased pressure on McDonalds' meat buyers.

Indeed, some claim that the new policy on antibiotic use still doesn't go far enough, as some drugs remain on their allowable list. For example, it will still permit its chicken suppliers to use ionophores, which helps keep chickens healthy. Nevertheless, the sheer volume of McDonald's sales warrants an incremental and prudent approach to phasing out antibiotics.

When A&W went ahead with its "no hormones and steroids in burgers" campaign, it obtained its beef supplies in Canada, Montana and Australia. Given how committed McDonalds' Canada is to sell Canadian-grown meats, this U.S. move is awkward. Our supply managed regime, which includes domestic production quotas and high tariffs on imports, can only complicate matters for McDonalds' Canada.

However, it can be argued that many Canadian consumers, as in America, are concerned about the use of antibiotics in livestock. Many societal issues transcend borders in North America, including animal welfare and environmental issues. For McDonalds' Canada, then, this is just the beginning of a very complicated journey towards synchronizing standards in order to adapt to modern consumer values. Thanks to social media, consumers are successfully pressuring multinationals to make deep, rapid changes, regardless of how obstructive the company's business model may be. It will not be surprising if other chains follow suit.

Tensions between factions speak to the reality that the economic

merit of these decisions cannot be misjudged. The chicken meat raised with the use of fewer antibiotics will cost more for everyone; it is inevitable. Antibiotics are used to reduce production costs, and while the company doesn't expect those costs to be immediately passed on to consumers, it will eventually, once all menu pricing options are exhausted. But McDonalds' call on antibiotics seems to suggest that consumers are ready to accept how costly it is to produce and buy sustainably produced protein.

McDonalds' and many other fast food chains have come to recognize how critical supply chain-related practices are for the modern consumer. To achieve growth, fast food players will need to dictate what farming practices are socially and morally acceptable, instead of having interest groups condemning what should be unacceptable. This shifting communications tug-a-war is far from over.

Dr. Sylvain Charlebois is Professor of Food Distribution and Policy at the University of Guelph's College of Business and Economics. [M](#)

Article courtesy of Troy Media

convenience solutions in fresh in the form of value-added products. About one-quarter of shoppers say they purchase value-added items sometimes or regularly, but for most, cost (21 percent) or preferring to prepare, season or marinate the items themselves (46 percent) are the greatest barriers to purchase. Regardless of all the solutions provided by food retailing, foodservice continues to win the last-minute dinner decision.

#### Nutrition and Health & Wellness

Thirty-eight percent of shoppers put a lot of effort into making sure they make nutritious and balanced meat and poultry choices. Efforts among the remaining 62 percent vary from none (5 percent) to some (41 percent). Price is the greatest challenge according to these shoppers, and 24 percent of Millennials say they simply don't know how to prepare some of the cuts/kinds they deem to be more healthful.

They tend to associate meat and poultry consumption with nutrients, energy and building physical strength, but much less emphasize the enjoyment. Across the population, poultry is seen as more important to eating a balanced diet, whereas meat is most highly associated with being a source of important nutrients in the diet.

Top health strategies relative to meat and poultry consumption are leaner choices and portion control — very much driven by the higher-income shoppers. Lower-income shoppers are more likely to cut down on portion sizes and second helpings and even eating more meatless meals. The general market's focus on sodium also plays out in processed meat and poultry, with 58 percent of shoppers scanning for sodium content — ahead of total fat, saturated fat and calories.

#### Natural and Organic

Growth continues for the natural and organic meat and poultry segments. A rising share of shoppers say they have purchased natural/organic meat and poultry and most expect to maintain or increase their current purchase level. The top reasons for purchasing natural/organic are "free from" and better health and treatment of the animal. For those not yet engaged in the segment, price remains the largest barrier, followed by seeing no added benefits.

Supermarkets remain the top outlet for natural/organic purchases, but club and specialty stores took a greater share than seen in prior years. Farmers' markets too have the potential of

becoming a competitive force in this area.

#### The Meat Case Vs the Service Counter

Retailers are bringing back the full-service meat case and shoppers are appreciating it. Nearly three-quarters of shoppers have access to a fullservice counter and among those, 63 percent consider this a store advantage. Twenty-two percent said all they needed was someone to answer an occasional question. Among those who don't have access, 36 percent said they wish their primary store had a counter. The fullservice counter is typically for the specialty purchase, whereas 70 percent of all meat purchases come from the self-serve case — making it the destination for the routine purchase. The study shows a long-term rise in the favorability of case-ready perception, especially as packaging innovation continues.

Shoppers are highly interested in leakproof packaging and reducing food waste, along with freezer-ready and resealable packaging.

#### Improving the Meat Department

The meat department's most valued strengths are cleanliness, quality and variety (keeping in mind that the majority of survey respondents are supermarket shoppers). Areas of improvement for the retailing industry include everyday prices and providing helpful information. Shoppers would also like to see a bigger variety of package sizes and a better selection of brands.

While price is crucially important in the decision of what and where to buy, low prices do not drive satisfaction in the meat department.

Instead, drivers of satisfaction are quality, customer service excellence, in-stock performance and having a wide variety of cuts and species.

In-stock performance is even more important for supercenter shoppers and satisfaction among supermarket shoppers is mostly driven by customer service excellence. Shopper recommendations focus around four central themes: lowering prices, better variety, better customer service and freshness/quality.

*The Power of Meat study was unveiled at the FMI/NAMI Annual Meat Conference. The entire study can be viewed at [www.fmi.org](http://www.fmi.org).* [M](#)

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# Comprehensive Strategy Best Way to Address Chronic Worker Shortage

**THE FOLLOWING IS** a report delivered by the Canadian Cattlemen's Association (CCA) to its members on the work that has been ongoing to ensure that Canada's livestock producers and meat processors have a sufficient workforce to produce the beef that Canadians and its global customers demand.

## BACKGROUND

It has been a significant struggle for producers and processors to find enough workers in recent years. For this reason, all the agriculture industry value chain roundtables joined efforts with government officials and human resource experts to form a Labour Task Force. In October 2013, the Labour Task Force produced its report titled, "Addressing Labour Shortages in the Agriculture and Agri-Food Industry through a National Labour Action Plan". In early 2015 the Canadian Agricultural Human Resource Council took charge of the now "Canadian Agriculture and Agri-Food Workforce Action Plan."

This Workforce Action Plan is comprehensive, including recommendations intended to increase the supply of and access to Canadian agriculture and agri-food workers, but also recognizing that a viable immigration pathway for workers is a vital component of the overall plan. In the livestock and meat processing sectors, it is recognized that the need goes beyond so-called "temporary" workers. Rather, foreign workers need to be recruited with an intention that they will be suitable to become permanent Canadian residents and taxpayers and government programs should be designed to foster this pathway.

As the industry was developing this Action Plan, media reports

about abusers of the Temporary Foreign Worker Program (TFWP) started surfacing. Most of the complaints stemmed from misuse of the program in hiring in the fast-food and restaurant sector. The CCA agrees that such abuse is not what the TFWP intended and the program should be reformed to eliminate such situations. At the same time the CCA is working closely with the Federal Government to ensure that they understand that the agriculture industry has legitimate labour needs and benefits from foreign origin workers. The CCA is hopeful that reforms to the TFWP will recognize the acute shortage of labour in the livestock and meat processing sectors and that the need for workers is legitimate. In the CCA's view, the foreign workers on Canadian farms and in meat packing plants are providing stability for the thousands of Canadians employed throughout the sector and in related sub-sectors. But more are needed.

Of the 2,400 hourly employees working in the beef plant at Brooks, Alberta, about 2,200 are either Canadian citizens or permanent residents and only about 9% are temporary foreign workers working toward residency. Still, there are vacancies for more than 230 employees. The other large beef facility at High River, Alberta has similar numbers, and more than 300 vacancies. These companies would prefer to fill every vacancy with Canadians, but with a shortage of domestic labour supply, they need to have access to foreign workers, or more cattle will need to be exported to the U.S. for processing. The reality is that industry either needs to import more workers or export the cattle and import more beef. Clearly Canadians are better served with a comprehensive workforce strategy 2 incorporating dedicated

pathways for agriculture and primary processing companies to hire willing workers from abroad when needed and for viable pathways to residency for those successful workers.

## INDUSTRY COST

The immediate and urgent need to address the workforce shortage is evident. A workforce shortage is not allowing plants to operate at capacity, at a time when that capacity is urgently needed with mCOOL reducing U.S. packer demand. Shortages are leading to a wider price spreads between Canada and the U.S. If Canadian packers could increase daily processing capacity, it would be possible to reduce the price difference by 50%.

- Improvement in overall costs associated with maximizing production - \$10/hd
- Revenue enhancement with maximizing value added opportunities and branded programs - \$14/hd

## ECONOMIC IMPACT

Canada exports approximately 700,000 head of slaughter cattle and 1 million head of slaughter hogs annually to the U.S. But 2.8 million cattle and 21 million hogs are purchased by local slaughtering and meat processing establishments. These establishments through their own activities add value to the economy and result in further economic growth.

The "Economic Impacts of Livestock Production in Canada – A Regional Multiplier Analysis" was completed in October 2012 by Dr. Suren Kulshreshtha at the University of Saskatchewan with assistance from Oteng Mondongo and Allan Florizone. The analysis estimated economic multipliers for the Canadian cattle and calf slaughter and meat processing sector based on 2008 data. However, due to lack of detail general slaughter and meat processing data had to be used. In general, for every dollar of goods produced in this sector Canadian GDP increases by 71.5 cents, including personal income of 40.4 cents, based on direct and indirect impacts. For every million dollars worth of output, 11 workers are employed in Canada. For every dollar contributed to Canadian GDP another 1.93 dollars are generated by other sectors for a multiplier of 2.93 from indirect impacts and a 3.7 multiplier by including all impacts.

The Canadian cattle processing sub-sector with an estimated \$31.7 billion in sales of goods and services (direct, indirect and induced), contributes \$12.4 billion to GDP including \$7.1 billion in wages and the employment of 196,690 workers that are directly or indirectly related to cattle slaughtering and meat processing (2008 data).

As the dollar value of goods has been negatively impacted by the worker shortage, the sectors contribution to GDP has also been impacted as those dollars are no longer being created to contribute 71.5 cents to GDP. If \$14/head in value added did not occur on the 1.12 million head of fed cattle slaughtered in the second half of 2014, then \$11.2 million in GDP was lost to the Canadian economy (at \$14/head, 1.12 million fed cattle in the second half of 2014 equal to \$15.68 million in revenue).

For every worker employed in the sub-sector another 4.2 workers are employed in Canada (counting direct and indirect impacts) and almost 7 workers are employed if all impacts are included. If the Canadian processing sector currently has 1,000 vacancies this results in 4,200- 7,000 fewer jobs in the economy. For every \$1 of income received by workers another \$2.95 are created elsewhere. If wages from these 1,000 vacancies are estimated at \$16/hour, another \$98 million are not being created in the economy.

The Alberta beef processing sub-sector with an estimated \$11 billion in sales of goods and services, contributes \$3.7 billion to the provincial GDP and the employment of 31,116 workers in the province (2008 data). If the Alberta cattle processing sector

has 530 vacancies this results in 2,100-3,500 fewer jobs in the province. If wages from these 530 vacancies are estimated at \$19/hour (meat cutters in beef processing plants in Alberta range from \$17-21/hour with an average of \$19/hour), another \$61.8 million are not being created in the economy. Consequently, over 53% of the economic impacts from the changes in the TFWP are being felt in the province of Alberta, reflecting the proportion of vacancies.

## SPEAKING POINTS

Foreign origin workers on Canadian farms and in meat packing plants are providing stability for the thousands of Canadians employed throughout the sector and in related sub-sectors. But more are needed.

There are currently 1,000 vacancies in Canadian meat packing plants; this results in 4,200- 7,000 fewer jobs in the economy. Wages from these 1,000 vacancies mean another \$98 million is not being created in the economy.

Alberta beef plants with 530 vacancies, have experienced over 53% of the economic impacts from the workforce shortage, resulting in an estimated 2,100-3,500 fewer jobs in the province. Wages from these vacancies mean another \$61.8 million is not created in the provincial economy.

The beef meat packer's inability to add value to their product means \$11.2 million is lost to Canadian GDP annually.

Clearly Canadians are better served with a comprehensive Agriculture and Agrifood Workforce strategy incorporating dedicated pathways for agriculture and primary processing companies to hire willing workers from abroad when needed and for viable pathways to residency for those successful workers. **M**

Find out more at <http://www.cahrc-ccrha.ca/workforceaction-plan>





## JBS USA Considering IPO

**RECENT REPORTS THROUGHOUT** the financial investment community have been tracking from Brazil to New York to Toronto as JBS SA, the world's largest meatpacker, may take JBS USA, its U.S. subsidiary, public through a multibillion initial public offering (IPO) in the United States for the meatpacker.

In 2009, two years into its acquisition of the meatpacking plant in Colorado, the company had planned a \$2 billion public offering, proceeds from which would be used to expand the their business by creating case-ready beef. That move would have essentially cut out the local grocery butcher by delivering pre-cut and packaged meat to retail stores directly.

At that time, company officials pulled back, withdrawing their request to the U.S. Securities and Exchange Commission a year later. According to Bloomberg Business, the pullback was because "Brazilian markets offered better valuations."

Bloomberg is now reporting that sources within the company

have said they are revisiting the IPO idea, mostly to pay off debt and achieve an investment-grade credit rating. The global company's debt stood at \$9.4 billion USD, according to its fourth-quarter earnings report. That's a \$1 billion reduction from the third quarter of last year. The debt, however, has stayed steady from last year at the same time. To date, JBS has not yet filed with the Securities and Exchange Commission in regard to an IPO.

JBS has been outperforming its global competitors in the stock market this year, and its corporate bonds are generating the biggest returns among all Brazilian corporate securities tracked by Bloomberg. The company's profit more than doubled in 2014, as indicated in their annual report.

In that report, JBS CEO Wesley Batista, discussed the company's desire to shore up perceptions with the following statement, "We feel confident that the market has an increasing better perception of our business and our strategy. Our results for 2014 show that we are going in the right direction. In 2015, we will prioritize organic growth, and focus on all aspects of improving our financial metrics."

JBS came onto the U.S. scene from Brazil, buying the struggling Greeley, Colorado beef plant in 2007, immediately adding a second shift to its production schedule and adding 1,100 employees to the plant, a significant boost from three years prior when previous owners cut that shift and laid off 800 employees.

In the past decade, the company has been in acquisition mode acquiring companies all over the world, spending over \$17 billion to purchase Pilgrim's Pride Corp., Swift & Co. in the U.S., XL Foods which became JBS Foods Canada in Brooks, Alberta and most recently, the Primo Group in Australia. **M**

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## AFAC: Improving Animal Welfare

**ANIMAL WELFARE IS** a top priority, not just for consumers, but for producers as well. For the last 20+ years Alberta Farm Animal Care (AFAC) has provided a coordinated approach for the livestock industry to work together, promoting responsible, humane livestock care and welfare. AFAC seeks to ensure that livestock care needs are met and that we are continually improving based on new research and insight into production methods.

Another goal for AFAC is to bring education and awareness to consumers. AFAC assures the public that producers have the best welfare of their animals at heart and helps to provide a better understanding of the practices that producers use and how they may impact the animals. It must be understood that AFAC is an animal welfare group as opposed to an animal rights group.

Alberta Farm Animal Care consists of a 17 member Board of Directors that is composed of all of the major livestock commodity groups in Alberta. Academic institutions, other major livestock players (i.e. Northlands and the Calgary Stampede), veterinary clinics, and individuals are also included in the membership of AFAC. Working with these members, AFAC has completed key projects aimed towards improving animal welfare in the industry and educating and engaging with the public. Some AFAC projects and programs include: the ALERT Line, the Canadian Livestock Transportation (CLT) certification program, humane handling guidelines, "Telling our Story" videos and infographics, consumer research studies, public and industry connection events and programs such as the Stampede Cattle Trail, the Livestock Care Conference, and the Emergency Livestock Handling Trailers and Training program.



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The Canadian Livestock Transport certification program was created by AFAC in 2007 and has since grown into a national program through funding and support from the livestock and poultry industry and the Canadian Agricultural Adaptation Program. This program is designed to ensure people who handle and haul livestock are aware of applicable laws and regulations and appropriate handling techniques for moving livestock. The certification sessions that have been classroom-based to date are soon to be offered online as well. Modules for Cattle & Sheep, Hogs, Equine and Poultry have been developed through support and collaboration with national and provincial commodity groups. Many trucking companies and delivery

points (e.g. feedlots, processors) now require CLT certification. This certification is not just limited to drivers; it can be beneficial to all parts of the livestock industry with dispatchers and animal handlers also taking part in CLT. The program has been transferred to the Canadian Animal Health Coalition in an effort to become truly national in scope.

AFAC has worked with a number of commodity groups to produce a series of booklets containing guidelines for the care, handling, and transportation of unfit animals. These Humane Handling Guidelines (HHGs) exist for horses, dairy cattle, beef cattle, sheep, and hogs. The HHGs are currently being updated and converted to online versions. Hard copies of the HHGs may be requested from the AFAC office for personal, professional, or educational use.

For over 10 years AFAC has hosted the annual Livestock Care Conference (LCC), a leading event of its kind. The major focus at this conference has been to interact with producers, academia, government, industry professionals, and students on issues of animal care. The LCC is a two-day event with the first day composed of meetings, a post-secondary student event, and the AFAC Annual General Meeting and the second day covering the main conference agenda. The LCC main agenda includes experts from different fields speaking on current and emerging trends in animal care, staying ahead of the issues, and addressing concerns from different parts of the supply chain, retailers and public/consumers. There is a major focus at the LCC on engaging with youth through our post-secondary student program. The LCC provides a forum for students to connect with industry, learn from experts in the field, and engage in discussion on livestock care throughout the conference. The 2015 conference will take place on March 26 and 27, 2015 at the Stampede Park. The conference this year includes an animal handling and body condition scoring workshop. More information may be found at [lcc.afac.ab.ca](http://lcc.afac.ab.ca).

AFAC administers the Emergency Livestock Handling Equipment Trailer Program across Alberta. The trailers are designed to aid in emergency situations where loose livestock need to be contained and human and animal safety might be in danger such as fire, flood, livestock truck rollovers, or a barn roof collapse. In November 2012, through the federal/provincial/territorial Growing Forward funding program, AFAC designed and equipped five emergency livestock handling equipment trailers. Four municipalities and the Alberta SPCA received trailers. These trailers, along with seven developed outside of

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the project are now part of the larger Trailer Program in the province. Along with the release of the trailers a Livestock Handling Equipment Trailer Training Course was initiated through the Emergency Training Centre of Lakeland College in Vermilion, AB. Attendees included First Responders, Ag Fieldmen, RCMP and veterinarians. While the current Trailer Program is a strong example of being proactive and prepared, there is still more work to do to safeguard animal and human welfare in situations where these trailers might be used.

Working with the livestock industry, AFAC has developed into the collective voice of livestock welfare in Alberta. With that in mind, AFAC strives to connect with the livestock industry to create projects and programs that will address industry needs with respect to matters of animal welfare. Good welfare means good business alongside good public opinion.

Some of the most important work we do is based around connecting consumers with their food and with their livestock industry. Maintaining our social license (the trust the public has in farmers that they are doing the right thing) has never been as important as it is right now. The public is increasingly interested in where their food comes from, increasingly unaware of farm practices, and need help to make that connection with farmers. AFAC has developed a series of videos called "Heart of a Farmer". These videos showcase the day-to-day lives of farmers in Alberta caring for their animals and highlight the passion that farmers have for their work. We are always looking for more farmers for this program and would love to hear from you!

*The ALERT Line*

The ALERT Line (1-800-506-CARE) is a telephone response line that may be used by producers or the general public to report livestock care concerns. The ALERT line works alongside the Alberta SPCA and RCMP livestock investigators, as needed, to help livestock before they are in a situation of distress. Rural community members, producers, and veterinarians make up a resource team that evaluates situations and helps to offer advice on challenges regarding livestock care. The line and resource team are in place to help with concerns about the treatment or neglect of livestock or to help producers who may be experiencing difficulties caring for their animals. The line is also available to new (or experienced) producers as an information source if there are specific questions relating to care or management of their animals.

We are striving to inform producers (and consumers) about our ALERT line, as we think that it can be a great tool for all of the agricultural industry to work together in order to improve and achieve the highest level of animal care and welfare. That being said, although our goal is to educate through this program, if we arrive at a situation that is out of our control (worse than we had imagined), we do have the obligation to report it to the Alberta SPCA. **M**

For more information, visit [www.afac.ab.ca](http://www.afac.ab.ca)

## Animal Welfare vs Animal Rights: Practicing Animal Welfare Everyday

Originally published on the "Let's Talk Farm Animals" blog at <http://www.letstalkfarmanimals.ca/> with permission from Patricia Grotenhuis.

Many people are familiar with the term "animal rights", and hearing can bring up images of activist groups on parade. Animal rights supporters don't believe humans have a right to use animals for any purpose. Activists are not usually interested in finding solutions but prefer to focus on problems and dramatic examples to generate funds and support. A term that is heard less often in the general public is animal welfare, although this is the phrase that refers to what farmers and researchers are doing every day.

Whether it's helping a cow have a calf on your birthday or checking on your chickens before you open your Christmas presents, caring for animals has been at the core of what farmers do every day for generations.

Animal welfare principles are as follows: humans have a right to use animals but also have a responsibility to treat them humanely. People who practice animal welfare are looking out for the animal and doing everything possible for that animal's well-being. Livestock depend on farmers for everything – 24/7 – and it's something farmers don't take lightly. We're also consistently striving for continual improvement in farm animal care based on new and proven science.

Researchers are always trying to find ways to make farm animals more comfortable through improvements to housing and handling. These studies are very important to farmers, and have led to countless improvements over the years. While I was in university, I worked at a dairy research facility where studies were being conducted on animal welfare. I also worked as a student writer in the university's office of research, and through that job learned of welfare trials being conducted with different species at the other research farms.

Farmers follow the results of these studies closely and adapt their practices when superior methods of caring for their animals are identified.

Major findings, such as the amount of space each animal needs, lead to changes in the Codes of Practice, which are internationally recognized models of responsible animal care. These Codes of Practice manuals are made available to farmers to ensure they have a reference when they are concerned about the best way to perform a job, or are making improvements to housing and handling facilities. They are currently being updated to reflect new advances in animal care and research. For more on the Codes, see [www.livestockwelfare.com](http://www.livestockwelfare.com)

Farmers depend on animals for their livelihoods, and the healthier and more comfortable an animal is, the better they will perform for the farmer. Following welfare guidelines and laws makes sense to farmers both from an ethical standpoint, and a business standpoint. **M**

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# Safe Food Canada Developing Program

SAFE FOOD CANADA is in the process of developing The Learning Partnership, a new joint training initiative composed of experts from industry, government and academia. The program aims to provide a comprehensive, uniform food safety training and education framework to supplement or replace current programs, which are often fragmented and duplicative.

The program offers an opportunity to standardize meat inspection practices across Canada, and would allow food safety inspectors and meat industry representatives to train together

at joint sessions. If this program is successful, Canada would become the first country to adopt this type of coordinated approach to food safety training on a national basis.

The Learning Partnership is modeled after the U.S.-based International Food Protection Training Institute, which builds competency-based training and certification systems for U.S. and international public and private sector food safety professionals. [M](#)

For more information, visit [www.inspection.gc.ca](http://www.inspection.gc.ca).



# NAMI Launches Online Petition

THE NORTH AMERICAN Meat Institute (NAMI) has launched Change.org petition to urge the U.S. Departments of Agriculture and Health and Human Services to inject common sense into the 2015 Dietary Guidelines for Americans.

“Hot dog, sausage, bacon and salami lovers throughout the land stand together as Americans in favor of a balanced diet that includes meat and poultry of all kinds. We stand together as people who value personal choice and reject taxes on foods that elite academics deem unhealthy. We assert ourselves as intelligent, free thinking people capable of making decisions that are best for our families’ nutrition needs, traditions and personal budgets,” the petition says. “In response to the Dietary Guidelines Advisory Committee’s recent, anemic recommendations to eat lower amounts of red and processed meats we say, unequivocally and without hesitation, ‘Hands off my hot dog!’”

The Dietary Guidelines Committee report has been controversial since its release last month, when the committee overstepped its nutrition charge and made dietary recommendations that it believes will help the environment. In addition, while the

committee reviewed data that showed that the protein category is the only food group consumed at recommended levels, it recommended that Americans eat less red and processed meat. This conflicts with studies showing that meat’s nutrient density helps deliver a unique nutrition bundle, control appetite, aid in weight control and that the B12 in meat helps promote brain development and brain health.

According the Meat Institute President and CEO Barry Carpenter, “We hope our petition will give a voice to the 95 percent of Americans who make meat and poultry part of a balanced diet and who want to ensure that no restrictions or taxes are placed upon their dietary choices. While the Dietary Guidelines Advisory Committee may think consumers aren’t capable of making common sense nutrition decisions and must be taxed and restricted, we believe Americans are intelligent people and we want their voices to be heard.” [M](#)

For more information, visit <https://www.change.org/p/tom-vilsack-sylvia-burwell-hands-off-my-hot-dog-inject-common-sense-in-2015-dietary-guidelines>

# Halal Market Moving Forward

By M. Ehsan Sairally

**IDENTIFYING THE MACROECONOMIC** and demographic trends, global food products development of the future will need to align with these trends to produce products that are positioned to meet the future needs of consumers.

The market drivers and modern terminology are namely organic, natural, fair trade, halal, environmental concerns, sources of ingredients, methods of processing and delivery.

The halal market potential is not only a regional matter, rather it is a dynamic global phenomenon encompassing the entire sphere of the food and non-food business.

What is halal? The first step is to demystify the halal concept as it is an Arabic word meaning ‘allowed and permissible’.

The halal concept dates back more than 1,436 years and it is still applicable today. To fully grasp the idea of halal food, marketers simply need to look at the high birth rate within the halal community on a global scale. Food producers need to seize the opportunity in the halal market and to do so must understand important facts and market trends need to be considered.

Very important facts need to be considered regarding the halal market including:

- North-American Muslim population is estimated at 9 million
- Global Muslim population is estimated at 1.5 billion
- 60% of American Muslims earn over \$ 50,000 per year
- 20% of American Muslims earn over \$100,000 per year
- Annual combined spending power at \$170 billion
- By 2025, 30% of world population will be of halal consumers
- Annual halal market potential - 800 billion to 1.2 trillion

The food manufacturing/processing sectors have a great opportunity in front of them to capture a slice of the untapped and under-served halal market. And companies that will go the extra mile to serve, will reap the benefits of the potential growth of the halal market.

Benefits of halal:

- Increase consumer confidence
- Added value to your products
- Accessible to a wider audience
- Gain competitive edge
- Compliance to halal dietary needs
- Increase output of manufacturing capacity
- Fits into existing regulatory system
- Minimum investment and minimum adjustment
- Continuous improvement process
- Capture market share and product visibility
- Halal concept is 1436 years old

Target sectors for halal opportunities include:

- Supermarkets
- Wholesale and speciality stores
- Hotels and restaurants
- Tourism and travel industry
- University food services
- Hospital, Seniors and Retirement food services
- Humanitarian organizations

To engage in the halal business, strict rules must be adhered to and certain elements, such as the following, are not allowed at any time during production or post-production processes in order to be certified halal including:

- Alcohol and its by-products
- Blood
- Carnivorous animals
- Dead animals
- Immolated foods
- Swine and/or its derivatives

However, food/processing manufacturing companies with a strategic vision responding to market demand both domestic and international level are in a win-win situation. Hence, understanding the halal concept, and incorporating it to your existing regulatory system is an added benefit as well as a safety component to increase consumer confidence. Halal is an integral part of healthy, wholesome, natural and nutritious food. [M](#)

For more information on halal certification for North America, contact M. Ehsan Sairally, Director of Halal Product Development Services (HPDS) at 416 568 1885, [ehsan@halalproductservices.com](mailto:ehsan@halalproductservices.com) or visit [www.halalproductservices.com](http://www.halalproductservices.com)


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# Information is Key to Fine Tuning Onfarm Breeding Program

**LES JOHNSTON HAS** long subscribed to the beef management theory, “the more you know about your cattle the more it pays.” Whether the south Saskatchewan beef producer is raising purebred Simmental bulls for a breeding market, or commercial crossbred steers for the packing plant, he wants to know how those animals perform.

Being able to receive a steady flow of carcass data on cull livestock or finished commercial steers through the Beef InfoXchange System (BIXS) is a valuable confirmation of whether his breeding program is on the right track.

Johnston, who owns Nisku Land and Cattle Inc. near Fillmore, Sask has farmed between both the purebred and commercial cattle industries for the past 40 years. He focused on purebred Simmental cattle for many years, when the BSE crisis developed in early 2000s then switched to producing and finishing mostly commercial cattle, and although he has been downsizing in the past year, still runs a smaller purebred as well as commercial beef herd.

But whether it is the commercial or purebred side he has always

been interested in learning as much about cattle performance as he could.

“Basically it comes down to you can’t fix what you don’t know,” says Johnston. “We have always been interested in seeing carcass data even before BIXS came along, but now it becomes a much easier process.”

On the purebred side he began using ultrasound technology to measure marbling on replacement cattle in 1990s. “We were really impressed where the Simmental breed was headed, but because the registry hadn’t been developed yet, we couldn’t identify the genetics we needed. We actually had to turn to Red and Black Angus to find the genetics to produce the carcass quality we wanted.”

In the early 2000s he began DNA testing bulls, and continues with that today. The DNA testing confirms genetic lines in the purebred herd and also is a check against ultrasound readings of carcass quality factors. An ultrasound reading provides a measure of ribeye area, marbling and back fat thickness on a particular animal.

Depending on the amount of information the producer wants, a DNA test, made from a hair sample, can also reveal its potential for ribeye, marbling and backfat as well as carcass grade, yield grade, and tenderness. The combination of ultrasound and a DNA test provides relatively solid assurance of the traits that breeding animal will pass along to its offspring. And if the producer wants more information about the animal’s potential the DNA test can also provide a score for average daily gain, docility (behavior), fertility, calving ease, feeding efficiency and longevity.

With BSE derailing the Canadian beef market in 2003, Johnston began producing more commercial cattle and finishing them himself, running about 240 head.

“We actually began doing more on the commercial side before the BSE crisis,” says Johnston. “But once BSE hit we stepped up our commercial program and began to retain ownership of the steers. I believe you can always make money on good cattle and I had enough data on this herd that told me if I finished these cattle properly I could still make a few pennies on each one, or at least not lose my shirt,” says Johnston. “And that approach came true—we were still able to make a few dollars on these cattle.”



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Relying on the genetic potential of his cattle, Johnston was consistently able to finish and market steers with a good mix of AAA and AA carcass grading for a price premium.

Whether it was on younger purebred cattle that were culled, or on his own finished steers, he always sought out carcass data from the packing plant to guide his breeding program.

“The carcass data from the packing plant was able to tell us generally how the herd was performing, but it wasn’t able to narrow it down to the individual genetics of an animal,” he says. “That is where BIXS is an improved information tool. We are able to get carcass data specific to each tagged animal. We have 11 breeding pastures on this farm, so with that I.D. number I can know with almost certainty the dam and the sire of that animal, and then evaluate how those genetics are performing.” Johnston says by being able to connect the carcass quality information of an individual animal with its sire and dam he can decide which bulls are producing the most desirable carcass traits in steers and select accordingly.

“With our breeding management and record keeping system, once I get that carcass data back from the packing plant and it is associated with an RFID number, I can easily check the records and know exactly the sire and dam of that animal. And if for some reason that sire and dam combination isn’t producing a calf that produces a desirable carcass it doesn’t mean I have to cull them. I can just look at the genetic information I have for the herd and perhaps just put that cow with a different bull next year to improve the traits in the next calf.”

While Johnston, in the past couple years, is no longer retaining ownership of steers, he can still receive carcass data reports on his cattle. Calves marketed last fall, for example, are being backgrounded at a feed yard in Saskatchewan and then will be finished at a feedlot in Ontario. If finished cattle are processed at the Cargill plant in Ontario “those carcass data reports will eventually arrive back at the computer in my office,” he says.

When he was marketing his own steers Johnston was selling them on the grid. That

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required that at least 60 per cent of the steers grade AAA, with the rest hopefully producing AA carcasses. "And really it is the AAs where we made the most money," he says.

Johnston says when marketing on the grid he found the difference in price between a good AA animal and AAA could be very minor. "Unless you can negotiate a very good premium for cattle sold on the grid, a AA carcass with high lean meat yield can often provide as good a return as anything. The goal is produce a AAA, but at the same time maintain a lean meat yield of 59 per cent or higher."

The grid maximum at the time sought a hot carcass weight no heavier than 925 pounds, so he targeted his program to produce steers achieving an 840 to 900 pound carcass weight. And his breeding program selection over the years, has been on target — selecting bulls that produce the proper sized animal with desirable carcass traits. "In all the time we have been doing this before and now with BIXS we have only had one single A animal," he says.

Johnston says the potential information flow that BIXS offers across the production chain is valuable information to any producer who is serious about fine tuning their breeding program to produce quality cattle for the market place.

"And it reduces the risk," he says. "You can finish and market your own cattle to get carcass data, but then you are carrying all the risk of feeding those cattle. With BIXS, any producer can produce a nice bunch of calves, sell them to a feed yard and then in a few months get the carcass data delivered to them. It takes a bit of learning to know how to read and understand a carcass report, but it can be an important tool in guiding your breeding program."

Johnston admits that genetic selection is only part of the equation in producing a market animal with top carcass quality — the feedlot feeding program also plays an important role too. "But genetics is most important part of the equation," he says. "As one of the leading beef industry experts, Charlie Gracey, says 'you can't make a poor carcass better, if the genetics aren't there. But, with poor management you can certainly wreck a good carcass. 'As producers, I believe it is important to know who is feeding your cattle and how they are feeding them,' he says. "I do my best to find out where my calves go and follow up with the feeder if I can. But at the same time, most of these feed yards are doing their best to optimize their rates of gain and produce a quality animal. It is in their best interest to market good quality cattle. And if the genetics are there to begin with, those cattle will finish properly."

"One important caution is not to let your herd get too far to one extreme or the other because then it becomes too hard to bring it back. If the reports start to show that animals are getting too big, for example, bring different genetics in to your breeding program. You may have to swallow your ego and buy a different breed altogether, but it will keep those cattle in the range that the market wants."

#### App for BIXS

Recognizing the importance of having more information to make better decisions, is one reason an Alberta veterinary clinic has developed a mobile app to help clients connect with BIXS as a value added service.

The app, developed to work with all Android phones, is intended to make it easier for producers to enter calving and other relevant information onto the BIXS system, says Dr. Mike Jelinski with Veterinary AgriHealth Services Ltd. in Airdie, just north of Calgary. It is available to clients for a nominal fee.

"We knew that certainly some of our clients were interested in having access to carcass data, and we felt by developing this app it would make it easier for them to access BIXS and be a value added service," says Jelinski.


Launched in 2014, the veterinary service had about 30 clients sign up for the app last year and more are expected in 2015. Producers have the app on their cell phone or tablet and can enter as much information as they want into BIXS. The key pieces of information along with CCIA tag number are date of birth (birth date method — either actual or calving start date) and sex of calf. But, the app can be used to enter a wide range of information including notes on calving difficulty and any treatment protocols.



Johnston says when marketing on the grid he found the difference in price between a good AA animal and AAA could be very minor. "Unless you can negotiate a very good premium for cattle sold on the grid, a AA carcass with high lean meat yield can often provide as good a return as anything. The goal is produce a AAA, but at the same time maintain a lean meat yield of 59 per cent or higher."

"Along with the basics they can enter as much information as they want," says Jelinski. "And they can do it right there in field or later if it is more convenient. And then with a couple of simple steps that information can be sent directly to BIXS."

Recognizing that BIXS is really just getting established as an a conduit for information back and forth through the beef production chain, Jelinski says they offered the app as a way to get producers familiar with providing information to BIXS.

As the flow of information matures, he says there will hopefully be value in helping producers better manage or fine tune their breeding programs, and search out market opportunities. "It may be of value to go to an auction mart or feedlot with records that include a vaccination certificate on all your calves," he says. "And with a record of animal health protocols there may be more opportunity to access markets looking for natural beef, or hormone free, or antibiotic free cattle. So the app is a value added service to help clients get on board early and become familiar with BIXS, and the process of collecting this information." 

*Courtesy of the Beef Cattle Research Council.*

*For more information, visit [www.BeefResearch.ca](http://www.BeefResearch.ca) or email [info@beefresearch.ca](mailto:info@beefresearch.ca)*



## BCRC Expands Beef Industry Search Information

**THE BEEF CATTLE** Research Council (BCRC) has announced it has taken another step toward enhanced knowledge dissemination and technology transfer in the Canadian beef industry.

The BCRC's website, [www.beefresearch.ca](http://www.beefresearch.ca), now has the capability for other organizations that fund beef, cattle and forage-related research of interest to the Canadian beef industry to create and submit research summaries to the website.


"The BCRC has always worked hard to communicate the objectives and results of in-progress and completed research projects funded by the National Check-off and the Beef Cattle Industry Science Clusters," said Andrea Brocklebank, Executive Director of the BCRC.

"Especially since launching BeefResearch.ca in August 2012, we've seen huge interest by producers and industry groups in our concise fact sheets, so in the collaborative spirit of the National Beef Research Strategy and the Science Clusters, we have built the capability for other organizations to develop and share similar fact sheets through the same channel."

Like-minded organizations can acquire login information from the BCRC, then draft fact sheets using customizable templates and indicate where they should appear in the website's navigation. Before being submitted, a fact sheet author must confirm that the lead researcher has reviewed and approved its content.

BCRC staff will moderate submissions to ensure that all posted fact sheets adequately summarize sound science that is valuable to the industry or pertinent to industry stakeholders. The system encourages fact sheets to acknowledge all of a project's funders and prevents duplicate summaries by multiple authors.

"Sharing research results is important. The BCRC's initiative to co-publish related research allows for greater distribution of results ensuring that targeted audiences are more likely to get up-to-date information," said Rob Hand of the Alberta Crop Industry Development Fund Ltd. (ACIDF). "ACIDF plans to put the ALMA/ACIDF Livestock Feeding Initiative research results on the BCRC website."

Staff at ACIDF and the Alberta Beef Producers (ABP) assisted the BCRC in the development of the system by testing it and offering user feedback. ABP and ACIDF fact sheets are among the first third party authored fact sheets to be posted on BeefResearch.ca. 

*For more information, visit [www.beefresearch.ca](http://www.beefresearch.ca)*

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## Global Meat Consumption Reaches New High in 2014

**EUROMONITOR INTERNATIONAL HAS** released a detailed new market research study on the global fresh food industry. The global meat market saw 3 percent volume sales growth in 2014 to reach 225 million tonnes, driven by growing demand in emerging markets.

“Increased prosperity and rising populations are key drivers for meat consumption in emerging markets,” said Anastasia Alieva, Head of Fresh Food Research at Euromonitor International. “For example, since 2009, India’s annual disposable income has improved by 95 percent and meat consumption has increased by nearly 50 percent during the same time period.”

Meat demand declined in developed markets, according to Euromonitor’s fresh food data with recession-hit Greece experiencing the most severe decline of meat consumption in 2014, followed by Germany and the Netherlands. The U.S. has also registered negative growth of -1 percent last year. With health, ethical, sustainability and religious issues giving meat a bad name, a number of Western consumers are embracing vegetarianism and veganism, flexitarian or vegetable-oriented diet.

Alieva commented, “In developed markets, poultry wins shares of consumer stomachs at the expense of red meat, which is gaining a bad reputation due to health concerns. Surprisingly, lamb and goat are also on the rise in these markets due to increasing interest in exotic and rare meats, as well as the growing popularity of Middle Eastern cuisine.”

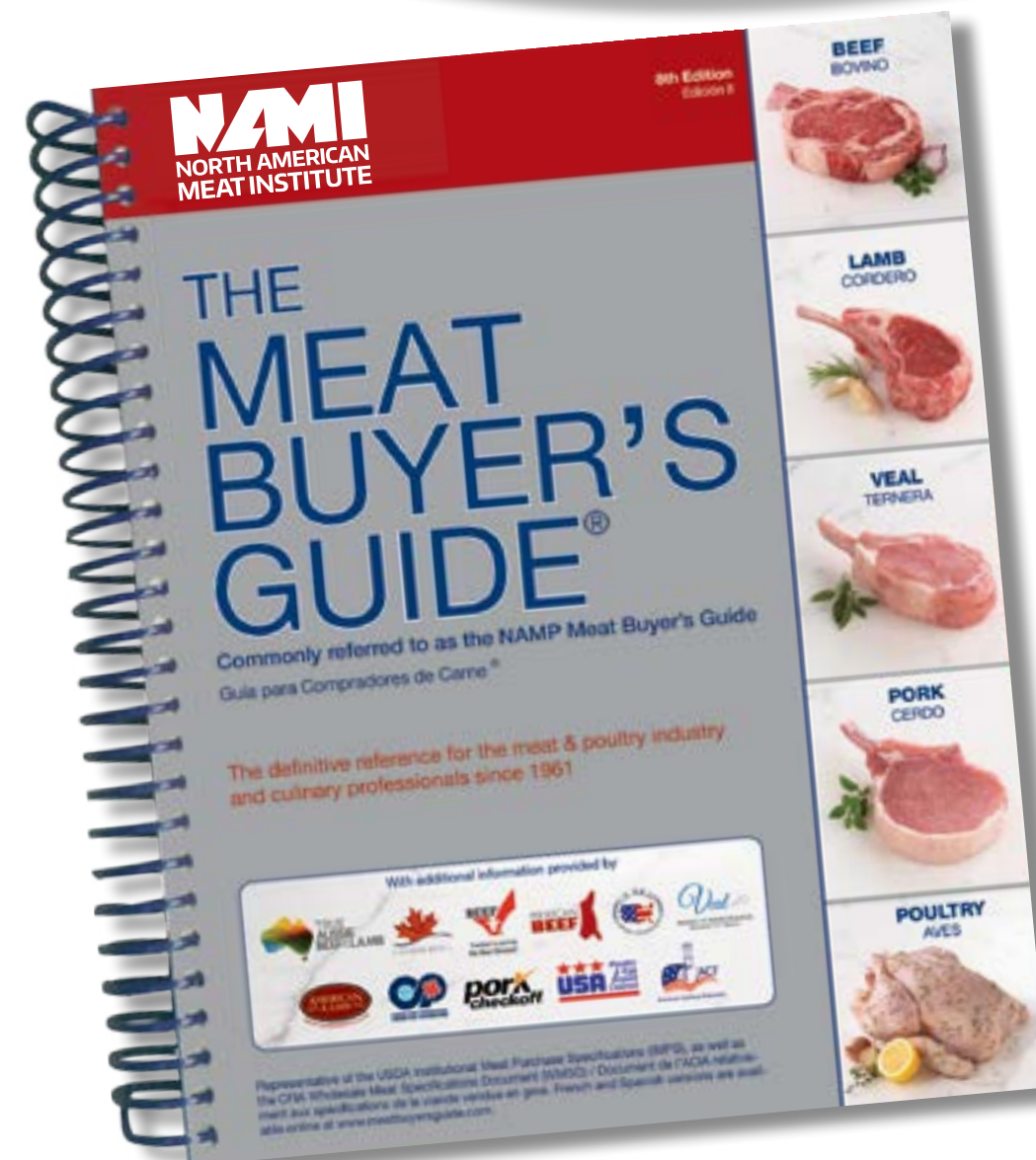
Additional findings from the new fresh food research shows:

- Poultry is the most popular type of meat in the world, increasing by 4% in volume terms to reach 85 billion tonnes consumed in 2014
- India, where one third of the population is vegetarian, emerged as the top growing meat market in the world in 2014
- In China, demand of beef and veal (+5 percent) has been stronger than demand of traditional pork (+3 percent) in 2014 thanks to growing per capita disposable income

For more information, visit [www.euromonitor.com](http://www.euromonitor.com). 

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## Canadian Restaurant Industry Sees Fifth Year of Growth

THE CANADIAN RESTAURANT industry expanded for the fifth straight year in 2014, growing to \$72 billion in annual sales and 1.2 million employees across the country.

"In an era of rising costs and increased competition, five straight years of growth is truly remarkable. Restaurants are more important than ever to the Canadian economy and society," says Donna Dooher, interim president and CEO of Restaurants Canada.


"While many other industries move online, restaurants remain at the heart of neighbourhoods across Canada."

In the restaurant business, higher sales also mean more jobs –

especially for first-time job seekers.

"This is a people business, which means that as a restaurant, bar or caterer grows, they invest in hiring," says Dooher. "We provide more first-time job training than any other industry."

Like many other businesses, restaurants took a hit in 2009 due to the recession. However, the industry has since climbed its way back, with growth driven primarily by restaurants and caterers, and a booming economy in Western Canada.

Restaurants Canada is forecasting continued growth for the industry in 2015. 

## NAMIF Releases Yellow Pages

THE NORTH AMERICAN Meat Institute Foundation (NAMIF) has released an updated version of its popular Yellow Pages, a meat and poultry resource guide that provides important consumer information and answers to commonly asked questions about the meat supply, preparation and cooking and nutrition.


The latest edition discusses the process by which livestock and poultry are raised, and describes aspects of the inspection system that ensure the safety and wholesomeness of the meat and poultry supply. The guide also provides details about meat consumption and highlights a glossary of common meat terms to help consumers choose among the variety of products available at retail.

In addition, the guide includes an extensive section devoted to meat's nutrition, underscoring the numerous vitamins and minerals meat offers, and reviews the calorie counts and preparation methods of various cuts of meat. Cooking and storage techniques, such as suggested oven and internal

temperatures, and safe food handling practices are explained in-depth.

"Yellow Pages is the most comprehensive guide to the basics on meat selection, purchasing, storage, cooking, nutrition and safety," said NAMI President and CEO Barry Carpenter. "This valuable resource is a must-have for any consumer, student and industry professional searching for a complete collection of essential meat information in a single publication."

Yellow Pages was first published in 1994, and have been updated regularly to reflect the most current data and practices. The guide is compiled by NAMIF staff using information collected from industry experts and government resources.


To order a copy of Yellow Pages, visit the NAMI online store. The print edition is \$25 for members and \$50 for non-members. The digital edition is free for members and \$99 for non-members. 



## NSF International Expanding in Canada

NSF INTERNATIONAL BROKE ground on a new facility in Guelph on February 20 at the University of Guelph's Research Park North. The two-storey, 25,000-square-foot building is a partnership between NSF International, the University of Guelph and the City of Guelph with a capacity for about 85 staff members, double the current number of NSF International staff in Guelph.


The building will serve as the NSF International's Canadian hub, expanding its capabilities in providing food safety training, consulting and technical services and is strategically located in the midst of the Ontario Food Cluster, one of the largest food and beverage processing jurisdictions in North America. The Ontario Food Cluster consists of more than 3,000 food and beverage companies in an industry that represents about \$40 billion of annual economic activity. The sector is Ontario's largest employer.

NSF International is a global independent organization that writes standards, and tests and certifies products for the food, water and consumer goods industries to minimize adverse health effects and protect the environment. 

For more information, visit [www.nsf.org](http://www.nsf.org)

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# Pushing for a small business-friendly federal budget

By Mandy D'Autremont

**SMALL BUSINESS OWNERS** across Canada know running a business means making tough choices. Each and every decision you make impacts your ability to not just survive, but thrive. With the upcoming federal budget, now is the time for the government to make policy decisions that will give Canada's small businesses a boost.

This year, the federal government is expected to reach an important milestone with the elimination of the deficit and the first budgetary surplus since 2009. This significant step brings with it an opportunity to set the stage for future prosperity and growth by introducing policies that help entrepreneurs grow and thrive in the Canadian economy.

Small-and medium-sized businesses (SMEs) are key drivers of the economy, employing almost 10 million Canadians, or 90 per cent of private sector employment. Put simply, without a healthy and viable environment in which small businesses can grow, the country inevitably suffers – fewer jobs, reduced revenues, and ultimately, a less secure future for the next generation of entrepreneurs.

The federal government must stay the course and balance the budget this year, as promised in 2011. Entrepreneurs know that today's deficits turn into tomorrow's taxes and any delay in getting back to balance will come at the expense of taxpayers.

The Canadian Federation of Independent Business (CFIB) recently presented its pre-budget submission to Federal Finance Minister, Joe Oliver, which offers a list of action items for the government's consideration:

Reduce the small business corporate tax rate from 11 to 9 per cent. While the corporate rate has dropped from 28 per cent in 2000 to 15 per cent today, the small business rate has only decreased from 12 to 11 per cent during the same period.

Reduce payroll taxes. In a CFIB survey, 74 per cent of small business owners identified payroll taxes (e.g. CPP and EI) as the biggest barriers to growth. CFIB recommends lower EI rates and no increase to the Canadian Pension Plan (CPP).


Reduce red tape. Entrepreneurs are frustrated with all of the government red tape they need to deal with everyday. While we recognize the work the federal government has undertaken to reduce the regulatory burden for small businesses, more needs to be done to make a difference on the ground.

Simplify the Lifetime Capital Gains Exemption (LCGE) and expand it. With Baby Boomer entrepreneurs fast approaching

retirement, the federal government must also revise Canada's capital gains exemption policies. CFIB is pleased the LCGE was increased to \$800,000 in 2014 and indexed to inflation going forward, but the rules around LCGE remain complex and difficult to understand. In order to maximize the use of this measure by small business, CFIB is recommending that the government simplify the LCGE and expand it to include at least some assets, such as business property.

On the agri-business front, CFIB recommends increasing the Capital Cost Allowance (CCA) rates for agricultural equipment. We believe competitive CCA rates are needed, as agri-business owners must make significant annual investments in equipment to continue to grow.

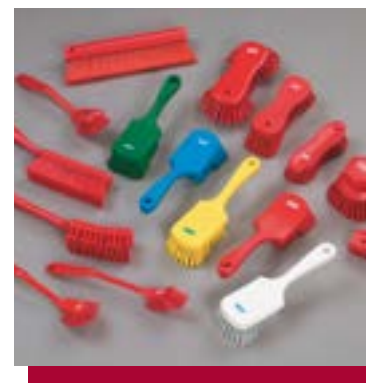
Increase Taxable Capital Limits. Currently the small business deduction for taxable capital limits is phased out for companies having between \$10 million and \$15 million of taxable capital employed in Canada. This amount has not changed in many years and is unfair for smaller businesses that sell high-value goods, such as cars or large equipment dealers. CFIB recommends increasing taxable capital limits to \$50 million, to allow more SMEs to benefit from the small business deduction.

During this tentative economic climate, the best way to provide meaningful support to Canada's entrepreneurs is by passing a federal budget that is 'big' on small business. Let's hope they seize the opportunity. Read CFIB's pre-budget submission <http://cfib.ca/a6986e>. 



Mandy D'Autremont is a Senior Policy Analyst, Agri-business and Saskatchewan with the Canadian Federation of Independent Business. She can be reached at [mssask@cfib.ca](mailto:mssask@cfib.ca)

Established in 1971, CFIB is Canada's largest association of small- and medium-sized businesses, CFIB is Powered by Entrepreneurs™. CFIB takes direction from more than 109,000 members (including 7,200 agri-business owners) in every sector nationwide, giving independent business a strong and influential voice at all levels of government and helping to grow the economy.



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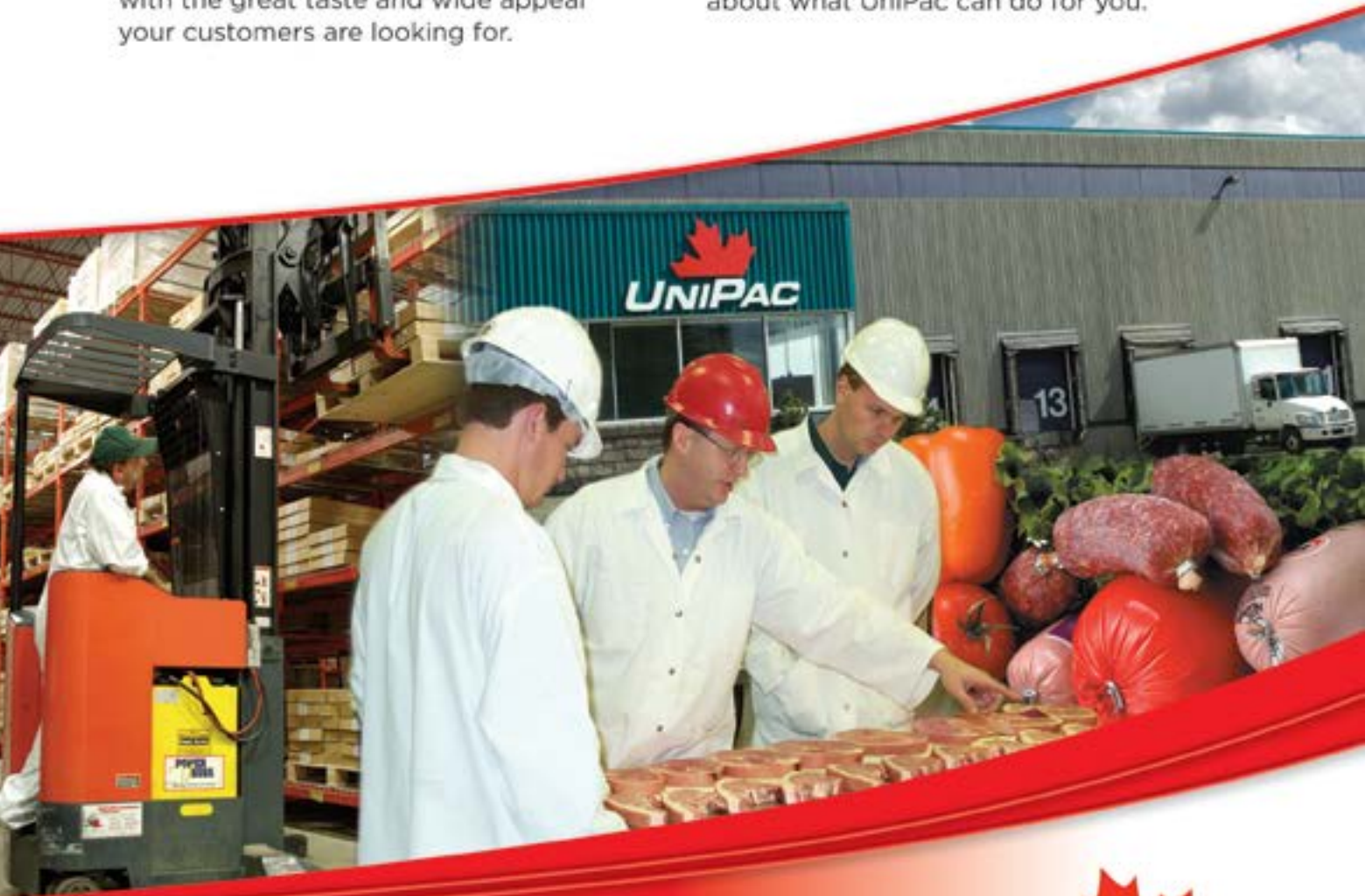


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