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An Ontario Cattle Feeders' Publication



Spring 2020 Edition



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## 2020 BEEF CONVENTION HIGHLIGHTS



### Enthusiastic Brand Partners

Mr. Hiroshi Ueda (left) and Mr. Satoshi Toyoda of Kinsho Stores in Japan are avid supporters of the Ontario Corn Fed Beef program. They gave our convention attendees a unique view of OCFB's phenomenal growth in the Japanese marketplace. Details inside.



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## Five Key Points For Success In The Japanese Market



Mr. Hiroshi Ueda of Kinsho Stores (left) presents an overview of the Ontario Corn Fed Beef Program in Japan at the 2020 Ontario Beef Industry Convention in London. Also pictured are Daisuke Shimojima, OCFB Program Manager, Market Development for Asia (centre), and Mr. Satoshi Toyoda of Kinsho Stores.

The Ontario Cattle Feeders' Association was thrilled to host two very distinguished guests at the 2020 Beef Industry Convention. Mr. Hiroshi Ueda and Mr. Satoshi Toyoda of Kinsho Stores made the long trip from Japan to attend the convention in London. Kinsho was Ontario Corn Fed Beef's first partner in Japan and continues to be one of the brand's strongest supporters.

Hearing their enthusiasm for the beef produced by Ontario's farm families was a highlight of this year's convention. Our attendees gained a unique insight into how our international brand partners view our program.

Daisuke Shimojima, our Program Manager, Market Development for Asia, translated a presentation by Mr. Ueda, who highlighted Kinsho's "affections for and thoughts" of Ontario Corn Fed Beef and outlined five important points for further success.

### Ontario Corn Fed Beef Feeding Protocols

Mr. Ueda noted that Kinsho sold New Zealand and Australian beef in the past. But he said the products had a wide variation in meat quality and had "a strong, gamey smell and flavour." To ensure reliable beef quality and taste that would please their customers, his organization routinely hosts in-house tastings. "We examined a review of suppliers of imported beef," said Ueda. "Meanwhile, I met with Ontario Corn Fed Beef in 2015, and fell in love."

He noted that Ontario Corn Fed Beef, grown using high-quality corn, produces beef with an excellent aroma and flavour, and it can be sold to consumers with confidence. What's more, Kinsho is part of a company that also owns the Osaka Marriott Miyako Hotel, a five-star luxury property. Ueda added that the chefs at the hotel are fans of Ontario Corn Fed Beef's flavour and tenderness. "This deliciousness is a crystal that has been produced with the utmost effort and affection of



## Inside This Issue

- Five Points For Success In Japan
- Loblaw's Update: Local Matters
- Meeting The Beef Demand Challenges
- Beef Convention Thank You
- Cattle Groups' Concerns
- Bigger Corn Crops Expected
- Dealing With The 'What If'

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all the producers here," he said. "We promise to deliver the consistent commitment to quality to consumers on your behalf."

### Quality Assurance Program's Attention To Food Safety

Besides the flavour of Ontario Corn Fed Beef, the Japanese customers have a keen interest in the Quality Assurance Program. Ueda noted that the Japanese market is very sensitive about imported beef, and they're seeing an ever-increasing number of consumers who have strict standards for safe and secure beef production. He said they could provide OCFB products to their consumers with confidence because of the program's quality assurance.

"Most importantly, the government and public and private sectors work together to ensure that their producers maintain a sustainable production environment and carry out strict quality assurance programs," added Ueda. "These sustainable world-leading programs are our pride."

### Brand Marketing

Marketing is the third key point of the brand's success with Kinsho. Ueda said Kinsho regularly hosts in-store promotions and tastings. The efforts have been proven to be successful as more customers are switching from Australian beef to Ontario Corn Fed Beef products. "I think the most effective way of marketing is to provide many eating opportunities," said Ueda. "Though there can be some differences in sales environments and consumer needs in Japan and Canada, the commitment to taste and quality, and the quest for better ingredients are universal. It is important to (promote) these differences and differentiation by providing more eating opportunities."

### Consumer Activity

Since partnering with the Ontario Corn Fed Beef program in 2015, Kinsho has continually strived to increase brand awareness in Japan. They have organized several events, including hosting premium barbecue events and cooking classes. In recent years, Kinsho has been hosting special customer invitation events each summer. Also, a "Canadian Fair" was held in July as well as an indoor barbecue event at the Osaka Marriott Miyako Hotel. "As a result of conducting a number of events, customers continue to increase year by year," said Ueda. "Developing Ontario Corn Fed Beef fans through various consumer activities in this way is a shortcut to sales promotion."

### Internal Education

The fifth point for success is the continuous education and training of sales staff. As part of the learning process, representatives of Kinsho have travelled to Canada many times to see the OCFB production and protocols first-hand. "Our chairman and president have come here to visit Ontario, and they are both huge fans of Ontario Corn Fed Beef," said Ueda. He noted that regular meetings and educational sessions with OCFB keep his group "in serious motivation on the brand marketing."

At the conclusion of his presentation, Ueda pledged to continue with the Ontario Cattle Feeders' Association to promote Ontario Corn Fed Beef and to grow more business in Japan. He added that they promise this commitment to the Ontario Corn Fed Beef family members who gathered for the convention.

### Ontario Ag Minister Addresses Convention



The Honourable Ernie Hardeman, Ontario Minister of Agriculture, Food and Rural Affairs

The Honourable Ernie Hardeman, Ontario Minister of Agriculture, Food and Rural Affairs, praised the efforts to grow Ontario beef sales in Japan during his remarks to the Beef Industry Convention. The Minister expressed gratitude to the Ontario Cattle Feeders' Association, the Beef Farmers of Ontario and other industry partners for their leadership in promoting Ontario beef in Japan. "It was an important step to develop more trade opportunities for Ontario-produced beef and goods," said Hardeman. "We believe there is more room to grow."

In October, the provincial government led a trade mission to Asia, which included Japan and South Korea. "I also want to thank all the producers that went with us, and all the people involved in the industry that were with us in Japan to get the word out that the best beef in the world comes from right here in Ontario," added Hardeman.

As part of the mission, the minister participated in a celebration with Kinsho Stores to acknowledge five years of the OCFB partnership with the signing of a Memorandum of Understanding to commit to another five years.



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# Loblaw's Update: Consumers Choosing Local



Brad Porter, Vice President, Market Fresh, Loblaw Companies Limited

"Local matters more than ever before." It's a phrase that has become familiar in food marketing in recent years. According to research done by Canada's leading food retailer, the local food angle is more than a slogan, it's moving up the list of priorities for today's consumers.

Brad Porter, Vice President, Market Fresh, of Loblaw Companies Limited, highlighted the research while also giving the Beef Convention attendees an update on Loblaw's partnership with the Ontario Corn Fed Beef program.

On consumer research, Porter told the audience Loblaw's is looking more closely at "customer empathy" and gaining an understanding of their customers' day-to-day lives. "We actu-

ally spent a ton of time in stores, talking to customers, asking the questions behind how they make their decisions," said Porter. "Why do they come to our stores? Why do they purchase our products? What matters most to them?"

Besides in-store interviews, they also go into homes across the country, spending a couple of hours to learn more about the daily routines. When it comes to decisions related to buying food, availability, quality, freshness and value are paramount. The company assumed these attributes would top the list. But Porter said convenience is becoming an essential factor because people don't have a lot of time and they sometimes have to go to the closest location to get fresh food. "What really is important is the amount of multiple trips they have to do in a day, in a week, just to get the food they need to bring together nutrition to fuel their family and to make the traditional recipes that a lot these people like to do for their family."

Again, they expected convenience to be a factor. But once freshness, quality and availability have been secured, consumers are seeking locally-produced. "I think five years ago we did some of this work, and (local) was number seven or eight on the list," said Porter. "It's now bubbled up to the top, even above price. So, it's really changed how we make decisions. It started to drive different decision-behaviour for us."

Meanwhile, beef also rates highly as one of the top priorities on how consumers measure a store's quality and reputation. According to Porter, beef also drives consumer decision-making on their overall meat purchases. "So, think about how important you are to our business, but more importantly to our customers that we're feeding every day," he said. "Although

consumption is down a little bit, demand is up. It's become ever more important for us."

From there, Porter talked about the Ontario Corn Fed Beef (OCFB) program and how Loblaw's intends to grow the beef category. "We think we're positioned really well," he said of the OCFB program. "We've benefitted tremendously from this program. It really resonates with our customers, particularly in our rural markets. When you think about the Independent (Grocer) banners and Zehrs, they've really done themselves proud. They feel like it is their own program."

Reiterating his earlier comments about consumers caring about quality and their desire to support local producers, Porter noted that Loblaw's marketing efforts are focused on those areas. "If you look at how we shifted in the last year and went into any of our stores last summer and shopped in our produce departments, you would have noticed the signs of local products," he said. "We have pictures of the actual local farmers who produce it and bring it to their stores. And that is what the customer said matters way much more to them than a brand or a slogan or something really fancy that encourages them to purchase."

As the retailer plans to continue with the local emphasis in 2020, Porter hopes the OCFB marketing can evolve to include the farmers who produce for the OCFB program. They want to show consumers the people who live nearby, the people who produce great quality beef. "We really value and treasure this relationship we have had for a number of years," said Porter, concluding his remarks. "It's about the product, the local pride. It's about you, the producer. It's what you do every day that they appreciate."



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# Meeting The Beef Demand Challenges



Market analyst Kevin Grier (left) leads the panel discussion on beef demand at the 2020 Beef Industry Convention. Also pictured are Jim Clark, John Baker, Chelsea Martin and Brent Cavell.

Strong beef demand, the success of the Ontario Corn Fed Beef program, and meeting the challenges of future growth emerged as the key topics of a panel discussion at the 2020 Ontario Beef Industry Convention in London. The panel format was used to give the convention guests some insight into various issues affecting the industry and the OCFB program. It gave the attendees a different perspective than in previous years when the updates were provided through individual presentations.

The panel included Jim Clark, Executive Director of the Ontario Cattle Feeders' Association and Ontario Corn Fed Beef, John Baker, OCFB Director of Brand and Business Development, Brent Cavell, OCFB Quality Assurance Manager, and Chelsea Martin, OCFB Program Manager.

Market analyst Kevin Grier, who moderated the panel discussion, set the scene by reviewing some of the main points of the independent assessment he conducted on the program two years ago. Grier said the negative talk about beef demand has shifted to being more positive in recent years. Whereas the discussion had mostly been about what to do about eroding demand, the global appetite for beef has increased by about four per cent over the last ten years, most of which occurred in the previous four or five years.

Using data from the United States, Grier noted that Americans have been eating more meat and poultry at higher prices. "The message I want to convey to you is that global beef demand is growing, but also North American meat demand is growing," he said. "Global demand is

very strong, and Canadian beef demand is very strong. Canadian beef demand is a very positive story, and I think it is always important to remember that. What you're producing is something that is in very strong demand in Canada, despite everything you hear."

Grier also points to the grocery store flyers as another good indicator of strong beef demand. He noted that during the holiday weekends in Canada, including Thanksgiving, beef dominated the front page of the flyers. "You would think that there was no such thing as turkey this (past) Thanksgiving," said Grier. "Beef also dominated at Christmas. Don't it take from me in terms of whether beef is in demand, you see it in front of you, especially on the important weekends."

In terms of meeting this demand, Jim Clark said the blueprint of Ontario Corn Fed Beef is a critical piece of the strategy. "We sat down and figured out where we were going and what does it look like," said Clark. "What positions us well in Ontario is the fact we've continually built onto the original platform to meet the changing consumer needs and what's requested from the industry. It's one of the key parts that I believe led us to meet a lot of the demand and building onto the opportunities that exist, not only domestically but internationally."

John Baker added that the marketing of Ontario Corn Fed Beef is tied to that blueprint. The comprehensive story continually begins and ends on the farm. "We always talk about a brand story starting with who we are: Ontario family farmers," said Baker. "What we do and

how we do it, which is defined within our Quality Assurance program. But it's also how we communicate that through our market partners in key markets and working with very important brand partners."

While global demand is excellent, Baker noted that Ontario needs to be able to carve a piece out of that market. Citing the growth in Japan as an example, he said the brand story enabled OCFB to capture a larger share. Starting with 40 stores of the Kinsho retail chain in 2015, OCFB is now marketed in 17 retailers, representing more than 300 stores across Japan.

"We have as many stores marketing OCFB in Japan as we do in Ontario," noted Baker. "That's absolutely phenomenal growth. What we've been able to do is to tell that story, and our story is what makes us a unique brand of Canadian beef in the market in Japan."

Highlighting the group's marketing efforts, Baker said OCFB came away with another outstanding assessment of its product. Last year, OCFB received the Three Star "Superior Taste Award" from the prestigious International Taste and Quality Institute of Brussels, Belgium. This marked the fourth time OCFB won this recognition, receiving the highest score yet. The award is the only stamp of quality in taste granted by 135 food and drink opinion leaders. "It's really interesting when you take a leap of faith and give your product to somebody on the other side of the world and say tell us what you think," said Baker. "And what they say is exactly what we say. We're saying it from the beginning stages; they're saying it from the end stages. It's one of the differentiators of our program. That's absolutely critical, and it shows that it does work."

## Challenge: Bringing More Cattle Into The OCFB Program

In his assessment of the Ontario cattle market, Grier noted that the erosion of Ontario's share of the fed cattle slaughter seemed to have stopped in 2013, with modest increases in the last four years.

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Meanwhile, the Ontario Corn-Fed share of the Ontario fed cattle slaughter has expanded dramatically. But with a small increase in 2019, Griener asked if the program has hit a wall? What's next in terms of getting a more significant share for the OCFB program?

In his response, Clark said the cattle numbers continue to hold steady, but the question shows that the program needs to target a group of cattle that are not part of the program to grow. "We've been very fortunate that we've had many family farms stay on the Ontario Corn Fed program and work with us and follow the vision of where we're going," said Clark. "But there's a percentage of cattle that aren't falling within the specs (of the program). And I think any other protein sector we deal with, that's one thing that they have. They have an alignment that meets the food quality and safety aspects that everyone is looking for."

Clark said growing the program is even more critical now that the group is discussing an agreement with Wendy's. "We're fortunate that Wendy's has identified Ontario Corn Fed Beef and our Quality Assurance and (we've) met a lot of things that they're looking for. We need to be able to grow that and get to the next step."

Baker added that the Quality Assurance program sets up Ontario to help partners meet their future production needs. He noted that Cargill set a target that aims to have 90 per cent of its cattle coming from the Beef Quality Assurance program, which is a beef stewardship certification program created by the National Cattlemen's Beef Association in the U.S. "Here in Ontario, we're very well positioned to meet that," said Baker. "OCFB meets the requirements. We've had to make some adjustments and changes to the program, but it's a real opportunity to increase the number of cattle coming through the program, driven by market-demand signals that are coming back."

Besides meeting the demands for stewardship, the OCFB program's standardized beef protocols provide another critical element. Consumers are becoming more concerned about what the animals are eating. And when talking with consumers, Clark said that explaining the standardized protocols and what's in the rations

helps people understand the program better. "I think going into the future, that is going to be one of the biggest hurdles we're going to face," he noted. "What are those animals eating? We are well-positioned. We work with all the other programs, but we have one element that is above that, and that is the standardization of the feed protocols that gives that consistency to the program. And that's where we need to continue to move that up."

### Quality Assurance: The Next Steps

The latter part of the panel discussion shifted to the future of the Quality Assurance program. Brent Cavell and Chelsea Martin have been looking at how to take the program to the next step and how to meet the demand opportunities of the marketplace while adding value back to the producers.

Martin said changes have been made to achieve operational efficiencies for producers. Of note, the critical components of the program, the On-Farm Procedures booklet and the audit tool have been aligned better. "An efficient auditing process will minimize time on-farm, to better the program and the audit process, going forward," she said, adding that a quality assurance app has also been developed to help increase the efficiency for both producers and auditors.

Another project includes certifying the program under ISO (International Organization for Standardization). "ISO certification will enhance confidence and trust of all brand partners, present and future," said Martin.

In addition, the program is also working to have OCFB recognized as a certifying body with the Canadian Roundtable of Sustainable Beef.

The Quality Assurance program is also the centrepiece of the group's messaging in social media to raise awareness of OCFB and educate consumers about the quality assurance aspects of the brand story. Martin said that keeping a strong presence on social media is essential for countering misinformation about the industry as well as connecting with a younger audience. "This next generation is health-conscious, and they're willing to spend a little more money on products," she added. "We do need to keep them engaged and keep them in the loop."

Cavell outlined several benefits that the Quality Assurance program offers to producers. In feeding operations, he noted that producers likely have three main areas of focus: improving productivity, managing animal health and tracking feed efficiencies.

In terms of increasing productivity, he said the protocols and records serve as an on-farm management tool to make informed decisions based on health, both preventative and treatment-related protocols, feed efficiencies and animal husbandry. "Accurate records build confidence in your operation with financial institutions," added Cavell. "Consistent rations and average daily gains (data) give the required information to make timely decisions on marketing opportunities with various placements of cattle."

On tracking feeds, Cavell said both home-grown feeds and purchased feed ingredient needs can be determined with more accuracy based on ration composition and TMR records.

Another benefit is the engagement of the feed supplier. "Feed companies, in general, have adopted various monitoring and production tools that are being used on the farm today," he said. "Information that these tools provide builds relationships and provides valuable information about the customer. In conjunction with the OCFB Quality Assurance program, the information can provide more meaningful data."

With veterinarians having a critical voice in feedlot management, Cavell said the Quality Assurance program engages these professionals as well. He notes that veterinarians and feed representatives are encouraged to work closely with their mutual clients to develop a feeding program that matches the type of cattle being placed on feed.

Looking ahead to potential future benefits, Cavell noted they're in discussions with the Ontario Ministry of Agriculture, Food and Rural Affairs, to conduct a feeding behaviour demonstration. He said that the uptake of good production practices related to bunk management is not widespread within the cattle feeding sector. The study is an opportunity to increase that uptake, with an eye on boosting the performance and profitability in Ontario's feedlot sector.



Keynote speaker Andy Detwiler (right), with the help of his daughter Kylie, shared his inspirational story at the 22nd Annual Beef Industry Convention. Known as the "Harmless Farmer" on YouTube, Andy showed how he had embraced life and farming after a childhood farm accident left him without arms. We were honoured that Andy accepted our invitation to speak at our conference, which was his first public speaking engagement. Judging by the reaction of our attendees, it certainly won't be the last keynote speech for the Ohio farmer.

To our 22nd Annual Beef Industry Convention Participants:

We would like to take this time to thank you for your very generous and on-going support of our organization as we continue moving forward into the future.

As you well know, our Annual Beef Industry Convention has been a key part in the delivery of messaging, related to partnerships and change, in an industry notoriously known for being independent. Our goal has been to provide events that allow for thought outside of the normal box. And as well, we firmly believe that this get together provides a catalyst for thought sharing and, most of all, fellowship amongst likeminded individuals. The venue also plays a major role in getting all of the various partners and sectors under one roof.

Once again, we appreciate your commitment to our organization and this annual event. Whether it is through a sponsorship; participation as an exhibitor; donation of auction items, or through a purchase at the fundraising auction, we could not continue to deliver the top quality speakers and agendas that would be key to the future success of our industry as a whole.

Once again, "Thank you" and we look forward to working with you throughout 2020 as we work together to "improve and maintain a more viable beef industry in Ontario".

Best regards,

Wendy Clements  
Administrator

Jim Clark  
Executive Director



## Cattle Groups Concerned About Transportation Regs, Processing Capacity



Joe Hill, President of the Beef Farmers of Ontario, and Dennis Laycraft, Executive Vice President of the Canadian Cattlemen's Association provided updates at the Beef Industry Convention.

The lobby efforts of the Beef Farmers of Ontario are sharply focused on transportation regulations and processing capacity. Joe Hill, BFO President, gave an update on these and other critical issues during his presentation to the annual Beef Industry Convention.

While the new federal transport regulations would still come into force on February 20, 2020, there will be a two-year "transition period" on the feed, water, and rest (FWR) interval provisions for the livestock sector. "We've got a strong track record in transporting cattle safely across this country and changing rules for the sake of changing rules isn't going to help the situation," said Hill, referring to the lobby efforts of both BFO and the Canadian Cattlemen's Association on the issue. "What's happening is under the existing rule we can put animals on a truck for 48 hours. That drops to 36. There is going to be a focus on education over the next couple of years, but these are the new regulations that we need to be paying attention to."

He noted that the BFO had been involved in the working group on developing the language of the guidance documents for the inspectors. "We're still working on the research and lobbying to have that research be reflected in the regulations and then just raise awareness of the need for increasing the rest station infrastructure," said Hill. "If we've got to unload more cattle for longer periods of time, the current infrastructure isn't adequate."

On the Business Risk Management program, Hill said the BFO is working to ensure that the provincial government follows through on its campaign promise to increase the funding for the program. The group is also working with the Canadian Cattlemen's Association on the review of Canada's suite of business risk management programs. The groups are seeking programs that are adequately funded and are delivered consistently

across the country and treat all commodities equitably and fairly.

While the issue of processing capacity has been building over a few years, Hill said the closing of Ryding-Regency in Toronto brought the problem to the forefront. "I think we know what is going on and what factors led to it," he said. "This has been a major issue, and it's going to continue to be a major issue going forward."

The issue is also a priority for the industry across the country. Dennis Laycraft, Executive Vice President with the Canadian Cattlemen's Association, was on hand at the Convention and provided the national perspective. Laycraft noted that the CCA has been working with BFO and the Ontario Cattle Feeders' Association for the past year to try to increase the capacity in Eastern Canada. "We talked to every federally inspected plant in the east," he said. "We take a look at the labour issues, and all of those things continue to be in play. This isn't something that just started this past September."

Laycraft acknowledged the frustration over the gap between cattle and processing numbers, while strong demand exists for Canadian beef. He added that limited access to the U.S. is a contributing factor to the problem. The CCA wants to see some constraints removed so that U.S. packers can be more actively involved in the market. "We're working very specifically on a couple of issues to try and get rid of some of the segregation issues that are taking these plants off the spot markets in Canada," said Laycraft.

He credited Cargill with trying to increase its daily processing, adding that they're looking at efforts to continue that on a longer-term basis. "As the (feedlot) industry expands down here, we want our cow herd to expand," said Laycraft. "But you're not going to expand the cow herd unless you have a very strong and vibrant feeding industry that's pulling prices for the cow-calf sector. Hopefully, we're going to be able to get this done in a way that will create a long-term opportunity."

Time In Transport Regulations		
Item	Old	New
Maximum time on truck without FWR	48 hours	36 hours
Grace Period	4 hours	None
Rest time (FWR)	5 hours	8 hours
Too young to be fed exclusively on hay and grain without FWR	18 hours	12 hours
Compromised animal time on truck without FWR	None	12 hours
Source: Beef Farmers of Ontario		



# Bigger Corn Crops Expected In 2020



Market Analyst Steve Kell

For cattle feeders, 2020 could bring some relief from the higher corn prices of late as the grain trade is expecting a larger U.S. corn crop. In a presentation to the Beef Industry Convention, market analyst Steve Kell discussed the factors affecting the futures prices in Chicago as well as the basis values in Ontario.

In 2019, a year that most people would like to forget, the problems related to the wet weather were well-documented, resulting in lower supplies. What's more, U.S. corn production has been on the decline since 2016.

As prices consist of the Chicago futures price plus the basis, Kell drew attention to the much lower corn yields around the Great Lakes Basin last year. Indiana, for example, went from an

average yield of 193 bushels per acre in 2018 to 163 bushels last year. Michigan, Ohio and New York also posted lower yields. "So, in this part of the world, we have a lot less corn," said Kell. "We're looking at more aggressive basis levels in this part of the marketplace because we're going to have to get the corn that we need from somewhere else."

He remarked that it's a turnaround from 2018. During his presentation last year, Kell talked about Ontario producing the biggest corn crop in history and how we could export it to other parts of the world.

There is also a disparity in the basis across the province. It tends to be lower in the southwest. Kell notes that Michigan only feeds 20 per cent of its corn to livestock, with about 30 per cent going to ethanol, leaving half the crop available to go elsewhere, including to corn buyers in Ontario. The basis values move higher as one travels north and east of the southwest.

Kell also highlighted the seasonal opportunities of the corn market. There's usually a weather rally in the spring just as the crop is being planted or first emerging. Once the crop gets past the pollination period, and the trade has a better idea of the potential size of the crop, the price falls. "Now, if you're a corn buyer, you know to avoid making purchases in March, April, May and June because that is when the spike is," said Kell. "But if you're a corn seller, you can use that same information."

With planting just around the corner, Kell said the market has been focused on the expectations for 2020. Quoting a Farm Futures survey, he noted that American farmers expect to plant 94 million acres of corn. For comparison, U.S.

farmers planted 89.7 million acres in 2019 and harvested 81.5 million acres of corn for grain, according to the Jan 10. crop report from the U.S. Department of Agriculture. "When we get into the spring, we'll really find out about what we meant to (plant), but it looks like a much bigger corn crop in the year ahead, and certainly that is going to do a lot to level out the price," said Kell. "And if you're a feeder, it's good news. If you're a marketer, let's not get silly expectations about what we might see in that corn market."

## Agriculture Canada Releases First Look At 2020-21 Crop

Market analysts at Agriculture and Agri-Food Canada are expecting a slightly lower corn acreage but higher production in Canada. Their latest market outlook report, released on Jan. 23, included a preliminary look at the upcoming 2020-21 crop year.

For corn, area seeded in Canada is forecast to decrease by only 2.4% as corn prices remain relatively strong. Production is expected to increase by 3% to 13.85 million tonnes, mainly due to higher yields, and imports are expected to decrease accordingly. The supply is projected to be slightly lower as lower carry-in stocks and imports more than offset the increase in production. Domestic use is projected to fall because of lower feed use, while exports remain stable. Ending stocks are raised by 5.6% to 1.9 million tonnes.



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# Farming In The Shark Tank Of 'What If'



Convention Keynote Speaker, Ron Hanson

In his forty years of counselling farm families through the challenges of farm succession planning, Ron Hanson has seen too many failures. He's even experienced the pitfalls within his own family. It's what drives him to help others to resolve family conflicts in a more positive manner and to improve family relationships through better communications.

As he told the 2020 Beef Industry Convention, the Professor Emeritus of the University of Nebraska came to Ontario not to make any friends, but to speak frankly to help save farms, and more importantly, save farm families. Han-

son's presentation, "Farming in the Shark Tank of What If," challenged the audience to think about what could happen to their farms and families in the event of an unexpected crisis.

"This is a very difficult subject to approach because farm folks are very private people," said Hanson. "A key point to remember today is what happens when you very least expect it? Most families never want to talk about real-life 'what if issues.' No family ever wants to have that family talk. And if you have a farm, a business, a cattle operation, a family to preserve, to protect, you better have a plan to accomplish that."

Hanson's definition of contingency planning is direct and straightforward. If an unexpected change happened today to the farm business or the family, he asks if everyone in the entire family knows and understands what happens tomorrow? Who takes over control? How do they take over? Does everyone agree as a family?

"You've got to be prepared. You have to expect the unexpected," he said. "You have to make sure everything has been discussed so that there are no misunderstandings...no conflicts when and if something ever does happen to your farm, your business and, most importantly, your family."

Hanson likes to compare these unexpected situations to sharks swimming around a tank and asked the audience members if their farm business can survive a potential attack? Can it continue as well as prosper for a future generation? He noted that there are various unexpected events or "attacks," including a sudden death or illness, long-term medical costs without adequate medical insurance, the loss of a

key employee with little or no notice, divorce, lawsuits against the family or one family member sues another.

Also, there could be what Hanson calls "family predator sharks" lurking in the water. These problems include family members who don't speak to one another because of grudges, jealousies or resentment. "Sharks are waiting for an opportunity...you better have everything in place because predator sharks fight."

When families sit down to work out a contingency plan for the farm or the business operations, Hanson said there are seven questions that they need to address.

## Question 1:

Who is entitled to someday owning the family farm? And as a follow-up, Hanson asks two bottom-line questions. Is there someone the owners really want to have the farm? Is there someone who will never own the farm?

## Question 2:

Are family members willing to communicate with each other? Hanson said people must be transparent, open and honest. There's no room for secrets. "When you create suspicions and doubts in a relationship, you've now destroyed trust and respect," said Hanson. "When family members lose respect and trust, they're no longer communicating, and family troubles and family failures are just around the corner."

## Question 3:

Are the parents willing to treat all of their children fairly and equitably in their estate? Favouritism among adult children quickly causes sibling jealousies and resentments, which often destroy family relationships. Family farming



## The tag that stays in







operations are the most difficult to handle in terms of fairness because some children worked harder, and some care more than others. Some just see the money and what they might inherit from the family's estate.

#### Question 4:

What if the family members can't agree? If family members fail to reach an agreement with each other and are unable to work through the succession process together, nothing will ever happen. Bickering and fighting can become a roadblock to the planning process.

#### Questions 5 & 6:

Are the parents going to share ownership as well as control? What's the fair selling price for a family farm/business. Parents have worked hard and sacrificed for the success of the farm. Consequently, they often retain total ownership and control until retirement or even until their death. Keeping control for too long can be a mistake in the planning process. Hanson said the parents need to help the children build assets and net worth so the next generation can be in a financial position to take over someday and be successful.

#### Question 7:

Does the family have the vision for the future of the farm/business and do all the members of the family support that vision? Hanson noted that it is the most important question. "Is the ultimate goal to make sure this family operation stays in the family for future generations? Are you willing to put a plan in place?" The vision becomes the blueprint for developing and implementing a successful succession plan and gives the family members guidelines to help accomplish the planning goals. "Sit down as a family and start talking, draft out a plan," added Hanson.

His next step in the process involves enlisting professionals to help with the more complex legal, tax and financial issues. "You'll need an attorney to draw up the necessary legal documents," said Hanson. "I want to see that farm ledger in place because I want to see a financial plan for the next generation to step in and be successful. Then, I want to see an estate planning specialist or a wealth management specialist to preserve mom and dad's estate and preserve mom and dad's equity and to make sure mom and dad never have a financial worry or

burden for the rest of their lives. Most importantly, get it done. Have that family meeting. A goal without a deadline is nothing more than a dream."

In summarizing his strategies for success, Hanson repeated that it's critical to start talking and to get things in writing. "Everyone needs to be informed and involved," he said. "People get upset and angry when they're left out and not included or not ever told. Expect the unexpected because it happens, and I've very seldom seen a problem, an issue or a conflict disappear with time."

He then gave the attendees a checklist of five important points to consider for transition planning:

1. Are all important farm and business documents current and complete?
2. Are these documents accessible to other family members?
3. Are necessary Power of Attorney documents in place?
4. Has this been shared with others?
5. Do the parents have an EXIT plan to transition out of farming and retire?

He reiterated that transition planning requires


communicating as a family and asked the convention attendees if their families can do that. "Can your entire family sit down together and begin talking with each other and share feelings openly and honestly with each other? Never underestimate the power of open and effective communications within a family."

Also, he noted that it's up to the parents to make sure that all the children in the family understand their wishes. "Because if you don't sit down and tell your children your plans, your dreams, your hopes, what you've done, how you've done it, who will? Some attorney who never even met your family? Is that who you want to explain and answer all the questions?"

Whether they have already begun the journey down the farm succession road or if his presentation served as a reminder to get started, Hanson urged people to strive for family unity. "Once you have that plan in place, celebrate that blessing. Keep that family operation and that family together for this generation, the next generation and the next generation," said Hanson. "Family farms and farm families are very important."

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