

Progress Starts with Partnership

Delivered by OCA Executive Director, Dave Stewart on February 24th, 2010

Good morning. It is my great pleasure to welcome you to our Annual General Meeting, with this year's special theme, "Progress Starts with Partnership". As I have told many of you at the various county annual meetings which I have attended, I intend to complete this theme, and argue the position that, "Progress Starts with Partnership with our Customers".

But first, I want to start off by asking you to think back to the opening day of our AGM last year. Just one short year ago.

Do you remember the uncertainty and despair we were facing then? Here are some of the headlines, again, from exactly one year ago.

"Fed Chairman Says Recession Will Extend Through the Year." I say...Brilliant!

"Home Prices Post Biggest Drop in 21 Years." What do you think this did to your consumers confidence?

"The 2008 World Economic Crisis: Global Shifts and Faultlines" – "After a year of financial shock and sharp economic loss, 2009 is likely to be extremely difficult for the global economy"

Another classic understatement.

And finally, what about this one from Heather Scofield of the Globe and Mail?

"There will be blood."

Harvard economic historian Niall Ferguson predicts prolonged financial hardship, even civil war, before the 'Great Recession' ends"

Thank goodness we didn't have a civil war, or get into a great recession. The point here is that the economic shock we suffered was unprecedented. And at this time last year, we had not found the bottom, and no one knew where the bottom would be, or when we would get there. Remember the phrase uncharted waters. How many times did you hear that expression?

But, what a year we have been through. The global economic crisis, triggered by worthless credit default swap instruments, which none of us understand, threatened to take down the financial foundation of all of the major nations.

It has been extremely difficult not just for all of us, but for the millions of people around the world who are still not productively employed. In Canada, the unemployment rate is 8.4%, while in the US, our largest trading partner, there is greater than 10% unemployment. Millions of our potential customers... are unemployed. Millions more are worried.

So, what was the year like for you? By all accounts, it has been a truly horrible year. There were many factors that contributed to this:

1. Excessively high inventories of pork and other proteins in North America
2. The recession affecting purchasing power, and confidence, of consumers in North America
3. Implementation of Mandatory Country of origin Labeling in the US
4. The uncertain and rapidly fluctuating value of the Canadian dollar
5. Government regulations negatively impacting Canadian processor competitiveness
6. And even the dairy cow buy-out in the US.

All of these factors hit us one way, or another, this past year. "Will it get better?" It has to. There are some forecasts that, through a combination of reduced production and increased exports, there will be 10% less pork available for consumption in the US this year, which should help stabilize and support a bottom in the cattle market. And, we are all hopeful that economies around the world will continue to recover.

In consideration of the high degree of uncertainty for how the year would go, your board adopted a fiscally conservative approach to managing the association. Given all of the unknowns, this was the prudent course of action.

It does not mean however, that your association was inactive. I would like to briefly touch on a sample of the many things we achieved over the past year.

Program/Project Delivery

With flow-through funding from OMAFRA, OCA administered a project to support the development of abattoirs in under-served northern communities. Projects are going ahead in Rainy River and Manitoulin. The same funding envelop was used to deliver the age verification program, and the RFID reader program, thus promoting the adoption of new technologies. This satisfies an action item for OCA from the John Groenewegen 10 year vision document - Institute technology transfer programs to assist producers seeking change;

A cost of production computer model was developed for all sectors of our business to allow "what if" modeling to assess new programs and production systems. Dr. Al Mussell from the George Morris Centre will join us tomorrow to discuss this project.

A few of the other projects we have completed this year are:

- Administering the Industry development fund;
- Supporting the BIO value chain data base development, which will allow data transfer, such as carcass data, up and down the value chain. This also was an action identified in the Groenewegen 10 year vision report;
- Benchmarking for cow calf, which was discussed last night;
- And providing interactive break evens on our web site. Another item from the 10 year vision.

Activities

A great deal of the Board's time and energy this year was given to studying and evaluating various suggested Business Risk Management programs. Programs looked at included:

- The Peterborough concept
- The ledger account
- Tri-partite
- CPIP The Alberta Cattle Price Insurance Program
- Indexed moving average program/CoP similar to G&O RMP
- Options program

These programs were all discussed and debated at the Cobourg meeting in early December, at which all county Advisory Councillors and Presidents were invited to participate.

Gord, Curtis and I worked hard this past year on strengthening our relationship with Quebec and the Maritime provinces. We share many similar issues with the provinces to the east of us.

The Ontario Beef Value Chain Roundtable - This forum has undertaken two projects. The first is development of an action plan of realistic activities to improve profitability in our industry. This report is due in early March. The second is an evaluation of information and information flow up and down the value chain.

The idea for the provincial roundtable came from watching the work of the National roundtable. Gord Hardy sits at the National table for Ontario. Over the past two years, we have seen some real progress from this forum, with reduction in the Vet drugs approval backlog, and formation of the Trade secretariat. One of the current initiatives is to reduce the negative impact of the enhanced feed ban regulations on processor competitiveness.

There are many more activities which we undertake on behalf of our producers. A few of these are:

- Input to the Source Water Protection committees
- Participating on the Red meat bio security task force
- Hosting CBEF tours
- Hosting Chinese delegations
- Organizing USDA officials tour
- Participating in the Johne's disease working group
- Organizing the Regional vet shortage committee meetings
- Sponsoring all 4H participants in the Queen's Guineas show at the Royal
- Organizing the Cow calf road show
- Initiating industry meetings with CFIA
- And, the Cool challenge – We have a Board member involved

How we Communicate with You

This year Lianne added Twitter to our other communications activities which include publishing our Magazine; the email update list; and attending all of the major trade shows; We held three meetings with the advisory council And of course...once more we are delivering another great AGM.

Lobbying

Again we promoted beef at Queen's Park, with our annual Corn-Fed Beef barbeque. This year your Directors attended breakfast meetings with the Liberal rural caucus and the Progressive Conservative rural caucus. We held a breakfast meeting in Ottawa for the Ontario Conservative MP's, described for them the state of our industry, and promoted our requests of them to help support our industry in Ontario. Your president, Gord Hardy, Kim Sytsma, and I, had delivered a similar message previously to the Standing Committee on Agriculture in Ottawa. On a separate occasion, Gord, John Masswohl, Jack Tindall, and I met with the NDP caucus to inform them of our issues.

Unfortunately, I do not believe that we have strong partnerships with our Ontario MP's and MPP's, and we have made little progress on advancing our concerns over the past year. If you feel the same way I do, you should address this concern with your local members of provincial and federal parliament.

We have worked to build support for our positions at the Ontario Agricultural Commodity council. In part because of the lack of positive response to our proposals, and the proposals of other groups, by both levels of government, we have joined in a partnership with other non-supply managed commodity associations, and are working

together to promote a new business risk management strategy, patterned off of the grains and oilseeds risk management program, which the province had supported as a three year pilot program.

Also, during the year, we made representations to the animal health act, the budget, and changes to the FPP.

Major activities in 2010

In terms of major activities for the balance of this year, I foresee staff and board spending a great deal of effort again in promoting our interests in the development of workable Business Risk Management programs for our industry. We were under a lot of time pressure in December and January to provide information to the former Minister in advance of the FPT talks, the meeting of all Ministers of Agriculture. The FPT talks have come and gone, and we are now dealing with a new Minister. I am pleased to announce that Minister Mitchell will attend our banquet tonight, and bring a few words of greeting and introduction. There has been no decision on support for the RMP proposals for any of the groups.

Not having functioning programs is simply not an option. You may be certain that we will be forthright and forceful in our representations on this issue on your behalf.

As I mentioned earlier, the Ontario Beef Value Chain Roundtable has hired a consulting team to develop an action plan for our industry. It is unfortunate, but the timing is off by a few weeks, and the report is not available to release at our AGM. I fully expect that the plan will contain items for all groups. Similar to the 10 year vision, I am expecting that there will be elements for the government, packers, retailers, our association, and also you as producers, to implement. When we have the plan, we will communicate its contents to you through the county associations. Having said that though, there is no doubt, that there will be work to be done by us, this year, to implement elements of the action plan.

Last year, OCA tried to access funding to support developing more calf clubs in other areas of the province. Building horizontal alliances was also one of the action items identified in the 10 year vision. It is clear that this is the right thing to do, to help the cow-calf sector to be more profitable, and to provide bigger lots of healthier calves for Ontario feedlots. The pioneering work done by Dr Peter Kotseff, and the dedicated club members, showed us the way.

Our application for support funding has just been declined by the AgriFlex desk in Ottawa. However, your board, realizing the importance of this project, has voted to support it on a scaled back basis for the next 4 years, with association funds. This project aligns not only with our vision, but also with government objectives to increase returns to producers from the marketplace. You will hear more about this work over the balance of this year.

Another major task this year will be to refresh the OCA strategic plan. As was done last time, the plan will be built from grassroots input. The process has not been finalized yet, but I will count on each county to get information and ideas from their membership. I hope that we will be able to present the results at next year's AGM.

Finally, I see increased effort required in the area of promoting Ontario Beef.

I am convinced that ultimate success and long-term sustainability for our industry will only be achieved when we complete our AGM theme statement to read, "Progress Starts with Partnership with Our Ontario Consumer". We must remember that we can produce a tremendous product, and we must promote that fact to the final customer. We must listen to our customer, and produce exactly the product that they want. And, we must tell our story to our consumers. Only by building a strong bond between Ontario farmers, and Ontario consumers, will we take control of our destiny, and begin to see lasting progress and stability. To this end, we have recently signed a licensing agreement with Foodland Ontario, a brand which has thirty years of consumer acceptance behind it. We have applied for shared funding from OMAFRA to work on the promotion of Ontario Beef in Ontario. We anticipate hearing about the successes of these efforts at next year's AGM.

We are very fortunate to have Peter Chapman as our keynote speaker tomorrow morning to discuss trends in retailing and connecting with our customers. Peter is an independent consultant who worked for Canada's largest retailer, Loblaw's for 19 years. I'm sure you'll all want to set your alarms and get out of bed early tomorrow to hear him. Peter is our first speaker tomorrow at 9am.

We must always remind ourselves that we have a great product. Focus groups, conducted by the Beef Information Centre, as shown in this artists rendition, they wouldn't allow cameras in, have consistently demonstrated that...if you give people a choice, between the path to enlightenment...Truth; Justice; Wisdom....and our product...99 cent burgers...people will LINE UP for OUR PRODUCT! It's true.

Thanks to Bizzaro for showing us the obvious. And, thank you very much. I hope you enjoy the rest of our annual meeting.