



Written Submission for Pre-Budget Consultations

For The Government of Alberta

By

Alberta Cattle Feeders' Association (ACFA)

January 2025

Who We Are

The Alberta Cattle Feeders' Association (ACFA) has laid the foundation for a **thriving beef industry that is a vital part of Alberta's economy**. Our industry contributes \$2.9 billion to the provincial economy and employs close to 20,000 people. Almost 70% of Canada's feedlot cattle are located in Alberta.

ACFA respectfully submits the following recommendations to the Government of Alberta ahead of the 2025 provincial budget. These recommendations aim to uphold Alberta's beef sector as a vital economic and employment contributor in rural Alberta while ensuring affordable food for consumers. Our recommendations also support our vital trading relationships with the US, increase productivity in the sector and protect and prepare for foreign animal diseases that could devastate the Alberta beef industry.

Summary of Recommendations

#1 – Increase resources to support Alberta's vital relationships with key US trading partners.

#2 – Increase government resources toward Foot and Mouth Disease (FMD) preparedness.

#3 – Streamline the approval process of biodigesters and provide incentives to harness this opportunity.

#4 – Champion an increase of the Agri-Stability cap to \$15 million with a review of the cap in 5 years.

Details of Recommendations

Increase resources to support Alberta's vital relationships with key US trading partners.

RECOMMENDED ACTIONS

- Build upon the Alberta government's current engagement with US and state governments to escalate communication on the economic importance of agriculture the Alberta/US trade relationship.
- Fund Alberta industry associations to participate in government-led missions to the US and to enhance efforts to engage US industry counterparts.
- Plan for what Alberta government support will be required to sustain key sectors if the US tariffs are applied.

WHY THESE RECOMMENDATIONS?

ACFA appreciates the ongoing efforts by the Government of Alberta to build and nurture relationships with US politicians and officials both in Washington, DC as well as states that serve as key trading partners. Given the current tariff threats, the government must increase these efforts and ensure the importance of agriculture trade is amplified.

The US accounts for almost 70% of Canadian live cattle and beef exports. Over the last 10 years, these exports have seen tremendous growth, driven largely by demand from the US.

In practicality, the Canada and US beef industries operate within a single North American market with a relatively unimpeded and tariff-free border that benefit both countries. A significant number of live cattle cross in both directions daily- this includes US-born cattle crossing into Canadian feedlots and then back to the US for processing.

Due to limited processing capacity in Canada, a significant portion of live cattle is sent to the US for harvesting. In turn, US processing plants rely on Canadian live cattle to maintain maximum processing efficiency which translate into American jobs.

Feed and inputs are also a critical part of this integrated market with the US - again impacting the economies and jobs of both countries.

Increase government resources toward Foot and Mouth Disease (FMD) preparedness.

RECOMMENDED ACTIONS

- Support planning and preparedness efforts driven by industry through funding as well as government staff and resources.
- Continue building relationships with other provinces and US counterparts which will support our systems in a foreign animal disease situation.
- Commit long-term funding for Alberta's portion of the national FMD vaccine bank which is currently being established.

WHY THESE RECOMMENDATIONS?

Foot and Mouth Disease (FMD) is a very real threat that has the potential to be catastrophic to the Canadian beef industry and to the access and affordability of our food supply. FMD is a highly contagious viral disease of wild and domesticated animals (beef, dairy, pork, sheep). FMD is moving closer to Canada with an outbreak in Germany water buffalo in just this past week.

Most trade partners will refuse to accept animal protein or related agricultural imports from FMD-affected countries as even processed meat can contain viable virus for a prolonged period and pose the risk of infection to exposed livestock.

Industry has been prioritizing efforts towards planning and preparedness, including cross-species collaboration. We have identified gaps in our response processes and ability to manage a crisis such as FMD and are seeking solutions which can position our industry better for an expedited and successful recovery.

Streamline the approval process of biodigesters and provide incentives to harness this opportunity.

RECOMMENDED ACTIONS

- Deliver approvals for anaerobic digesters within three months – as is the service standard in other jurisdictions.
- Streamline the approval process and develop an approval process specifically for on-farm anaerobic digestors.
- Offer incentives to support the large capital investment required from farmers to harness this opportunity.

WHY THESE RECOMMENDATIONS?

In Alberta, roughly 1.7 million beef animals are raised in feedlots each year which translates to 70% of Canada's fed cattle population. While in a feedlot, these animals will each produce roughly 3,000 pounds of manure, amounting to what would be a significant and reliable source of feedstock for biodigesters.

Anaerobic digesters present a significant opportunity for Alberta's feedlot sector in terms of reducing the environmental footprint of beef production. In addition, the federal government is currently drafting a protocol for capturing carbon credits through biodigesters and there is potential for revenue generation through sale of renewable energy and digestate.

The current regulatory approval process in Alberta is convoluted and does not effectively support development of anaerobic digesters. The process includes multiple regulators and approval bodies (NRCB, Alberta Environment, Alberta Utilities Commission) and the additional layer of municipal influence on project approvals further burdens the process. This results in excessive approval timelines, deterred investment opportunities and a disadvantage to the province of Alberta in achieving targets for renewable energy production. This uncertainty around the regulatory process and a lack of incentives for those willing to make the significant initial investment of building a biodigester is hindering the growth of this new opportunity for Alberta's feedlot industry.

Champion an increase of the Agri-Stability cap to \$15 million with a review of the cap in 5 years.

RECOMMENDED ACTIONS

- Serve as a champion amongst federal and provincial counterparts to pursue an increase in the Agri-Stability cap.
- Ensure this request is on the table for discussion at the upcoming summer FPT Agriculture Ministerial meeting.

WHY THIS RECOMMENDATION:

In reality, Agri-Stability is the only BRM program that is relevant for cattle feeders, yet the program cap of \$3 million has not changed in 20 years.

The payment reaches its \$3 million limit very quickly, leaving Alberta feedlots exposed to potential losses in the tens of millions of dollars. Cattle feeders employ various risk mitigation strategies, including hedging, insurance, and foreign exchange management, yet Agri-Stability remains their sole business risk program.

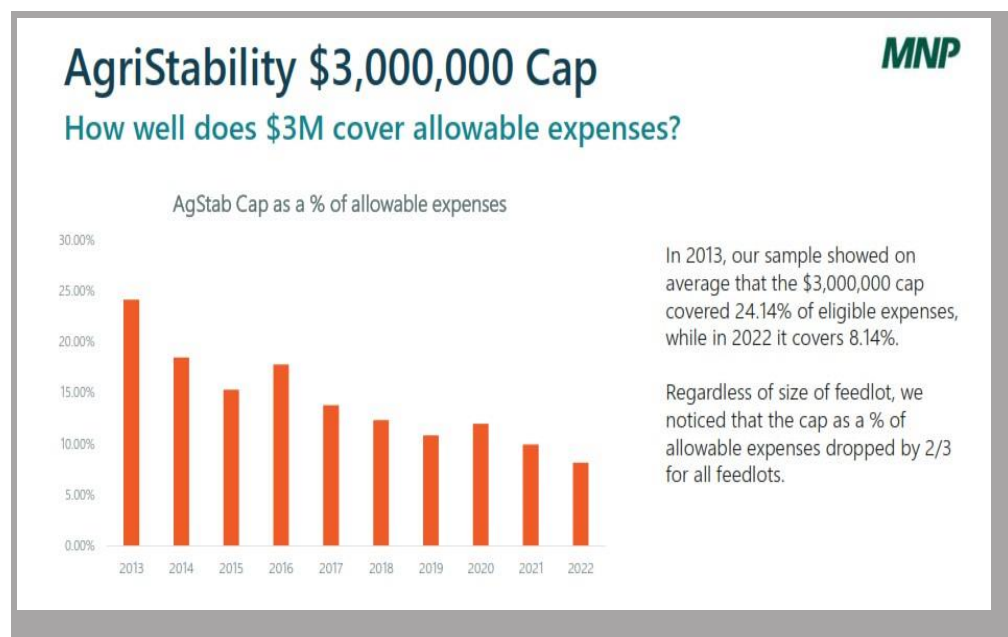
Given that 70% of Canada's cattle feeding is located in Alberta, the sector relies on the government of Alberta to show leadership on this matter.

Equality in the business risk management programs and services is necessary to reduce distortions in resource allocation within the marketplace, and to ensure risk is appropriately covered.

The longstanding \$3 million payment cap for Agri-Stability has remained unchanged for over two decades, despite significant growth and transformation within our industry during this time. With the threat of challenges such as a

Foot and Mouth Disease outbreak, geo-political disruptions and trade disputes looming over the cattle industry, coverage under the current Agri-Stability cap would significantly fall short in mitigating potential losses in today's economy.

A 2024 MNP study commissioned by the ACFA confirms this critical decline in Agri-Stability coverage. As a result of rising input costs, the Agri-Stability cap that covered 24% of allowable expenses in 2013, now only covers 8%. This is a two-thirds reduction in only one decade, yet the cap has not been adjusted in over two decades. Consequently, ACFA is advocating for a significant increase in the Agri-Stability cap to \$15 million, coupled with a provision for comprehensive cap reviews every five years.



While the scale of feedlot operations has increased, they remain Alberta family operations - often involving multiple family members and generations. BRM programs should not discriminate on operation size or number of producers. Instead, they should focus on the economic volume and value of production by those producers who need the programs.

By heeding these recommendations and reforming the Agri-Stability program, we can protect the livelihoods of Alberta cattle feeders and strengthen our rural communities.

Conclusion

ACFA thanks you for due consideration of these recommendations. We look forward to continuing to work with the Government of Alberta to harness the tremendous growth opportunities for the province's beef industry.