



WHY A SUCCESSFUL CBSA PILOT IS SO IMPORTANT

By Virgil Lowe, Business Manager, Verified Beef Production Plus

Something quite incredible has happened in the Canadian beef industry; a global first that has the potential to shape the industry's future in profound ways. Recently we got a glimpse of first half results for the Canadian Beef Sustainability Acceleration (CBSA) pilot. In the first quarter, producers earned a financial payback of \$10 per head on qualified sustainable animals, and in total successfully certified over 550,000 pounds of beef. In the second quarter, the payback on certified animals rose to \$20.11 per head. As more operations, especially cow-calf operations, become eligible, that payback could grow again. The really exciting part is we're starting to prove that not only can this system verifiably track cattle through a sustainable chain of custody, now it can also move financial credits back down that chain to each person supplying certified sustainable animals.

The CBSA builds on McDonald's Canadian beef sustainability pilot completed in June 2016. That pilot proved chain of custody tracking works. Across a 15-month period the pilot conducted 183 on-site verifications on 178 beef and two dairy operations, two packers and one hamburger patty plant. The pilot verified 8,967 cattle from 121 cow-calf and backgrounder operations, 20 feedlots and those two packers. Ultimately, the pilot helped McDonald's source 300,000 pounds of beef trim from verifiably sustainable beef operations.



Fast-forward to today and the CBSA pilot is now testing and validating the audit and traceability systems needed to meet the requirements of the Certified Sustainable Beef Framework — basically the standards producers, processors and retailers will have to meet to produce and market certified sustainable beef products. The framework developed by the Canadian Roundtable for Sustainable Beef was launched last December. The supporting customers for this pilot are McDonald's Canada, Loblaw, Swiss Chalet and Original Joe's.

The positive results in the first two quarters of the CBSA pilot are important because they not only show the verification chain works, but it does so without the need to move paper with the animals or make direct business deals. To qualify for the pilot the cattle must

move through a continuous certified supply chain from cow-calf to processing. You don't have to sign up for the pilot; the system does the tracking.

To qualify to supply cattle, however, an operation must: 1) be audited and in good standing by either Verified Beef Production Plus or Where Food Comes From; 2) be a member of the Beef InfoXchange System; and, 3) ensure the cattle are entered into the Canadian Livestock Tracking System or the Canadian Cattle Identification Agency.

Complete those steps and that's it. The system will track the cattle and provide a per head financial credit back to each producer in the chain of supply if they qualify. No other agreements or paperwork is needed.

In the end it's pretty straightforward. A successful CBSA pilot means a proven system can function for producers right through to consumers certifying the production and supply of a product consumers are demanding. It's about building things — consumer trust, reliable verified supply volumes, and a system to pass the rewards back along the supply chain. And it's about answering the call.

Recent customer research data reaffirms "sustainably sourced" claims positively relate to consumers' purchase intent. End consumers are seeking beef with a story, and sustainability claims provide that opportunity. When your customer wants something, it's wise to listen up, know what that is, and act to comply — that's just good business.

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