

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** Alberta Releases Details on Fed Cattle Set-Aside Program

**Country:** Canada

**Post:** Ottawa

**Report Category:** Agricultural Situation, Livestock and Products, Agriculture in the News

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**Report Highlights:**

The Government of Canada announced \$37 million USD of federal funding for a cattle set-aside program on May 5, 2020 but participating provinces have only recently provided detailed information. The goal of the cost sharing program is to offset costs resulting from COVID-19 disruptions and to help producers and processors manage backlogs of slaughter ready cattle. Alberta, Ontario, and Saskatchewan have announced they will implement programs but currently only Alberta has provided specific plans.

The [program](#) is funded through the pre-existing [AgriRecovery](#) framework, a business risk management tool under the [Canadian Agricultural Partnership](#). The goal of the framework is to help agricultural producers mitigate natural disaster related losses and requires cost sharing between the Canadian federal government (60 percent) and provinces/territories (40 percent).

From late March through May of 2020, the Canadian cattle processing sector was significantly impacted by the COVID-19 pandemic. During this time, two federal cattle processing plants experienced closures while a third saw its working capacity reduced due to COVID-19 infections amongst workers and labor availability challenges. While the most significant disruption was experienced in May 2020, processing plants continue to cope with slower operations as a result of mitigation measures and protocols implemented to protect workers against the virus. As a result, the Canadian cattle industry is currently coping with a fed cattle backlog of 130,000 head in Canadian feedlots, primarily in Western Canada and the Province of Alberta. Responding to industry associations' requests for support in managing this backlog, the cattle set-aside program will help cattle feeders manage feed costs and backlogged cattle. Alberta is the only province to provide specific program information but more details from [Ontario](#) and [Saskatchewan](#) are expected soon.

[Alberta](#) announced details of their agreement on a cattle set-aside program and began administering their programming June 12, 2020. The [2020 Canada-Alberta Fed Cattle Feed Cost Offset Initiative](#) is a \$32 million USD program offering support to Alberta's cattle feeders split between the federal government (\$19 million USD) and the province (\$13 million USD). Over 60 percent of Canadian fed cattle are produced in Alberta and more than 70 percent of Canadian federally inspected cattle processing capacity is in Alberta. Thus, COVID-19 disruptions to Canadian cattle processing capacity were particularly impactful for Alberta cattle feeders.

The set-aside initiative is being administered in two components. First, the Fed Cattle Feed Assistance component will provide a retroactive payment to cattle feeders who had slaughter-ready, fed cattle displaced from processing as a result of COVID-19 from May 1 to June 30, 2020. This will supply cattle feeders with some recovery of the additional feed costs incurred by maintaining these cattle on feed for longer than anticipated.

Second, the Fed Set-Aside/Bid Set-Aside component will be a proactive program to manage backlogged animal numbers by providing feeders with payments to maintain fed cattle on feed for a minimum of 30 additional days. The province has indicated that 30 percent (\$10 million USD) of the initiative's funding will be spent on the Fed Cattle Assistance component. The remaining 70 percent (\$22 million USD) of funding will be available for the Fed Set-Aside/Bid-Set Aside component from July 1, 2020 until March 31, 2021, or at which point the backlog is cleared.

Termination of the program once the slaughter backlog is cleared would be according to the following criteria:

- The backlog or surplus of slaughter-ready fed cattle is defined by comparing the cumulative federally inspected slaughter of fed cattle beginning March 15, 2020 against the same time frame beginning March 15, 2019.
- Once the 2020 cumulative fed slaughter is equal or greater to 2019 fed slaughter for the same time period in 2019, the backlog or surplus will be considered as cleared.

Eligibility for participants and cattle for both program components is as follows:

1. Participants-
  - be the person or entity responsible for feeding and care of eligible animals located in Alberta
  - be greater than 18 years of age, a Canadian citizen or permanent resident, and a resident of Alberta
  - in the instance of an entity, the majority of voting shareholders must be residents of Alberta
2. Cattle-
  - be located on a premise in Alberta
  - be on feed for a minimum of 60 days prior to program application
  - have an approved radio frequency identification (RFID) tag or Canadian Cattle Identification Agency animal identification number
  - be steers or heifers that are eligible for grade A designation and with a minimum weight of 1,400 lbs for steers and 1,300 lbs for heifers

Cattle owned by persons or entities who own a processing facility (federally or provincially inspected) are not eligible to apply under the program. Universities, research centers, and other government funded organizations are also not eligible to apply to the program. Bulls and cows are not considered eligible cattle and any fed cattle owned in part or in whole by a federally or provincially inspected processing facility are not considered eligible cattle.

The minimum payment to be issued to successful applicants under the initiative is \$200 CAD.

Fed Cattle Feed Assistance application requirements and payments:

- a minimum of 20 eligible cattle must be submitted for compensation of additional feed costs
- cattle must have been displaced as a result of COVID-19 processing disruptions between May 1 and June 30, 2020
- compensation can be provided to a maximum of 35 additional days on feed
- payment will be calculated based on a \$2 CAD per head flat rate against the number of eligible cattle and eligible days

Payment= (\$2.00 CAD) x (total number of eligible cattle) x (total number of eligible days on feed)

Fed Cattle Set Aside application requirements and payments:

- a minimum of 40 eligible cattle must be offered per lot for bid

- there is no limit on the number of lots a participant may offer over the course of the program but they are restricted to one bid per week
- bids will be accepted by lowest price bid first to the maximum bid established by the program advisory and management committees
- eligible cattle accepted through the bid process cannot be sold/marketed until:
  - i. a minimum of 30 days has passed and the management committee approves an early release
  - ii. the maximum set-aside period of 63 days has been observed
- participants will receive payment according to the following formula up to a maximum of 63 days

Payment= (bid for feed costs per head per day) x (total number of eligible cattle) x (total number of eligible days on feed)

- participants who receive an early release will be paid according to the following formula

Payment= (bid for feed costs per head per day to a maximum of \$2.00 CAD) x (total number of eligible cattle) x (total number of eligible days on feed)

Alberta cattle feeders may receive assistance under both components of the initiative.

Application to each component must be completed in this circumstance. Successful applicants must provide animal identification numbers, premise identification number, Canadian Livestock Tracking System number, amongst other details in order to meet the additional program documentation requirements.

**Attachments:**

No Attachments.