



National Check-Off Evaluation 2016 Update FACT SHEET

The Canadian Beef Cattle Check-Off provides industry funding for the Beef Cattle Research Council (BCRC) responsible for the industry's national research program; and Canada Beef tasked with market development and promotion in domestic and international markets.

The Canadian Beef Cattle Check-off is a mandatory levy of \$1 per head collected from beef cattle producers when they market their cattle. The check-off generates approximately \$7.5 million annually (3 year average) for research and marketing activities on behalf of the entire industry.

A study evaluating the economic benefits from the Canadian Beef Cattle Check-off was completed June 2016 and marks the second analysis of the effectiveness of national check-off expenditures on producers' economic well-being. **The study reports that on average from 2011/12 to 2013/14, every check-off dollar invested in national research and marketing activities resulted in a benefit cost ratio (BCR) or 14:1 or a \$14 of benefit for Canadian cattle producers.** This is up from the \$9 average between 2005 and 2008.

- **Research had a BCR of \$34.5**, down from \$46 in 2005-08.
- **Marketing had a BCR of \$13.5**, up from \$7.55 in 2005-08.

In addition, the average benefit cost ratio grew steadily between 2011 and 2014. This implies that despite positive benefits, there has been under-investment in research and marketing activities for the Canadian beef cattle industry.

It should be noted that there is generally an inverse relationship between the amount of money spent on a promotion or research activity and its marginal BCR. This is due to what economists refer to as "diminishing marginal returns" which means as more and more money is spent on an activity, the marginal or incremental gains from its increase at a decreasing rate. This concept helps explain why as investment has increased for research over the last five years that the BCR has declined; and as marketing dollars have declined the BCR has increased.

Since the first study, there have been a number of structural changes within the industry.

1. The development of the Beef Cattle Science Cluster;
2. The merge of the Beef Information Centre (BIC) and Canadian Beef Export Federation (CBEF) into Canada Beef; and
3. The introduction of the import levy.

Canada's beef cattle check-off benefit cost ratio of \$14 is higher than recent reviews on beef cattle check-off returns in Australia (\$6.2) and the United States (\$11.2). BCRs in Australia and the United States have both increased since their last study, indicating under-investment. The BCR for Canadian beef cattle check-off is on the high end of the range of values reported in previous studies for other regions and commodities.

While the Canadian Beef Cattle Check-off provides the core industry funding for research and marketing programs, it does not fully cover the costs of all programs and activities. Supplementary funding is obtained by leveraging the Canadian Beef Cattle Check-off, attracting on average \$3 for every \$1 for research and \$1 for every \$1 for marketing between 2011/12 and 2013/14.



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In comparison to other countries Canada has a smaller beef check-off to invest in marketing and research at \$7.5 million in 2015/16. Australia, New Zealand and the U.S. all have beef check-offs, none of which are refundable.

Country	Check-off levy	Applies to imports?	2013/14 Revenue (millions)
Canada beef	C\$1 per head marketed	Yes	CDN\$7.9
Australia beef	A\$5 per head marketed	No	A\$106
New Zealand beef	\$4.40 per head on cattle slaughtered	No	NZ\$10.567
U.S. beef	US\$1 per head marketed	Yes	US\$40.5*

** States retain up to 50 cents on the dollar and forward the other 50 cents per head to the Cattlemen's Beef Promotion and Research Board, which administers the national checkoff program, subject to USDA approval.*

In Canada, the \$1 per head is collected by provincial beef cattle organizations and is remitted to the Canadian Beef Cattle Research, Market Development and Promotion Agency (also known as the Canadian Beef Cattle Check-off Agency). Provincial check-offs vary. In addition to the \$1 per head national check-off, provincial levies include funding for provincial organizations and their activities, and provincial dues to the Canadian Cattlemen's Association. Provincial beef cattle organizations determine how they want their \$1 national check-off allocated between marketing and research. The ratio of investment in marketing and research between 2011 and 2014 was 86 per cent to marketing and 14 per cent to research.

Province	Provincial levy per transaction/head	Allocated to province	Allocated to NCO	NCO Allocation
British Columbia	\$3.00	\$2.00 (refundable)	\$1.00	90% to CB; 10% to BCRC
Alberta	\$3.00	\$2.00 (refundable)	\$1.00	80% to CB; 20% to BCRC
Saskatchewan	\$3.00	\$2.00 (refundable)	\$1.00	70% to CB; 30% to BCRC
Manitoba	\$4.00	\$3.00 (refundable)	\$1.00	85.5% to CB; 7% to BCRC; 7.5% provincial initiatives
Ontario	\$4.00	\$3.00 (non-refundable)	\$1.00	32.6% to CB; 17.4% to BCRC; 50% provincial initiatives
Quebec	\$5.04/calf to \$13.79/ cull cow		\$1.00	3.0% to CB; 97% provincial initiatives
New Brunswick	\$3.00	\$2.00 (non-refundable)	\$1.00	10% to CB; 90% provincial initiatives
Nova Scotia	\$3.00	\$2.00 (non-refundable)	\$1.00	2% to CB; 10% to BCRC; 88% provincial initiatives
PEI	\$4.00 at slaughter only	\$3.00 (non-refundable)	\$1.00	2% to CB; 98% provincial initiatives

** In B.C., Alberta, Saskatchewan and Manitoba the provincial portion of the levy is refundable.*

The complete study "Evaluating the Economic Benefits from the Canadian Beef Cattle Check-off" is available at: <http://www.canadabeef.ca/national-check-off/>