



APB REGULATORY REVIEW REGIONAL MEETING CONSULTATION PAPER

January 22, 2008

Welcome and thank you for taking the time to attend this Regional Plan Review Meeting. The ABP Board of Directors is holding five Regional Plan Review Meetings across Alberta to hear from producers on key topics relating to the role and structure of this organization.

The information received from producers at these five regional meetings will be considered by the Plan Review Working Group. The Working Group is made up of representatives from the purebred, cow-calf and feedlot sectors as well as the auction markets and order buyers. Representatives have been appointed to the Working Group by Alberta Beef Producers, Western Stockgrowers' Association, Alberta Cattle Feeders Association, Alberta Auction Market Association, Alberta Livestock Dealers and Order Buyers Association and the Feeders Association of Alberta. A list of the members on the Plan Review Working Group is attached.

The ABP Board of Directors will consider the recommendations of the Plan Review Working Group and put forward proposed amendments to the Plan, Authorization and Cattle Marketing Regulations for final feedback from producers. At the close of the next consultation, proposed amendments to the three Regulations will be finalized and presented to your ABP delegates for approval at semi-annual meeting in June 2008. Once approved by the delegates, the proposed amendments will be forwarded to Marketing Council for approval by both Marketing Council and the Lieutenant Governor in Council (Cabinet).

This review is about the organization, regulatory authority and structure of Alberta Beef Producers as a marketing commission incorporated under the *Marketing of Agricultural Products Act*. Taken together, the three regulations under review give Alberta Beef Producers the authority to collect a service charge from producers and use those funds, on behalf of producers, to carry out projects and programs related to the production and marketing of cattle and cattle products. The purpose of this review is to consider whether the organization, regulatory authority and structure of ABP need to be changed.

As you consider the topics being discussed at the Regional Plan Review Meetings it is important to keep the purpose and scope of this review clearly in mind. This is a regulatory review, not an operational review. This review is to address the subject matter of the Plan Regulation, namely, the structure and financing of the organization and method by which the Board of Directors is elected. The Board of Directors administers the Plan Regulation and carries out the business and affairs of the organization. It is the responsibility of the elected Board of Directors to establish a mission or vision for the organization, develop strategic plans and annual business plans, set the direction for the organization and hire management to carry out the objectives and achieve the results. Operational issues are equally important and feedback on these issues is welcome at any time.

The Board of Directors looks forward to hearing from producers on the topics selected for discussion at these regional meetings.

Yours truly,

Erik Butters, Chair
Alberta Beef Producers

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The Consultation Paper for the Regional Plan Review Meetings consists of this document and a Regional Meeting Response form.

You will be asked to complete the Response Form during the meeting. You will be given time at the end of each topic to complete the form before discussing the next topic. That way, by the end of the meeting, the Response Form will be completed and ready to hand in. Experience has shown that the response rate is higher if we can collect the completed Response Forms at the end of the meeting. If you forget to hand it in or require extra time to complete the form, you can fax or mail the completed form to ABP.

The Regional Meeting Consultation Paper and Response Form will be available on the ABP website at www.albertabeef.org and will be mailed out with the next issue of Grass Routes. Anyone unable to attend one of the Regional Meetings is encouraged to review the Consultation Paper and submit their comments to ABP on the Response Form. The deadline for all submissions is Friday, February 29, 2008.

A. POLICY DEVELOPMENT AS PART OF ABP'S MANDATE

Alberta Beef Producers administers its Plan Regulation to initiate and carry out projects or programs to commence, stimulate, increase or improve the production or marketing, or both, of cattle and cattle products.

Based on the information and feedback received from producers and members of the Working Group, producers agree that ABP should be involved in promoting the sale of cattle and cattle products and in research. Producers also agree that ABP's check off dollars should be used to support national promotion, marketing and research efforts by organizations such as the Canadian Beef Cattle Research Market Development and Promotion Agency, the Beef Information Centre, Canada Beef Export Federation and the Beef Cattle Research Council.

In addition to check-off dollars being spent on marketing and production issues addressed through promotion and research, a portion of ABP's check off is spent on developing policy and advising and lobbying government. This is done provincially by Alberta Beef Producers and nationally through Alberta Beef Producers' membership in the Canadian Cattlemen's Association.

An issue that has been raised is whether and to what extent ABP should be involved in policy development, advising government on matters affecting the cattle industry and lobbying government on behalf of producers.

"Policy" can mean different things to different people. From ABP's perspective, policy involves developing and advocating positions that improve the production and marketing of cattle and cattle products provincially, nationally and internationally. Ideally, policy positions developed by Alberta Beef Producers should be for the benefit of the cattle industry as a whole and not adversely affect or solely benefit one sector of the industry. Policy work by Alberta Beef Producers does not prevent or curtail policy positions being developed and advanced by particular sectors of the beef cattle industry or special interest groups.

Question: The question for discussion is whether and to what extent ABP should develop policy, advise governments and lobby governments.

B - STRUCTURE OF ABP

The structure of an organization is the building blocks that lead to the election of the Board of Directors. In the case of ABP, the structure is built around the fact that producers are represented by elected delegates. Producers currently attend fall producer meetings, are eligible to be elected as delegates and can put forward and vote on resolutions for consideration by the delegates. It is from this basic assumption that the rest of the structure flows.

Alberta is divided into 9 zones. The eligible producers in each zone elect zone delegates and cattle feeder council delegates. These delegates, in turn, elect the zone directors. Concurrently, producer associations appoint producer association delegates and the cattle industry council elects the cattle industry council delegates. At the AGM the zone delegates, cattle feeder council delegates, cattle industry council delegates and the producer association delegates elect the five directors at large and the two cattle industry council directors. With the election of the cattle feeder council directors by Cattle Feeder Council the Board of Directors is complete. This structure allows for both geographical and industry sector representation on the Board of Directors.

The function of zone delegates, cattle feeder council delegates, producer association delegates and cattle industry council delegates are set out in various sections of the Plan Regulation. The Plan outlines what delegates are eligible to do which includes attending zone and commission meetings, voting in elections for directors, holding office as directors, being elected to various national organizations of which ABP is a member and holding office as a member of committees or councils established by the Board of Directors or the Plan.

The discussion of the structure of ABP will focus on delegate representation, geographical representation, industry sector representation, the election of the Board of Directors and the committee structure.

B1- Delegate Representation

As a result of the assumption on which the Plan Regulation is based, producers are represented in the organization by delegates, namely, zone delegates, producer association delegates, cattle feeder council delegates and cattle industry council delegates.

Question: The question for discussion is whether this organizing principle should continue to define the structure of Alberta Beef Producers. A further question is whether there is a role for delegates in the future of ABP and, if so, what is that role and can there be both a role for delegates and an expanded role for producers in the organization.

B2- Geographical Representation

For the purposes of ABP's Plan Regulation, Alberta is divided into 9 zones and zone 9 is divided into 5 sub-zones. The zone, sub-zone and cattle feeder council delegates elected at the fall producer meetings represent the eligible producers of the zone from which they are elected.

At the fall producer meetings, the producers in Zone 9 voted in favour of eliminating sub-zones and sub-zone delegates. A resolution to that effect was passed at the 2007 Annual General Meeting and that change will be made to the Plan Regulation. The consultation to date indicates that geographical representation, although important, is no longer as significant as it may have been in the past and, as such, the emphasis on geographical representation could be reconsidered. Feedback so far indicates a willingness to reduce both the number of zones and the number of zone delegates.

Question: The question for discussion is whether there should be fewer zones and fewer zone delegates and, if so, how many zones and zone delegates should there be.

B3 - Industry Sector Representation

The various sectors in the beef cattle industry are represented on Alberta Beef Producers through the producer associations, the Cattle Feeder Council and the Cattle Industry Council. At the 2007 Annual General Meeting the resolutions from the fall producer meetings in support of ABP establishing a cow-calf committee were approved by the delegates. At their January 16, 2008 meeting the Board of Directors established an ad hoc committee to develop terms of reference for the cow-calf committee.

The consultation to date indicates that industry sector representation in the delegate body and on the Board of Directors is important and that the manner and means by which representatives from the various sectors are elected as delegates and directors should be dealt with as part of the plan review.

Cattle Feeder Council - The Cattle Feeder Council is made up of 13 cattle feeder council delegates elected at the fall producer meetings. Zones 1 and 3 both elect 2 cattle feeder council delegates, zone 2 elects 3 cattle feeder council delegates and zones 4 to 9 each elect one cattle feeder council delegate.

Cattle Industry Council - The Cattle Industry Council is made up of members appointed by cattle industry stakeholders. The members of Cattle Industry Council do not have to be eligible producers. The following stakeholders have appointed members to Cattle Industry Council: Alberta Livestock Dealers and Order Buyers Association, Alberta Auction Market Association, Western Stock Growers Association, Livestock Identification Services Ltd., Northwest Consolidated Beef Producers, Alberta Farm Animal Care, Alberta Veterinary Medical Association, the Western Canadian Association of Bovine Practitioners and Hartford Insurance.

Producer associations - The only remaining producer associations electing delegates to ABP are Alberta Milk and the Feeder Association of Alberta Ltd.

Questions: The questions for discussion with respect to industry sector representation are as follows:

1. Cattle Feeder Council - Should cattle feeder council delegates continue to be elected from the zones? Do the zones for the election of cattle feeder council delegates need to be the same as the zones for electing zone delegates? Are there other options for electing cattle feeder council delegates? How many cattle feeder council delegates should be elected? Who should elect the cattle feeder council delegates – all producers or producers identified/registered as cattle feeders?
2. Cattle Industry Council - Should cattle industry stakeholders continue to be restricted to “persons, other than individuals, that provide services to the cattle industry” or should the definition of cattle industry stakeholder be expanded? Should a representative from the Cattle Feeder Council and the Cow-Calf committee be appointed as members of Cattle Industry Council, and vice versa, for a better exchange of information? How many cattle industry council delegates should there be?
3. Producer Associations - Is there a need for producer associations to continue to appoint producer association delegates to ABP? Should Alberta Milk and Feeder Associations of Alberta become stakeholders on Cattle Industry Council?
4. Cow-calf committee - Should this be a standing committee of the Board with the members appointed from the delegate body or should it be a “Council” similar to Cattle Feeder Council with cow-calf council delegates being elected by the producers?

B4 - Election of the Board Of Directors

The ABP Board of Directors consists of 19 or 20 directors as follows:

- a) 9 zone directors elected from among the delegates representing the zone,
- b) 5 directors at large elected at the annual Commission meeting,
- c) 3 cattle feeder council delegates elected from among the cattle feeder council delegates,
- d) 2 cattle industry council directors elected at the annual Commission meeting, and
- e) the past chair of the Commission except when the current chair is re-elected for a subsequent term.

Questions: The questions arising with respect to the structure of the Board of Directors are as follows:

1. Size of the Board - The consultation to date indicates that producers are split on the issue of whether or not the ABP Board, with 19-20 directors, is too large. Comments go both ways. According to

some consultants, the current trend is towards a board of 8 to 12 directors but whether or not that number is appropriate depends on the needs of each individual organization. In the end a board has to be effective.

2. Zone Directors – These directors provide geographical representation. If there are fewer zones there will be fewer zone directors. One idea from the consultation is for each zone director to be elected in the zone by the producers attending the fall producer meetings as opposed to being elected by delegates elected from that zone. It has also been suggested that a nominee for zone director need not be a delegate.
3. Directors at large - Currently these directors are delegates and they are elected by the delegates at the annual general meeting. Is 5 the right number of directors at large? Should non-delegates be eligible to run for a director at large position? Who should elect the directors at large – the delegates or the producers?
4. CFC Directors - These directors provide cattle feeder representation on the Board in addition to any cattle feeders that may be elected as a zone director. Currently the cattle feeder council directors are elected by Cattle Feeder Council. Is 3 the right number of cattle feeder council directors? Should the cattle feeder council directors be elected by CFC or by a vote of registered cattle feeders? Should non-cattle feeder council delegates be eligible to run for a cattle feeder council director position on the Board?
5. CIC Directors - These directors provide industry representation on the Board. Currently, the cattle industry council directors are elected at the AGM from among the CIC delegates nominated by Cattle Industry Council. Is 2 the right number of cattle industry council directors? Should the cattle industry council directors continue to be elected by the delegates at the AGM?
6. Cow-Calf Directors – Currently there are no designated “cow-calf directors”. If the cow-calf committee is set up as a “Council”, it could have the ability to elect cow-calf directors to the Board of Directors. If so, how many cow-calf directors should be elected?

Another view put forward during the consultation process was the concept of Alberta Beef Producers being a “federation of associations” whereby the members of the Board of Directors be elected and/or appointed by the associations that would be part of the “federation”. When Alberta Beef Producers was established in 1969, five producer organizations appointed members to the Board of Directors of the Commission. The Plan Regulation was subsequently amended to create the zone structure ABP presently has and for the delegates and directors to be elected through a democratic process. There are considerably more producer organizations and special interest groups representing producers in existence in Alberta today than there were in 1969.

Question: The issue for consideration is whether the Plan Review Working Group and the ABP Board of Directors should consider the concept of a “federation of associations” in looking at the structure of the Board of Directors and the election of directors to the Board?

B5 – Committees

Although dealt with separately in ABP’s Plan Regulation, the Cattle Feeder Council and the Cattle Industry Council are committees of the Board of Directors. The Plan Regulation authorizes the Board of Directors to establish standing or special committees as the Board may, from time to time, consider necessary. The current standing committees of the Board are:

- a) Promotion Committee,
- b) Producer Liaison Committee,
- c) Public Affairs Committee,
- d) Government Affairs Committee, and
- e) Technical Committee.

The Plan Review Working Group and the producers who responded to the September consultation paper are in general agreement that ABP's standing committees need to be reviewed and that the Board should consider using more ad hoc or issue-based committees as opposed to permanent standing committees. As these five standing committees are not prescribed in the Plan Regulation, the Board of Directors can re-structure the committees without an amendment to the Plan.

CFC and CIC as committees: As noted above, Cattle Feeder Council and Cattle Industry Council are committees of the Board that have special status in the Plan Regulation. They were given special status and embedded in the Plan Regulation to address the political issues of the day. Although this created certainty it also reduced flexibility and responsiveness to industry needs. The alternative to prescriptive regulations (where all the details are set out in the Plan) is to use an objective-based approach to regulation drafting. With this approach, the policy or objectives to be achieved are set out in the Regulation with the details of how that policy or objective is achieved being left to the Board of Directors or to a pre-determined mechanism set out in the Plan Regulation.

Question: The topic for discussion is whether producers are willing to have the prescriptive based regulation establishing Cattle Feeder Council and Cattle Industry Council replaced with objective or outcome based Regulation.

C - THE SERVICE CHARGE

As everyone knows, the activities and operation of Alberta Beef Producers is funded by a service charge payable by producers. Two issues have arisen in the consultation to date, namely, whether the service charge should continue to be non-refundable and when the service charge is payable.

C1 - Non-Refundable or Refundable Service Charge

Under the Act, commissions can administer a plan under which the service charge collected:

- a) will be refundable at the request of a producer, or
- b) will not be refundable at the request of a producer.

The service charge imposed by ABP's Cattle Marketing Regulation is not refundable.

An issue that has been raised is whether the ABP service charge should continue to be non-refundable, become fully refundable or be partially refundable.

There are advantages, disadvantages and consequences with respect to each of these options. It is not the purpose of the Plan Review meeting to decide this issue but to determine the extent to which refundable vs. non-refundable is an issue for producers. A refundable service charge would threaten the ability of Alberta Beef Producers to (a) continue to support national marketing, promotion and research initiatives; (b) fund the national organizations of which we are a member; and (c) finance the activities and operations of Alberta Beef Producers.

Having a partially refundable service charge (for example, \$1.00 being refundable or having a cap on the total amount of service charge that can be refundable to any one producer in any one year) has been raised for consideration.

The concept of a partially refundable service charge will require research and consultation to determine both its' feasibility under current legislation and its acceptance by producers.

Question: The question for discussion is whether the ABP service charge should continue to be non-refundable, should be changed to be refundable or should be made partially refundable.

C2 - Trigger for Payment of the Service Charge

Under the Cattle Marketing Regulation:

- a) producers who sell cattle are required to pay a service charge in the amount of \$3.00 per head of cattle sold by that producer; and
- b) producers who are in the business of feeding and slaughtering that producer's own cattle are required to pay a service charge in the amount of \$3.00 per head of cattle fed and slaughtered.

Under clause (a) above, the service charge is collected from the seller and paid to ABP. The amount of service charge paid on each head of cattle depends on the number of times the animal is sold in its lifetime. Any particular animal could contribute \$3.00, \$6.00 or \$9.00 to ABP.

An issue that has been raised is whether the ABP service charge should be paid each time cattle are sold or if a one time service charge (in an amount larger than \$3.00) should be paid when cattle are slaughtered or transported out of Alberta.

The concept of imposing a one-time service charge on slaughter or when the cattle are transported out of Alberta will require research and further consultation to determine both feasibility and acceptance of such a check-off. If producers are interested in pursuing such an option Alberta Beef Producers can take the necessary steps to look into this further and report back to the Plan Review Working Group and the delegates at the semi-annual meeting. Any change of this nature may require more time to develop and implement and may need to be the subject of a second amendment to the Plan Regulation and the Cattle Marketing Regulation.

Question: The question for discussion is whether the ABP should look into the feasibility of imposing a one-time service charge that is collected at slaughter or when the cattle are transported out of the province.

D - REGULATION MAKING POWERS

Alberta Beef Producers has the authority in its Authorization Regulation to require producers engaged in the marketing of cattle to register their names and addresses with ABP for the purpose of enabling ABP to determine whether a producer is an eligible producer and to assess, charge and collect service charges. This power has never been exercised by Alberta Beef Producers. To give effect to this regulation making authority, ABP would have to amend its Cattle Marketing Regulation.

Registration of producers would be a mechanism by which Alberta Beef Producers could develop a more accurate mailing list and voters' list and be the means to ensure that the services charge is being paid, deducted and remitted to the Commission in accordance with the Cattle Marketing Regulation.

Question: Should producers be required to register their names and addresses with the commission? If you are against this in principle, would your position be different if the purpose for registering your name and address was restricted to establishing an accurate mailing list for ABP use, creating a voters' list for ABP elections and collecting the service charge?

CONCLUSION

Thank you for taking the time to attend the Regional Meeting and provide your feedback for the regulatory review.

As noted above, please either hand in your Response Form at the close of the meeting or mail, fax or e-mail your completed form to Alberta Beef Producers as noted on the Response Form.

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