

**ALBERTA BEEF PRODUCERS
MINUTES OF THE BOARD OF DIRECTORS MEETING
THURSDAY AUGUST 7, 2008, 8:00 a.m.
AT THE ABP BOARDROOM, CALGARY, ALBERTA**

Present: Erik Butters - Chair
Rick Burton - Vice-Chair
Kelly Olson - Finance Chair
Gerald Maser - Zone 1
Brent Carey - Zone 2
Brian Edge - Zone 3
Frank Murphy - Zone 4
Doug Sawyer - Zone 5
Greg Bowie - Zone 6
Roy Eckert - Zone 6 (at large)
Harvey Hagman - Zone 7
Gordon Graves - Zone 8
Darcy Eddleston - Zone 8 (at large)
Donna Noullett - Zone 9
Stuart Thiessen - CFC Chair
Chuck MacLean - CFC
Dave Solverson - CFC
Tony Saretsky - CIC
Darryl Carlson - CIC

Staff: Rich Smith - General Manager
Barb Sweetland - Promotion Mgr
Lori Creech - Comm. Manager
Laura Proconier - Controller

Guests: John Knapp - DM, ARD
Jeff Kucharski - CEO, ALMA
Jason Krips - ADM, ARD
Sandy Honour - ALMA
Gerald Ollis - Chief Prov. Vet.

Absent:

The meeting was called to order at 8:00 a.m.

1. Adoption of Agenda

(a) Approval of Agenda:

Motion by Thiessen/MacLean:

“That the Agenda be approved with the changes discussed.”

Carried

2. Alberta Livestock and Meat Strategy (ALMS)

(a) Review ABP Strategy for ARD/ALMA meeting:

The meeting opened with a lengthy discussion of the ABP strategy for the session with the ARD and ALMA staff. The purpose of the session was to review the ALMS with the government officials and address concerns over the planned ABP communication with cattle producers. An agenda had been prepared for the session and it included six key points dealing with ABP communication and

responsibility, the LISA, the ALMA, the September Governance Workshop, issues of federal/provincial jurisdiction, and government/industry cooperation. The Board recognized that no decisions would be made during the session with the government.

The directors discussed the basis for the ALMS. The Minister of ARD believes that there needs to be fundamental change in the industry and that the ALMS is a better solution than current producer and industry initiatives. There is the perception that people or organizations objecting to points in the ALMS are seen as fighting change and the government.

The directors addressed some of the issues with the ALMS that we have heard from producers. Cattle feeders and processors support mandatory age verification and traceability, but one of the major problems is the added costs to primary producers. There are concerns about who will be paying the costs for tracing and identification. There are further concerns about the technological problems with tags. Value chain costs will apply to all animals but value chain benefits are only seen on a small percentage of animals. Sterling Silver represents a small percentage of the beef going through the Cargill plant.

Two other main issues are that the ALMS is not market driven and the ALMA is not democratic. The directors questioned the government position that the market is not working and expressed concerns about the ability of the Alberta government to deal with market access challenges that are national issues. The government also does not seem to make a clear distinction between food safety and marketing attributes.

The zone meetings held to address ALMS have been well attended. There were approximately 300 people at Newbrook, 100 people at Rimbey, 100 people at Marwayne, 35 people at Flat Lake, and 50 people at Hairy Hill. The producers attending these meetings and other producers across the province need representation.

(b) ALMS meeting with ARD/ALMA Staff:

The five representatives of ARD and ALMA joined the meeting and introductions were made. John Knapp began by explaining the ARD plans to assist with mandatory age verification and traceability requirements. There will be 30 staff members to assist with age verification and premise id and these staff also will work with CCIA. He noted the need for the government to assist with equipment for movement tracking.

He stated that most livestock organizations are solidly behind the ALMS and said that we need to work together. The point was made that the strategy needs to be developed at a national level and there already are systems

in place. The Growing Forward agreement includes \$100 million for traceability. There was a discussion about the costs and benefits of traceability and the government officials were asked to provide information on these costs and benefits to ABP.

Kucharski, Ollis, and Knapp talked about traceability and markets. We need to preserve our OIE status and maintain animal health status. They said that market access is dependent on managing disease risk and providing traceability. We have missed sales of Alberta beef due to a lack of traceability. Ollis said that it is taking months to trace BSE incidents and the tracking system is not working.

Knapp informed the Board that there will be a comprehensive round of country meetings that will include work on the forms for the second half of AFRP II. He will be working with AFSC and ABP on government involvement at fall meetings. The government is moving ahead with the strategy and will be attending some town meetings, taking feedback and filling in information gaps. He was asked about the feedlot requirements for AFRP II and told the directors that these will be outlined soon.

Kucharski talked about working with industry on the ALMS. He stated that the Japanese market pays a premium and we need to increase our exports to Asia. The pork industry sends 20% of its exports to Japan. He also said that the ALMA is not a political organization.

There was a discussion about the Governance Workshop in September. This workshop would include items about the requirements of market people, the governance of ALMS, the structure and operations of Meat and Livestock Australia, and the governance of the ALMA. The workshop will focus on the value chain approach, building support for the strategy, identifying mechanisms for involvement, and having government and industry work together.

The government representatives acknowledged that they need to work with BIC and CBEF to insure that there is no duplication of work. There are already policies in place for many industry issues. The ALMA will need to create partnerships with existing organizations. There is only one way forward and that is ALMS working with ABP. The mandatory requirements were a lever for the money, \$300 million now and 300 million over next five years.

The session continued with a long and detailed discussion about traceability. The directors made the point that producers are really struggling with added costs when regulatory burden is already a problem. They challenged the need for mandatory traceability requirements. The government officials replied that mandatory age verification is integral to system integrity. They talked about our BSE cases and emphasized the need for robust animal health and food safety requirements, including provincially reportable and notifiable diseases. They talked about creating a diagnostic system in Alberta with

training and payment for private veterinarians to perform post mortems.

The session concluded with a discussion about the role of government. Meat and Livestock Australia is founded on industry/government cooperation and collaboration. The government enables the process, but does not do it. National level communication is required. The ALMA will be the beginning of the ALMS and will put programs in place to enhance industry position. Once incorporated, shares would initially be held by government but could be available to industry. Industry ownership and leadership will be essential.

(c) Review ABP ALMS response:

After the government officials departed, the Board reviewed the session and considered the next steps with respect to the open letter to producers. The discussion with the ARD and ALMA officials had covered a number of points on the ALMS, but had not really dealt with the subject of the letter. There was a desire to work with the government, where possible, on the ALMS, but also to inform our producers about the ALMS and convey the concerns we had been hearing from them. The directors asked that a report on this meeting with ARD/ALMA staff be included in the letter, as well as information on the town hall meetings.

A director asked the Board whether ABP supports or opposes the ALMS. The Board position is that ABP supports some parts of the ALMS, needs more information on other parts of the ALMS and is seeking that information, and does not support other parts of the ALMS.

Motion by Graves/MacLean:

“That ABP distribute the Open Letter from Chair Erik Butters on the Alberta Livestock and Meat Strategy to our producers and add it to our website.”

Carried

There was further discussion about also publishing the letter in media outlets.

Motion by Edge/Eddleston:

“That ABP will not send the letter to the media for publication.”

Carried

3. Minutes of Previous Meeting

(a) Minutes of the July 17, 2008 meeting:

Motion by Olson/Maser:

“That the Minutes of the July 17, 2008 meeting be adopted as presented.”

Carried

4. Financial Report

(a) Financial Report ending July 31, 2008:

Motion by Olson/Graves:

“That the Financial Report be accepted as presented for information purposes.”

Carried

(b) Budget for 2009/10 Year

The Board reviewed preliminary budgets for 2009/10 based on three levels of marketings. Based on the decision to review all ABP standing committees, the project expenses were presented by subject area rather than by committee. A number of expenses that had been part of committee budgets were now in a group of provincial initiatives. There was direction to select the most reasonable level of marketings and prepare two budgets for Board consideration, one budget including the allocation of \$1,000,000 to the Trade Advocacy Reserve Fund.

The Standing Committee Working Group will need to meet before the Board meeting as their recommendations could affect the 2009/10 budget.

5. Discussion Items

(a) Livestock Identification Services (LIS):

Brent Carey’s term as ABP’s representative is over and the Board needs to elect another representative.

Motion by Thiessen/Burton:

“That Brent Carey be re-appointed as Alberta Beef Producers representative on the Livestock Identification Services Board.”

Carried

6. In Camera

7. Discussion Items

(a) Agriculture Hall of Fame:

The dinner will be held near the end of September. Tom Livingston has been nominated for the Hall of Fame by Erik Butters on behalf of ABP, Hugh Lynch-Staunton, and David Andrews.

8. General Information

- (a) Seminar Invitation – Nils Beaumont
- (b) CCMDC Letter to John Knapp

9. Next Meeting and Upcoming Events

- (a) Board meeting – Wednesday September 17, 2008 – ABP Board Room

- (b) Board meeting – Thursday October 16, 2008 – ABP Board Room – Tentative
- (c) Board meeting – Thursday November 20, 2008 – ABP Board Room – Tentative
- (d) Annual General Meeting – December 8 – 10, 2008 – Calgary, Sheraton Cavalier Hotel

10. Adjournment

Motion to adjourn by Stuart Thiessen at 4:30 p.m.

Carried

CHAIRMAN

GENERAL MANAGER