

January 29, 2009

**A Letter to the Cattle Producers of Alberta  
from Rick Burton, Chair, ABP**

Dear Cattle Producers:

Last summer, ABP took the extraordinary step of writing and mailing an open letter to all the cattle producers in Alberta providing information and questions about the Alberta Livestock and Meat Strategy (ALMS). The response to this letter has been positive and producers appreciated the information in the letter and the issues that were identified in the questions. Many producers have told us that the letter was an effective method of communicating with them and expressing their concerns with the ALMS.

Clearly, interest in the ALMS remains high among cattle producers. Over 2,000 producers attended town hall and Alberta Livestock and Meat Agency (ALMA) meetings dealing with the ALMS over the summer and fall. ABP also had very good attendance at our fall producer meetings as over 2,000 producers attended 30 meetings in our nine zones around the province. At our fall meetings, there was strong support for the ABP position on the ALMS and support for ABP as an organization representing the interests of all cattle producers.

In the first open letter, we made a commitment to developing further information pieces and policies on the ALMS. We heard your legitimate concerns about the mandatory traceability requirements in the ALMS implementation plan and your questions about the structure, governance and role of the ALMA. As a result, we prepared a discussion paper on livestock information systems and traceability early in the fall and distributed this paper to ABP delegates, Alberta Agriculture and Rural Development (ARD) representatives, and the Alberta Livestock and Meat Agency. We also completed a discussion paper describing ABP's view of the role of the Alberta Livestock and Meat Agency. In addition to posting these papers on our website and distributing them at meetings, we have attached summaries of the papers to this letter.

ABP will continue to take forward your concerns in our work with ARD and ALMA to create overall benefits for all cattle producers in the ALMS. We have accepted invitations to participate on the committees working on the implementation of the ALMS because we believe that you need a voice in these groups. When we see policies and regulations that we don't believe are beneficial for producers, your representatives will express this view strongly. As the Alberta Government proceeds with the implementation of the ALMS, ABP will continue to vigorously represent the interests of cattle producers and strive to make the strategy a success for all producers.

### **Challenge to Non-Refundable Check-off**

While ABP has been working, as effectively as possible, to represent the interests of all cattle producers in Alberta, a challenge to this representation has been launched by the Beef Industry Alliance (BIA). The BIA was formed in September, 2008 by the Alberta Cattle Feeders' Association (ACFA), the Western Stock Growers Association (WSGA), the Feeder Associations of Alberta (FAA), and the Beef Initiative Group (BIG). Originally, the declared purpose of the BIA was to support a new approach to advancing the beef industry in Alberta by building momentum around the ALMS and supporting the stated merits of the ALMS, including mandatory age verification and traceability. Later, this new coalition held a media event during the ABP Annual General Meeting in December at which BIA representatives called on the government to address the governance of the beef industry by implementing a refundable check-off. Most recently, the BIA placed a full page advertisement in the January issue of Alberta Beef magazine saying that the industry needs change and encouraging producers to demand choice in where check-off dollars go.

ABP agrees with the BIA that producers should have a choice about the collection and spending of the check-off dollars. ABP is a representative and democratic organization that is accountable to all producers in the province. Through election of delegates, resolutions, and consultation at fall meetings, producers do have a choice in how check-off funds are invested. Producers also understand the importance of having a strong organization representing their interests and they think that it is fair and reasonable for all producers to contribute toward the funding of ABP through a non-refundable check-off.

Cattle producers have the ability to make the check-off refundable by several methods. This change could be achieved through the election of delegates, through resolutions at fall meetings, or through a plebiscite conducted by the Agricultural Products Marketing Council. Producers have not shown ABP that they wish to make the check-off refundable and the only resolution on check-off to pass at a fall meeting this year was to continue with a non-refundable check-off. It is clear to me that most producers want the check-off to remain non-refundable and ABP believes that any change in the collection or distribution of the check-off must be directed by producers.

A summary of points favouring a non-refundable check-off is attached to this letter, but at a time when many producers are facing significant financial challenges, ABP recognizes that our most important efforts are activities that will make our industry stronger. Therefore, the highest priorities for ABP will continue to be finding solutions to these financial challenges and making the ALMS work for all producers. On behalf of ABP, I thank you for your continued interest, input and support.

Yours truly,

ALBERTA BEEF PRODUCERS



Rick Burton, Chair

## **Alberta Beef Producers Discussion of the Alberta Livestock and Meat Strategy**

*In the Open Letter to the Cattle Producers of Alberta from ABP Chair Erik Butters, he promised that APB would share further information and ideas on the ALMS as a way to stimulate thoughts and discussions on this strategy. Please consider this as the first of several discussion pieces that will be prepared in the next months.*

### **Livestock Information Systems and Traceability**

Alberta government officials have stated that the Alberta Livestock and Meat Strategy (ALMS) must be national in scope and have support from all sectors of the cattle and beef industry to be successful. The government has further indicated its commitment to avoid duplication of existing industry organizations and initiatives. ABP agrees with these positions and encourages the government to follow these conditions in the implementation of the ALMS. These constraints are particularly important in the critical areas of livestock information systems and traceability, areas where ABP has developed the following position.

#### **Principles of Livestock Information and Traceability**

The ABP recommendations on livestock information systems and traceability support the following principles:

1. There should be clear separation of the information required for a mandatory traceability system and the information used to support value chains in the development of branded and differentiated products. Mandatory requirements should be confined to the information needed to protect animal health and food safety. This information should be kept confidential and be available only to authorized government officials for emergency management purposes.
2. Full movement tracking is not possible at this time. Implementation of movement tracking should only proceed when justified by a cost/benefit analysis and at a rate that commerce and technology will allow without placing undue costs and burdens on the industry.
3. All information for value chains and marketing initiatives should be collected and shared through an industry managed information system in which participation is voluntary and market driven.
4. Information required for traceability should be collected through a national system using existing platforms such as the CCIA database. The CCIA database also would warrant consideration as the platform for the industry managed information system.

## Summary of ABP Position on Livestock Information Systems and Traceability

The ABP position on livestock information and traceability has been described in a longer document that is available on the ABP website ([www.albertabeef.org](http://www.albertabeef.org)) and has been distributed to ABP delegates, Alberta Agriculture and Rural Development and the Alberta Livestock and Meat Agency (ALMA). However, this position also can be illustrated well in the following diagram which shows the clear separation between mandatory requirements for animal health and food safety in one section and voluntary submission of value added information in the other section.

<b>National Information System (using CCIA Database)</b>			
<b>Value Added Information Supply Chains, Branding/Differentiation</b>		<b>Traceability Information Animal Health and Food Safety</b>	
Voluntary Participation		Mandatory	
Information shared by willing participants in a two way flow based on agreements or financial transactions		Information access only by government officials for emergency management purposes	
Canadian Beef Advantage	Animal ID Premises ID Age Verification Medication/vaccination	Animal ID Premises ID Movement Tracking	As allowed by cost/benefits, commerce and technology.
Marketing Ventures	Weaning date On-Farm Food Safety Performance Data Carcass Yield & Grade	Age Verification	If mandatory
Branding Initiatives	Bio-security Animal Care Environmental Stewardship	Health Records	If needed for managing animal health issues
	Marketing attributes	On-Farm Food Safety	If mandatory
<b>ABP does not support mandatory requirements for age verification, carcass yield and grade, on-farm food safety, weaning date, and medication/vaccination information.</b>			

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### **The Role of the Alberta Livestock and Meat Agency (ALMA)**

A key component of the Alberta Livestock and Meat Strategy (ALMS) has been the creation of the Alberta Livestock and Meat Agency (ALMA). Alberta Agriculture and Rural Development Minister George Groeneveld has appointed seven members to the ALMA Board of Directors which will be chaired by Joe Makowecki, the president of Heritage Frozen Foods. The stated role of the agency is to provide strategic advice and direction to help Alberta's industry compete globally and transition to a strong, prosperous and sustainable industry. The intention is that the ALMA will serve as a catalyst to open doors and revitalize Alberta's livestock and meat industry. The ALMA currently has 10 staff members and a first year budget of \$56 million, with the expectation of similar annual budgets over the next four years.

While ABP and many producers are not convinced that the creation of the ALMA was necessary, we recognize that the ALMA represents a substantial investment in the livestock and meat industry of Alberta. With proper direction, the financial and human resources of the ALMA could provide very significant benefits for the industry. According to ALMA documents, the main focus of the agency will be in four areas – market development, innovation, industry capacity and capability development and supply chain development. ABP sees the potential for some benefit from this direction for the ALMA as long as the following principles are followed:

1. The ALMA should support marketing and research initiatives through a fair and transparent distribution of resources. While all producers understand the importance of marketing and research activities, it is important that they know the process by which the ALMA makes decisions regarding the distribution of resources and who receives this assistance from the ALMA.
2. The ALMA activities should complement and support existing organizations and programs, not duplicate them. The livestock and meat industry already has a wide range of organizations and programs directed toward marketing, research, and supply chain development initiatives. The Beef Information Centre (BIC), Canada Beef Export Federation (CBEF), Canadian Cattlemen Market Development Council (CCMDC), Beef Cattle Research Council (BCRC), and Canadian Beef Advantage are examples of substantial investment and effort by the industry in these activities. These initiatives have generated significant returns for the industry and would benefit from the additional resources that could be contributed by the ALMA.
3. The ALMA must ensure that competitiveness issues, market priorities and market forces drive the marketing, research and supply chain development activities of the agency.

These activities must not be driven by government objectives or mandatory requirements imposed on the industry.

4. The provision of financial and human resources by the ALMA should not create advantages for certain private initiatives over other private initiatives. Market forces and business decisions should determine the success of these ventures, not the selection of the initiatives for ALMA support.
5. The ALMA has a valuable role to play in finding and developing new markets. Supporting the development of supply chains, and enhancing research and development processes, but it should not speak for the industry on policy issues. Industry policy and policy recommendations to government must come from producers, producer organizations, and industry representatives. The ALMA should not set policy; its role is to encourage the marketing and research initiatives that will enhance competitiveness and profitability in a policy environment determined by industry and government.

These principles are a response to the significant level of uncertainty in the livestock and meat industry about the structure, governance, and role of the ALMA. The ALMA currently appears to be a government led driver of change, while producers and ABP see that it should be an industry directed facilitator of change. The proposed industry advisory committees will help communication between the industry and the ALMA, but they will not make the ALMA an industry initiative. The ALMA should be a catalyst, as in chemistry, where a catalyst enhances reactions, but does not determine which reactions will occur or when they will occur. In other words, the ALMA can help to open doors for the industry, but it is the industry, not the ALMA, that should determine which doors to open.

## **Why a Non-Refundable Check-off Works for the Cattle Industry**

- Most cattle producers think it is important to have a strong organization representing the interests of all producers. ABP does a wide range of policy, production, research, communications and promotion activities on behalf of the producers in Alberta, as well as supporting extensive national policy and trade advocacy work. These activities provide substantial benefits for the producers who do not have the time or influence to do the work themselves and require a well-funded organization with a strong voice.
- ABP is a democratic and representative organization that is accountable to all cattle producers in Alberta and works as effectively as it can for the benefit of these producers. Cattle producers in Alberta have decided that all producers should contribute toward the funding of ABP through a non-refundable check-off. These producers have the ability to make the check-off refundable through the democratic methods of delegate elections, resolutions at fall producer meetings, or a plebiscite conducted by the Agricultural Products Marketing Council.
- The broad participation of producers and relatively predictable funding levels enable ABP to be an effective voice for the cattle industry in Alberta. Check-off funds provided the resources to successfully defend the industry against the last U.S. countervail challenge launched in 1998 and concluded in 1999. Our investments in legal and trade advocacy activities were important factors in opening the U.S. border to Canadian beef and cattle after the discovery of BSE, as well as recent improvements in access to Asian markets, Canadian trade policy, and the impacts of COOL implementation. Check-off dollars also provide significant benefits to Alberta producers through work on policy and regulatory issues, production research, promotion campaigns, animal health and welfare concerns, communication activities, land use, and environmental stewardship.
- The Alberta cattle industry has a small number of very large producers who would have a great deal of influence if the check-off was made refundable. Cattle organizations would become more accountable to these large producers rather than accountable to all producers. A situation could arise where policy influence would be based on the size of individual operations rather than the number of producers supporting a position. This would limit the ability of an organization such as ABP to represent the interests of all producers.
- Other cattle organizations have the ability to apply for check-off funds from ABP for non-commercial projects or initiatives that would provide overall benefits to cattle producers. Individuals or organizations also have the means to influence the allocation of check-off funds through the democratic process of establishing ABP priorities or participation on ABP councils and committees.

- The cattle producers of Alberta have not given ABP any indication that they want the check-off to become refundable. During the recent Plan Review, ABP circulated a discussion paper which included a question on refundable check-off. By a two to one margin, the producers responding to this question voted for a non-refundable check-off. At our recent fall meetings, the only resolution on check-off to pass was a motion to continue with a non-refundable check-off. It seems clear to ABP that most producers see a non-refundable check-off as the best way to support an organization representing their interests and want the check-off to remain non-refundable. ABP believes that any change in the collection or distribution of the check-off must be directed by these producers.