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July 30, 2008

**Re: An Open Letter to the Cattle Producers of Alberta
from Erik Butters, Chairman, ABP**

Dear Cattle Producers:

The recent creation of the Alberta Livestock and Meat Strategy (ALMS) has brought the cattle industry of this province to a point of fundamental change, having, as it does, the inherent power to affect the lives of all cattle producers in Alberta. It is vital, therefore, that this change in industry governance and direction be the result of an open and honest collaborative process incorporating both industry and government input.

Since the announcement of the ALMS by Agriculture and Rural Development Minister George Groeneveld on June 5, 2008, Alberta Beef Producers' directors, delegates and staff members, as well as many of our producers, have analyzed and discussed the strategy at length. ABP issued an initial reactions statement the day after the announcement and our delegates prepared and approved a first draft response to the strategy at our Semi-Annual General Meeting in Edmonton. In that response, delegates identified several key elements which they believed to be fundamental to any business and political partnership from which strategies like ALMS would normally issue. Those key elements are:

- **A Shared Vision:** Working together, beef producers and government must create an open environment that allows businesses to reach their full potential in a fair and competitive market.
- **Role of Government:** Working together, beef producers and government must ensure the development of a political, regulatory, and communicative environment which protects public health and safety; sustains the environment; promotes animal health and safety; and fosters education and the development of public knowledge in a manner that balances social and economic needs. Beef producers would like to stress to government that regulations must be based on appropriate management of real risks and an accurate analysis of the costs and benefits of these regulations.
- **Industry Governance:** Working together, beef producers and government must ensure that industry governance remains **democratic** and that it respects the rights of individual producers.

- **Government Support:** Working together, beef producers and government must ensure that government support for the beef industry comes from national programs that minimize the risk of trade actions and do not distort market forces or influence business decisions.

Given that the ALMS was not born out of such a working environment, ABP quite rightly has some fundamental concerns about it. Those concerns are that the strategy is not market driven; that it is not directed by democratically chosen producers; that it includes significant additions to regulatory costs; and that it creates duplication of jurisdiction among federal, provincial, and industry initiatives.

It is interesting to note that many of the priorities identified in the ALMS are consistent with recommendations previously made by Alberta Beef Producers and, naturally we fully support those initiatives we previously advocated and which we continue to feel will make our industry more competitive. The Alberta Feed Grains Centre of Excellence is a welcome development that addresses our recommendation for improving the productivity of feed grains and forages. Alberta Beef Producers has strongly supported a reduction in the regulatory costs and barriers that affect our production systems and this issue is addressed in the ALMS. Both Alberta Beef Producers and the Canadian Cattlemen's Association have repeatedly called for enhanced access to international markets and the development of more effective international trade negotiations.

Alberta Beef Producers and our producers welcome the fostering of market-driven branding and diversification initiatives. We support and encourage the *Canadian Beef Advantage*, a national Canadian Cattlemen's Association and CCMDC branding initiative built on the value proposition of leadership in animal health and beef safety. The Canadian Beef Advantage is based on our identification system, tracing and tracking, and on-farm food safety attributes that would form a foundation for a wide range of private marketing ventures.

Alberta Beef Producers will be participating in the industry engagement workshops that the government is planning for the summer and fall, but input to the government must come from beyond these workshops and our organization. We have heard a number of significant concerns from producers about ALMS and we encourage them to engage in healthy public debate on issues which they find problematic.

Some of the key areas for debate will undoubtedly include:

A. The Alberta Livestock and Meat Agency (ALMA)

ABP understands that the ALMA will play a dominant role in the implementation of the Alberta Livestock and Meat Strategy and could become the major policy setting body for our industry. The Agency will have a board appointed by the Minister on the advice of a small selection committee; it will have a large budget of \$56 million in its first year; and it likely will have similar annual budgets in the future. The government sees the ALMA as an industry-government partnership and has stated that it wants the industry to take ownership of the ALMA in the future. Therefore, some key issues requiring clarification would be:

- *How will producers and the democratic organizations representing these producers be able to participate in the ALMA and provide direction to the distribution of funding?*

- *How will the government ensure that funding provided by ALMA does not unduly influence business and market decisions?*

ABP also understands that the ALMA will include many elements incorporated into Meat and Livestock Australia (MLA), a producer-owned company which works in partnership with the Australian government, a processor-owned company, and an exporter-owned company. MLA is largely funded by transactional levies (check-offs) that are collected and disbursed by the Australian government. It also receives additional government funding for research and development work. The voting entitlement of producers in MLA is based upon the amount of transactional levies (check-off) paid, a situation which gives large producers many more votes than it gives to small producers. In Australia, producer organizations similar to Alberta Beef Producers and Alberta Cattle Feeders' Association are designated as Peak Councils and provide advice to the government and MLA through the Red Meat Advisory Council. Therefore, some key issues requiring clarification would be:

- *As the ALMA moves toward increasing industry ownership, how does the government propose to have industry contribute funding to it?*
- *How will the government address the desire of producers to have democratic representation on key industry organizations such as the ALMA?*
- *Will the government be requesting or requiring access to check-off funds for ALMA, who will pay these check-offs, and how will these funds be collected?*
- *How will the government ensure that the ALMA will be transparent and will represent industry interests?*

B. The Alberta Livestock Information System (ALIS)

Please note– the name is currently being changed to Livestock Information System of Alberta (LISA)

The Alberta Livestock and Meat Strategy states that the ALIS/LISA will be a robust mandatory traceability system integrated into a broader, industry-managed information system. ALIS/LISA data will form the basis for the required age verification and traceability efforts and will include process/source verification and value added components. While age verification and premise identification will be required for all producers wishing to receive the second payment under the AFRP II in January, 2009, the government also has a proposed schedule for implementation of additional **mandatory** requirements, including animal movement, source verification, On-Farm Food Safety Verification, weaning date, vaccination/medication, and yield/grade information. As well, the ALIS/LISA will be the basis for voluntary bio-security, animal care, environmental stewardship, and brand attribute verification. Therefore, some key issues requiring clarification would be:

- *Does the government have supportive data to show that the benefits created by the traceability system actually exceed the costs of implementing it?*
- *Who owns the data in the database, who has access to it, and what controls will producers have on who may access their data?*

- *Is there any evidence that the increased costs caused by the traceability system in some of our large markets will be offset by increased revenues in our other markets?*
- *If the significant extra costs of the traceability system do not create increased revenue through enhanced market access or added value, how will the government address the impact of this addition to the regulatory burden?*
- *Considering that much of the cost associated with the traceability system will be borne by cow/calf producers, how will the government ensure that these producers receive a share of any benefits generated by collecting and maintaining the information?*
- *How will the work of the ALIS/LISA be coordinated with the work being done by CCIA, a national, industry-led organization, and LIS, a provincial delegated authority of the Minister?*
- *How will the Alberta government create the legislative authority for the ALIS/LISA and how will it verify and enforce compliance with the mandatory requirements of ALIS/LISA?*

C. Federal/Provincial Jurisdiction

There are many elements of the ALMS, including the use of Meat and Livestock Australia principles, which seem better suited to a national strategy than a provincial initiative. International trade negotiations, international market access, food safety standards, environmental stewardship verification, and many regulatory costs and barriers are all examples of areas noted in the ALMS that are entirely or largely the responsibility of a national government. Clearly, the ALMS will need a national focus and the support of all sectors of the livestock industry to be successful. Therefore, some key issues requiring clarification would be:

- *How will the Alberta government ensure that there is national support for, and full industry cooperation with, the ALMS?*
- *How will the government ensure that the ALMA does not duplicate or worse, hinder the efforts of existing national trade and marketing organizations?*

In closing, Alberta Beef Producers wishes to state that it is concerned about the government concentrating policy and financial influence in the ALMA. It is also concerned about use of force of law and financial incentives to drive adoption of marketing attributes such as age verification. ABP firmly believes that Alberta should work with our provincial counterparts across Canada to develop national solutions to national issues. Finally, ABP fully endorses the notion that major industry strategies must be developed in collaborations with the representatives of all producers.

We are entering a time of significant industry change during which producers must make informed and conscious decisions. ABP believes that, as the ALMS is rolled out over the coming months, clarity provided by the Alberta government on the issues raised in this letter would allow beef producers to make these vital decisions in a timely and effective manner. Fundamentally, however, ABP's vision of the cattle business in Alberta is a market driven industry with democratic governance.

Alberta Beef Producers delegates have organized several producer meetings dealing with the ALMS and more meetings are planned. The Government of Alberta also intends to conduct a series of country meetings to provide information on the ALMS. The Alberta Beef Producers Board of Directors recently held a special meeting with the Deputy Minister and senior officials of Alberta Agriculture and Rural Development and the ALMA. At this meeting, there was a lengthy discussion about the ALMS and a number of the questions posed in this letter.

Alberta Beef Producers will be developing further information pieces and policies on the ALMS in the near future. These communiqués and policy statements will be shared with our producers and posted on our website at (www.albertabeef.org). For more information about both the ALMS and the ALMA please visit the Alberta Agriculture and Rural Development website at ([http://www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/com12203](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/com12203)).

Alberta Beef Producers thanks you in advance for your involvement and for your input.

Yours truly,

ALBERTA BEEF PRODUCERS

A handwritten signature in cursive script that reads "Erik Butters". The ink is dark and the signature is written in a fluid, connected style.

Erik Butters,
Chairman