

**ALBERTA BEEF PRODUCERS
MINUTES FOR THE BOARD OF DIRECTORS MEETING
WEDNESDAY FEBRUARY 17, 2016, 8:30 a.m.
AT THE SHERATON HOTEL, RED DEER, AB**

- Present:** Bob Lowe - *Chair* Carried
Roland Cailliau - *Vice-Chair*
Charlie Christie - *Finance Chair*
Cecilie Fleming - *Zone 2*
Chris Israelson - *Zone 3*
Tim Smith - *Zone 4*
Kelly Fraser - *Zone 5*
Tim Sekura - *Zone 6*
Colin Campbell - *Zone 7*
Lyndon Mansell - *Zone 8* Carried
Norm Hennigar - *Zone 9*
John Buckley - *Director at Large*
Rick Friesen - *Director at Large*
Melanie Wowk - *CCC Chair*
Bryan Thiessen - *CFC Chair*
Greg Bowie - *Past Chair*
- Staff:** Rich Smith - *Executive Director*
Fred Hays - *Policy Analyst*
Rosanne Allen - *Executive Assistant*
Katelyn Laverdure - *Communications*
- Absent:** Howard Bekkering - *Zone 1*

(c) Minutes of the January 25, 2016 conference call:

Motion by Sekura/Wowk:

“That the minutes for the ABP Board of Directors January 25, 2016 conference call be approved.”

Carried

3. Financial Report

(a) Financial Statement ending January 31, 2016:

Christie presented the financial statement. Marketings continue to be down from last year and Cargill is still behind by a month on check-off remittance. The expenses are following the budget fairly closely.

Motion by Christie/Israelson:

“That the financial statement be accepted for information purposes only.”

Carried

(b) Service Charge Refund Report:

The total refunds for the July-December refund period are \$1.22 million. This is down from the same period last year, but the marketings are also down so the refund percentage has remained at 33 per cent. The number of refund requests and the distribution of the requests remains essentially the same. We received a number of late refund requests and we have followed the policy of not accepting these late requests. The total amount of service charges that have been refunded since 2010 is now over \$14 million.

Sekura suggested sending information to the producers who take a refund explaining how ABP has been investing retained service charge funds for the benefit of producers. We did have a brochure that outlined the benefits producers receive from check-off investments and we should update this brochure and include it with refund cheques.

4. Decision Items

(a) Bill 6 Update and Strategy:

ABP has received a formal notice from the government inviting us to submit nominations for producers to participate in the working groups they are setting up to discuss regulations that would apply to Bill 6. The government is proposing that there be six working groups, each made up of 12 people and a chair. Each group will

The Chair called the meeting to order at 8:30 a.m.

1. Adoption of Agenda

(a) Adoption of the agenda:

Additions: 4(j) Chamber of Commerce memberships; 6(k) Road allowance update;

Motion by Mansell/Sekura:

“That the agenda be approved with additions.”

Carried

2. Minutes of the Previous Meetings

(a) Minutes of the December 15, 2015 conference call:

Motion by Fleming/Buckley:

“That the minutes for the ABP Board of Directors December 15, 2015 conference call be approved.”

Carried

(b) Minutes of the January 14, 2016 meeting:

Motion by Buckley/Thiessen:

“That the minutes for the ABP Board of Directors January 14, 2016 Board of Directors meeting be approved.”

address a separate area of the Bill 6 regulations and standards: labour relations, employee standards and OH&S code.

The Alberta Agriculture Farm and Ranch Safety Coalition (the AgCoalition) was formed to create a unified voice for the agriculture sector on farm safety. The AgCoalition includes close to 30 Boards, Commissions and producer associations that work on behalf of virtually all farmers and ranchers in the provinces. The coalition is setting up an Industry Advisory Forum of producers, as well as a Strategy Committee of association executive directors, and a Technical Working Group to support the producers on the working groups. The coalition will be expressing its concerns about the proposed working group process at a meeting with Minister of Agriculture and Forestry. The next meeting of the coalition will be held in early March.

The AgCoalition has asked all associations to submit nominations for the working groups to the coalition and has asked the government to work with the coalition on establishing the membership of the working groups. ABP strongly supports the coalition and recognizes the value of the industry having a single voice, but the directors were not comfortable with ABP submitting nominations only to the coalition. There is uncertainty about the degree to which the government will recognize the coalition as the voice of the industry and we have a responsibility to producers to have representatives on the working group. After much discussion, the directors decided that ABP would submit nominations to the coalition, but also would submit the nominations directly to the government.

The working groups will require a substantial commitment of time and the nomination form is lengthy and detailed. R. Smith has heard from a number of ABP representatives who are interested in participating on the working groups. He will send nomination forms to these people and others who have been identified as strong potential ABP representatives. The form also will be distributed to the ABP delegates. Although we are not sure whether the working group process will be meaningful or worthwhile, it will be important to have representation on the groups working on behalf of cattle producers. The ABP Bill 6 Task Force also will be working to develop an ABP policy position on labour legislation dealing with labour relations, employment standards, and OH&S requirements.

The directors were informed about an MNP Bill 6 update meeting occurring during the afternoon of February 17th and a number of directors will be attending. Sekura brought forward a comment from a producer who asked if there could be more updates on Bill 6 on our website and the ability to comment on Bill 6 and the steps that ABP is taking on this legislation.

(b) Industry Funding Strategy/CILF:

The directors discussed a strategy for further consultation on the AGM resolutions regarding the return to some form of non-refundable provincial service charge. ABP has committed to having \$0.60 of every non-refundable service

charge be directed solely to marketing, research, and industry collaboration, but there is a question about how the allocation of these funds would be controlled. In order to gain support for a non-refundable service charge from other industry organizations, these organizations likely would need to have some control over the allocation of the funding.

The Cattle Industry Leaders Forum (CILF) was proposed as a forum with high-level representation from across the industry that would provide insight and recommendations on major industry issues to ABP and other organizations. The CILF is likely not an appropriate body to make specific funding decisions. The ABP Executive discussed the idea of a marketing and research council with three or four members representing producers who pay the service charge, possibly ABP, ACFA, Alberta Milk, and WSGA. This council could be given the responsibility for allocating the \$0.60 per marketing. ABP would still have significant control over the funds as one of four council members, but the authority would be shared with the other organizations.

The directors had concerns about the proposed council, but supported the ABP Executive meeting with the ACFA Executive for a conclusive discussion of industry funding proposals. ABP needs to approach the government with a specific funding proposal during the spring sitting of the legislature and the purpose of the meeting will be to seek AFCA for a proposal. There was a discussion of the process required for a return to a non-refundable service charge and the level of influence that Marketing Council would have over this process. A legislative change to the *Marketing of Agricultural Products Act* (MAPA) would be needed to allow for a non-refundable service charge.

(c) Feed Grains Project - Flavio Capettini:

The ABP funding commitment to the Feed Grains Research Project has been completed and the Board must begin consideration of renewing this funding. The first five-year project was “Breeding cultivars of barley and triticale with improved feed quality and yield,” while the recently completed three-year project was “Germplasm and variety development of barley and triticale for animal feed quality, yield, and disease resistance for both grain and annual forage.” Dr. Flavio Capettini, the Head of Research at the AF Field Crop Development Centre (FCDC) in Lacombe, joined the Board meeting and made a presentation on the projects.

The work on the feed grains research projects was started by Jim Helm. Dr. Capettini collaborated with him on the project and took the lead on Helm’s retirement. Plant breeding is a long-term process, but Dr. Capettini told the Board about the progress and results that had been achieved though the eight years of the projects. He explained the importance of the ABP funding to the success of the feed grains project and outlined the plans that the FCDC has to make future work more focused, efficient, and successful.

(d) Municipal Taxation of CFOs - Stuart Thiessen:

Rural municipalities in Alberta are facing severe challenges in maintaining road infrastructure as a result of reduced provincial government funding. There have been recent amendments to the Municipal Government Act, but the issue of taxation of agricultural operations has not been addressed yet. The Intensive Agriculture Operations Working Group (IAOWG) was established to consider this issue. The IAOWG includes members from the AAMD&C, the provincial government, and the agriculture industry. Stuart Thiessen has been representing ABP on the IAOWG and joined the meeting by telephone to get direction from the Board on the most recent working group proposal.

Currently, agricultural land is taxed on the basis of productive value rather than market value. There is no additional tax paid for facilities such as Confined Feeding Operations (CFO) of large grain handling systems. The IAOWG began its deliberations looking at all intensive operations, but now seems more focused on CFOs. They are proposing changes to the Municipal Government Act that would allow municipalities to assess special levies on certain agricultural operations for specific infrastructure needs. At the same time, the County of Lethbridge is proposing a special infrastructure tax on land and confined feeding operations to support road and bridge work in the county. The Lethbridge tax is based on animal units and would create massive tax increases for feedlots.

There is general recognition that CFOs should pay more municipal taxes than a comparable piece of bare agricultural land, but CFOs can't be forced to carry the entire burden of infrastructure funding shortfalls. Stuart Thiessen and the Board are not supporting the current IAOWG proposal for provincial regulations enabling a special levy on certain agricultural operations because there are no constraints in the proposal on the application of the levy. Municipalities already have the ability, as the County of Lethbridge has shown, to levy special taxes on intensive operations. It is more difficult to assess a special tax than to implement a levy that is allowed by provincial regulation, but ABP believes that municipalities should be required to consult their ratepayers when they are adding new taxes. ABP thinks that there are better and fairer solutions to the infrastructure funding issue that have not been developed yet.

(e) CBIC Tour:

At the January meeting, the Board discussed the possibility of ABP sponsoring a tour before the Canadian Beef Industry Conference (CBIC). We also could invite representatives of key U.S. state cattle organizations to attend the conference and participate in the tour. The proposed tour has been welcomed by the CBIC organizing committee. A preliminary budget has been developed for the tour and it fits within the financial commitment that ABP has typically made to U.S. visitor initiatives. There

was a suggestion that the CBIC could charge a nominal for the tour and this money would represent ABP sponsorship of the conference. We have been talking with the Canadian consulates and the Government of Alberta about contributing to the U.S. visitor program, but we won't receive an answer until the new government fiscal year..

There was a suggestion that ABP establish a working group to help make decisions on the tour arrangements. Fleming and Buckley will work with Allen and R. Smith on the tour.

(f) BRM Policy Statement:

The Safety-net Subcommittee developed a policy for Business Risk Management that has been reviewed by the Cow Calf Council and needs board approval before it can be added to the Policy document. This policy was included in the Board package.

Motion by Wowk/Friesen:

“That the ABP Board of Directors approve the Business Risk Management policy statement developed by the Safety-net Subcommittee.”

Carried

(g) AFAC Representative:

AFAC has changed the structure of their Board starting this year. Industry organizations will be members of the AFAC Council and the council will choose the members who will sit on the AFAC board. Each organization will choose a member to sit on the council. Brian Chomlak has been our representative on the AFAC Board and is the current Chair. Chomlak's term ends this year and ABP will need a new representative on the council. The council will meet twice each year and will provide high-level direction to the AFAC Board. The directors also thought that ABP should nominate our council representative for a Board position.

Friesen and Sekura nominated Greg Bowie to be the ABP representative on the AFAC Council and an ABP nominee for the AFAC Board.

The chair called for further nominations three times

Greg Bowie was acclaimed the ABP representative on the Alberta Farm Animal Care Council.

ABP has directors or delegates sitting on a number of outside organizations. The Directors suggested we make more of an effort at our Semi-Annual General Meeting to involve delegates in these organizations. We could invite any who are interested to attend outside organization meetings or to observe Board meetings where we have a representative.

(h) CCIA and CIP Representative:

Bekkering is currently representing ABP on the CCIA Board and the Cattle Implementation Plan (CIP) Committee.

Friesen and Fleming nominated Howard Bekkering

The chair called for further nominations three times

Howard Bekkering was acclaimed the ABP representative

The directors suggested talking about the outside organizations that ABP sits on and asking delegates who are interested in putting their names forward to contact R. Smith and to attend the AGMs of those organizations.

(i) Council and Committee Government Meetings:

When decisions requiring discussion with the government are made at a council or committee, the decision comes to the Board and the Board sends the appropriate representative to speak to the government. The councils and committees can make a recommendation, but the Board makes the final decision. This should be reflected in each council and committee Terms of Reference.

People from a council or committee should not be making representations to the government on behalf of ABP without Board approval.

(j) Chamber of Commerce membership:

Zones are encouraged to join the local Chamber of Commerce and as Board members, directors could lead this effort. The Chambers of Commerce in several locations have written positions for Bill 6.

We should have an active presence in our larger centers. ABP supports each zone being a member of their local Chamber of Commerce if they choose to be.

Fraser and Buckley will develop a broad policy for directors to become members of organizations such as Chambers of Commerce.

5. In Camera

6. Discussion Items

(a) ABP Strategic Objectives and Preliminary Budget:

R. Smith supplied the proposed objectives and strategies for the next fiscal year. There are six objectives and each has an action and target. R. Smith asked the directors for input before the final strategic objectives are approved in March.

The proposed objectives should also be circulated to the delegates for their input before the March board meeting.

R. Smith presented the first draft of a budget for the 2016-2017 year. We are expecting to have close to \$4.5 million in retained check-off revenue and there should be nearly \$400,000 available from unrestricted net assets for the next budget. This would give us a budget amount that is close to the amount in the current budget. We have asked CCA for more input in their budget process, but we do not know the amount of the CCA assessment yet. ABP staff has

provided estimates of budget amounts in the areas for which they are responsible.

At the March board meeting the directors will approve the budget knowing that there may be some changes made at the April meeting.

(b) NCBA Report:

In the Board package, there were two reports on the NCBA Convention, one a Weekly Update article and the other a complete report on the convention from Cailliau. The U.S. herd is in full expansion and the markets there faced significant price adjustments as a result of a large increase in all protein production last year. The NCBA has the same trade priorities as Canada; they welcomed the repeal of mCOOL and are strongly supporting the TPP agreement. U.S. exports are being affected by the high value of the U.S. dollar compared to other currencies such as the Canadian dollar.

The Executive all agreed that attending the NCBA meeting is well worth the time and cost. The Board agreed with this assessment.

(c) McDonald's Pilot and CRSB Indicators:

A number of workshops for the McDonald's sustainability pilot project are planned and a workshop was held in Grande Prairie on the week before the Board meeting. The number of producers who want to be part of the pilot is still growing. Lowe expressed the need to maintain the momentum on sustainability and a plan is needed for transition of the program after the McDonald's pilot ends on March 31, 2016. Soon after this date, the CRSB will be responsible for establishing and verifying sustainability for the Canadian industry. The CRSB has posted proposed indicators for public comment until April 10, 2016 and the CRSB Verification Committee will be meeting in March. There are still questions about which companies will be requiring verification and who will pay for the verification once the McDonald's pilot is completed.

(d) ALI Grazing Lease Report Analysis – John Buckley:

The Alberta Land Institute published a final report on Alternative Methods of Compensation on Grazing Leases and Buckley provided an analysis of this report for the Board. The report considered the issue of compensation paid to leaseholders for surface disturbance on leases and compared the amounts currently paid in Alberta to the amounts paid in other jurisdictions and under alternate policies. It covered only direct financial payments and did not include a complete analysis of the other economic, social and environmental impacts of changing the compensation method. The directors had a number of questions for Buckley and ABP may receive further questions from producers and the government about the report.

(e) CCA Report and AGM Preparations:

There will be a conference call on February 29th with ABP's directors appointed to CCA to decide who will be appointed to the CCA Executive. There may be some pressure at the CCA AGM for a review of CCA governance. There are concerns about directors not receiving sufficient information about CCA operations and finances to make informed decisions about direction for the organization. Some directors also feel that they don't have enough influence over the CCA direction. Alberta still has issues with the CCA budget process and would like further consideration of CCA assessments being based on retained check-off revenue instead of marketings.

(f) Alberta Beef Quality Starts Here update:

VBP is a food safety program and VBP+ will expand the program to include animal care, biosecurity and environment. Shannon Argent is sitting on the communications committee and the technical committee. Fleming distributed information on VBP+ to the Board. The VBP+ modules are being tested on farms and now are being test audited using the proposed CRSB indicators. In Alberta we continue to have workshops and online courses. Some of the big feedlots have Shannon go to them and train their workers. Each province has been asked to send a producer to the national transitional team. They want producers to review and approve the program. Fleming is the Chair of the Transition Committee. The support that ABQSH has received from ABP has been invaluable to the program.

Funding for the program has come from GF2 and ABP has provided bridge financing to ABQSH when they needed it.

(g) Canada Beef Inc update:

There is nothing to report at this time

(h) Alberta Agriculture Hall of Fame Nomination:

R. Smith received a letter inviting ABP to nominate up to three individuals for the Alberta Agriculture Hall of Fame. Fleming asked Smith to send the criteria to the directors.

(i) Council and Committee Reports:

(i) Environment Committee:

The committee had its first meeting on February 12th. One topic of discussion was updating the ESA video. This year will be the 25th anniversary of the awards inception. If they do a 25th anniversary edition there may be a request for funds from the Board.

Does the board want to look at sponsorship for the 25th anniversary video and/or the ESA itself? There was some discussion on the pros and cons of inviting sponsorship. As a unique situation, Buckley thought it would be an idea the board might want to consider.

Watershed committee discussion was around past delegates who sit on the committees sending in

expense reports. It was decided that as long as ABP receives reports from the individual, er did not have a problem paying the per diem.

(ii) Research Committee:

The BCRC meeting was in January and they discussed funding before the next cluster; increase in the NCO; talks on who was going to provide funding; spoke on the VBP+ business plan; Beef, Forage and Grazing Centre and the issues they are facing getting it up and running.

The contract with ALMA on antimicrobial research has been signed and the bulk of the funding is available right now.

There is money available from GF2 and we are looking at using it to further some research.

(iii) Wildlife Committee:

Meet with EP Policy and Operations in January and met with AGMAG. Had a wildlife forum in Edmonton at the end of January and will be speaking about the forum at the Wildlife Committee meeting at the end of the month. There seems to be some question among government representatives on the impact wildlife has on the cattle producers.

(iv) Cattle Feeder Council:

Spoke about manure spreading on frozen ground; opening up AOPA; talked about taxation and the ILWG; R. Smith gave a quick rundown on Harmony Beef; how we handle compromised cattle at the auction and ABP stance on the issue. If we don't figure out as an industry how to handle compromised cattle then there is a concern about the implications from a regulatory and public image perspective. ABP needs to be clear on their stance of producers shipping compromised cattle and make it clear that auction marts should not be putting them through the ring. Sekura will bring the concerns to the Auction Marts.

There was a motion from CFC asking the Board to send a letter to CCA stating ABP does not support the feedlot animal care assessment that has been developed by the NCFA.

(v) Cow Calf Council:

Discussed our budget and agreed to stay with last year's budget. Will support the Cow Calfenomics this year; Bill 202 did not pass the third reading and the MLA will not be bringing it up again; Will be introducing a new bill in the fall dealing with veterinarians; Strychnine use for gophers; AFAC made a presentation; SPCA made a presentation; AFSC gave proposed pasture insurance model; also spoke about calf coverage this year which has gone up because of the volatility. George L'Heureux spoke about the advance payment program; producers will

need to be enrolled in death loss insurance, pasture insurance and price insurance to qualify for the APP; cloud seeding;

(j) Zone reports:

Zone 1: had a productive meeting with local MLA's.

Zone 2: Involved with facilitating workshops for VBP+ and participating in Hold the Reins for the Oldman Watershed.

Zone 5: Making arrangements to doing another meal at Ronald McDonald House in May.

Zone 6: Participated in the Camrose Bull Congress. Holding a Zone meeting after the Board meeting.

Zone 7: Held a zone meeting and discussed the Wildlife Committee and CCC. Spoke about a unique advertising against Bill 6

Zone 8: Will be holding a zone meeting next week

Zone 9: Thanked Lowe for coming to speak about the McDonalds Project.

(k) Road allowances update:

ABP has not completed the policy research on this issue yet.

7. Reading Materials

(a) BOD Resolutions and Action Items:

(b) Beef Supply at a Glance:

8. Next Meeting and Upcoming Events

(a) Alberta Beef Industry Conference (ABIC) – February 17 – 19, 2016, Sheraton Hotel, Red Deer, AB

(b) Staff Appreciation Event – March 16, 2016, Eau Claire Distillery, Turner Valley

(c) Board meeting – March 17, 2016, ABP Board Room, Calgary, AB

(d) Board meeting – April/May – TBD

(e) Board meeting – June 13, 2016, Delta South Hotel, Edmonton, AB

(f) Semi-Annual General Meeting – June 14, 2016, Delta South Hotel, Edmonton, AB

9. Adjournment

The meeting was adjourned on a motion by Thiessen at 5:00 p.m.