

**ALBERTA BEEF PRODUCERS
MINUTES OF THE BOARD OF DIRECTORS MEETING
THURSDAY JULY 12, 2007, 8:30 a.m.
AT THE ABP BOARD ROOM, CALGARY, ALBERTA**

PRESENT: Erik Butters - *Chair*
Rick Burton - *Vice-Chair*
Kelly Olson - *Finance Chair*
Darcy Davis - *Past Chair*
Gerald Maser - *Zone 1*
Brent Carey - *Zone 2*
Ernie Israelson - *Zone 3*
Judy Fenton - *Zone 4*
Millie Boake - *Zone 5*
Doug Sawyer - *Zone 5*
Rick McKnight - *Zone 7*
Darcy Eddleston - *Zone 8*
Donna Noullett - *Zone 9*
Stuart Thiessen - *CFC Chair*
Dave Solverson - *CFC*
Tony Saretsky - *CIC*

STAFF: Rich Smith - *GM*
Laura Procunier - *Controller*
Reynold Bergen - *AH&W Manager*
Adrienne Waller - *Corp. Counsel*
Rosanne Allen - *Executive Asst.*

GUESTS: Mike Cook - *BIC*
Dennis Laycraft - *Exec VP CCA*
Hugh Lynch-Staunton - *CCA Chair*

ABSENT: Diane Panrucker - *Zone 6*
Shelley Morrison - *Zone 9*
Chuck MacLean - *CFC*
Steve Primrose - *CIC Chair*

Chairman Butters called the meeting to order at 9:05 a.m.

1. Approval of the Agenda

Additions: 6(n) Discussion with Minister Groeneveld

Motion by Thiessen/Carey

“That the Agenda be adopted with additions marked above, plus any other additions or deletions that are deemed necessary throughout the course of the meeting.”

Carried.

2. Minutes of Previous Meetings

Changes: 6(h) “this was the **second** case discovered” to “this was the **first** case discovered” and “Bill Bonney” to “Bill Donald”.

(a) Minutes of June 11, 2007 Meeting:

Motion by Sawyer/McKnight

“That the Minutes of the June 11, 2007 Board of Directors meeting be adopted.”

Carried.

3. Finance Report

Olson reviewed the budget for the Board.

(a) Financial Statement:

Motion by Olson/Eddleston

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

Carried

(b) Canadian Chartered Accountants Handbook Regulation Changes:

Olson and Procunier explained the issue. For ABP to continue to disclose our investment income, we need to state that our investments are held for trading.

Motion by Thiessen/Fenton

“That Alberta Beef Producers investments are held for trading; as per the Canadian Chartered Accountants handbook.”

Carried

4. Items for Decision

(a) 2008/2009 Budget:

Olson put forward the proposed budget based on 4.25 million marketings for the next fiscal year. He explained how the total budget was reached and the reasoning behind the results. Smith spoke about the marketing estimates and how the Executive used it to develop the budget. Olson believes that producers will be holding back when it comes to selling cattle. A Board member says that he has seen more producers buying fewer cattle and putting more land to grain and he believes that the 4.25 million marketings may be a bit high. Butters stressed that this budget would not be approved until the September Board meeting to be brought forward to the fall meetings and the AGM. Some Board members believe even if the cattle are there they will not be sold.

A new item is the ‘Cattle Feed Grain Research Project’ which the Executive felt should be added though the budget amount could be changed. The budget for the committees has not changed from the 2007/2008 budget.

Cook spoke to the Board about putting money back into the Commercial Beef Program. The rising dollar is making our beef less exportable. With COOL legislation coming in the United States, this will cause more

problems. To get money out of the Legacy fund we need to put money in. Board members agreed that it was a worthwhile program but did not see where the money could come from. Butters thanked Cook for his input. Cook expressed his gratitude to ABP for the funding that they had given the Commercial Beef Program in the past. There was agreement that Cook had some valid points and Board members were asked if there was something in the current budget that the committees could live without. Eddleston asked if he could see a budget with 4 million marketings. There was discussion about reducing committee budgets and possible reducing the number of committees. Olson clarified the wishes of the Board for a budget based on 4 million marketings with something set aside for Commercial Beef. Saretsky said that the Board needs to prioritize some of the items in the budget. If BIC and the Commercial Beef Program are important then we need to find the money. Butters agreed that if there was going to be any major changes to the committee funding, direction needed to come from the Board. Olson said that he would come up with two budgets based on 4 million marketings, one with Commercial Beef in the budget and one without it. The committee chairs will have to go back to their committees and find areas where they can cut money. It was suggested that all of the committees meet before the beginning of September when the final budget needs to be approved.

(b) CAFTA Funding:

Davis talked about the funding explaining the reason behind the \$20,000 funding request. The break down is \$12,500 for membership and \$7,500 for activities. Other organizations have upped their contributions as well. The G4 nations were supposed to have some talks in the spring but they broke down. CAFTA is going ahead with negotiations in Geneva. There seems to be little interest in the United States for a WTO deal. The long term priority for CAFTA is to be a presence for trade oriented functions. There will be a CAFTA AGM in Ottawa this fall which Davis would like to take some Board members to. Davis informed the Board that his term will be finished at the end of this year so the Board will need to find another representative for CAFTA.

Motion by Thiessen/Boake

“Be it resolved that Alberta Beef Producers support their Canadian Agri-Food Trade Alliance representatives and cover their travel expenses, when required, from the U.S. and International Trade Management line when required.”

Carried

(c) Age Verification Fee Proposal:

Thiessen explained the concept behind a market driven industry program for age verification. With this system, the producer would be paid the first time there was a request for the birthdates. The payment would be made by the feedlot or packer requesting the birthdates and administered by CCIA. There was discussion among the

Board members as to the feasibility of this project. Some wanted to know if producers would get a certificate that stated his cattle were age verified. Could CCIA implement this idea? CCIA had provided a replicated database to Cargill on a trial basis to test real time age verification, but this plan could still work with a replicated database.

Butters asked where the Board wanted to go from here. It was suggested that we take our ideas to our Minister of Agriculture. Do we float this with CCIA or the government? Lynch-Staunton suggested that he could take this proposal to the next CCA meeting to get their input. There was a suggestion that there are a lot of smaller producers who simply will not age verify now and if we are going to move our industry to a higher level of sophistication, we have to convince these people that this system would work.

DIRECTION to take Thiessen’s concept for a Canadian Cattle Identification Agency administered program with a one time payout to the cattle producer for age verification to the Canadian Cattleman’s Association and Canadian Cattle Identification Agency for their input.

(d) Harvest Gala Invitees:

Smith explained that we have booked three tables for the Gala but we need some idea of who we should be inviting. Sawyer suggested that the chair of the ESA committee and the ESA winners be invited. Key staff also should attend. Butters decided to leave it with Smith to decide who among our delegates and staff should attend.

(e) Translation of “The Canadian Beef Industry” (Pasture to Plate) publication:

ABP has had a request to translate the pasture to plate book into German. There would be no cost to ABP. Israelson suggested that we make sure the individual requesting the translation is credible.

Motion by Olson/Carey

“That we allow the translation of “The Canadian Beef Industry” (Pasture to Plate) into German on the condition that we have the option to review the final translation.”

Carried

5. In Camera Session

6. Items for Discussion

(a) LIS Check-off Proposal:

Smith supplied check-off analysis showing the current slippage and LIS eligible exports. The fee for LIS to do the check-off would be around \$150 - \$200 thousand. Smith says that just as we recognize there has been some slippage in our check-off, there have also been errors in our producer database. Board members agreed that

slippage seems to be a large part of this proposal but slippage is not the biggest issue we face. We need to have an accurate database and this is what the proposal possibly could accomplish. There was agreement that there is not enough slippage to justify a \$200 thousand fee and there was concern about handing off responsibility for collection of the checkoff. A question was raised as to the reason why we are not collecting checkoff on export. Many of these exports are not actual ownership transactions, but simply movement of cattle out of the province. The point was made that accurate producer database information had considerable value and Smith asked if we should consider the LIS proposal more from this perspective instead of the checkoff collection. The consensus of the Board was that this was the appropriate direction.

(b) Animal Health Act Regulations:

The government is now doing consultations and we will be meeting with them in August. ABP has given their response to what we have been asked so far. Burton and Butters met with the Minister yesterday and reminded him that ABP had been with LICA every step of the way and asked if we could do the same with the Animal Health Act regulations. There are certain sections of the act about which Waller and Bergen have strong reservations and they need to make sure the regulations address these concerns.

(c) ABP Plan Review:

There have been a number of discussions and we have sent out requests to all of the stakeholders groups to see who would be interested in sitting on the working group which will probably meet on August 29th and 30th. There will be discussions at the fall meeting and the AGM to see what needs to be done with the plan. The first working group meeting is to see what people are thinking and what needs to be changed. McKnight asked about the proposed summer meetings in the zones but Waller said that there was not enough time to take this to the zone before the fall meetings. There will be zone meetings after the AGM if there is a need for further consultation with our producers.

(d) Marketing Council Meetings:

In the package is an invitation to Marketing Council Industry Governance Consultations. This is a continuation of the 5 year review of the Marketing of Agricultural Products Act. The results of this review could have a great impact on what we can do with our plan and regulations. Marketing Council is thinking about getting into extension activities. Smith will distribute the other document he received from Marketing Council, as well. Waller will forward speaking points to the people who are going to the meetings. There will be meetings across Alberta and the following Board members and delegates will attend:

Taber – Mark Francis
Medicine Hat – Gerald Maser
Lacombe – Millie Boake and Tony Saretsky

Peace River – Joyce Scobey
Beaverlodge – Travis Toews or Donna Noullet or Janice Boyt
Cochrane – Erik Butters
Barrhead/Westlock – Rick McKnight
Edmonton – Judy Fenton
Camrose – Dave Solverson

(e) CCA Report:

(i) Feed Ban:

Dennis Laycraft said that the Enhanced Feed Ban has just come into effect today. CFIA wants the face plate from OTM animals to be discarded as SRM. There is one plant in Ontario that will not kill OTM animals and Laycraft expects to see more plants take the same action. Laycraft and Hugh Lynch-Staunton met with the Minister today to reinforce the need for a transition plan. Lynch-Staunton agreed with Laycraft that the meeting with the Minister was effective. Laycraft says that they will try and keep people updated regularly. The OTM animals may start going to more regulated plants. He agrees that the Enhanced Feed Ban could have the biggest impact on producers with cull cows. Saretsky asked Laycraft how he thought the industry could deal with CFIA. A study showed that prions didn't move more than a centimetre in soil showing that burial is a very effective way of disposing of SRMs.

(ii) Growing Forward (Ag Policy Framework):

Laycraft said that there will announcement today regarding a billion dollar fund for cost of production assistance and starting a contributory insurance program.

(iii) Rule 2/COOL:

Rule 2 has moved to inter-departmental review. This will take a little bit of time but from there will go to OMB. Laycraft says he has heard that it will be out of OMB by the end of summer. Laycraft thinks we can build a very sound argument not to use dentition in feedlots. Laycraft thinks that age verification will be valuable in the future to avoid penalties for OTM cattle.

Lynch-Staunton says that it looks like COOL is still going to happen. We do not want COOL to interfere with inter-country commerce. Laycraft says the bill that was approved in 2002 is pretty prescriptive. Laycraft says that it is very detrimental to the North American market. If we could get them to change the term to "may contain," this would help reduce the impact of COOL. It may make processors in Canada more viable, albeit at a price discount. It would become effective October 2008. It was suggested that maybe the best way to deal with it is to let it come in and fail on its own

merits. Our tagging system allows it to be called source verified. Lynch-Staunton says that we need to remember that it is no longer theory, COOL is something that will happen. Depending on how this sorts out it could create more disadvantages for our packing industry. We understand that the Alberta government is considering making a request for a return of their contribution to the Legacy Fund. The government may want to use this money to fund a program of incentives for age verification. Age verified cattle are not going to represent a significantly increased volume for at least another two years, well into the beginning of Rule 2 and COOL. We are not gaining any value in the short term with these initiatives.

(iv) Age Verification and Traceability:

Butters and Burton met with the Minister on Tuesday on a number of topics one of which was age verification. The Minister brought up his wish to see more cattle age verified and is still talking about incentives of \$5 dollars and \$5 dollars for two years with a very clear message that mandatory could happen. Butters and Burton said that they would not oppose the incentive but would not support any type of mandatory age verification. Maser asked why the government did not just give the producers the tags and have them age verify at that time. When Laycraft discussed it with his executive it became clear that it was coming. The question is how we move forward from here. CCIA will be meeting with the Minister on August 1st and Legacy fund is one of the topics on the agenda.

The Board was informed that traceability did not even make the agenda at the Fed/Prov/Territories Agriculture Ministers meeting and has been pushed back to the fall. They appear to view it as a marketing function. CBEF said that in ten years time 50% of sales would be international and are not seeing it yet. Laycraft says that they are meeting next week with the senior administration of packers to speak about age verification. CCIA is in the process of downloading tag records on the internet.

Solverson agreed with Maser's earlier suggestion about the government paying for the RFID tags. If the producer did not have to pay for the tags and received money to verify their cattle we would probably have the increase in numbers. The main argument that has been used with Mandatory age verification is that we would get bogus information and when that happens the system would lose its integrity.

Board members believe that the government will be a part of this whether we want them or not.

(f) Provincial Traceability Update:

The Alberta government is increasingly treating age verification and traceability as similar concepts. We are using CCIA as the platform for traceability in our industry and our province. Waller said there was an issue of the Alberta government wanting access to the CCIA database. Waller spoke to the legal department at CFIA and they will work together to create an MOU so that there can be some access to the CCIA database. Saretsky explained that CCIA's database was established for animal health and food safety. There are requests now for the database that have nothing to do with animal health and food safety.

(g) Provincial Feed Ban Update:

Cargill in High River has been producing SRM-removed meat and bone meal for over a week. Tyson has been approved late yesterday or this morning. XL Beef is segregating into clean and unclean and sending the unclean to West Coast. West Coast Reduction will be getting their permit today. The plants seem to be as ready as we can wish considering the amount of time we were given to do it. If the transition funding becomes available, this may help the smaller processors accept OTM animals. Bergen is a little concerned about the cull cow issue. McKnight asked for a little information on the provincial abattoirs. Unless these plants are willing and able to segregate SRM and SRM-removed offal, they will face the high costs of having all their offal be treated as SRM.

(h) Marketing Organization Review:

Smith updated the Board on a resolution that came out of the AGM regarding the feasibility of combining our North American and International marketing organizations. CCA also is keenly interested in this concept and is very willing to work with us on a feasibility study. Tim Highmoor is the logical person to take the lead on this issue for ABP. The proposal is to analyse the organizations and consider the impact of merging them for a report to the AGM.

(i) Committee Reports:

(i) Producer Liaison:

There will be a meeting on August 8th and Maser says they will discuss cutting their budget by 20%.

(ii) Technical:

No update at this time

(iii) Government Affairs:

Eddleston informed the Board that ABP has appointed two members to the Edson-Whitcourt Regional Grazing Timber Integration Committee. The committee has been successful and the government want to expand the concept to other areas of Alberta. There could be up to 5 groups and GA decided to appoint members to each committee.

The GA reviewed the Surface Rights Act report and the committee agreed with many of the 21 recommendations in the AAMD&C Discussion Paper, but is very concerned about opening the act itself. There was a discussion on CAIS and the sub-committee is frustrated with the information that AFSC has given regarding overpayments. Tim Highmoor will be working on the Benchmark per Unit calculations.

(iv) Cattle Feeder Council:

CFC will be meeting July 19th.

(v) Cattle Industry Council:

No report at this meeting.

(vi) Promotion:

The Tune-In program is done and will be previewed on August 9th at the next Promo meeting. There is a full report in the package for delegates to read. Last week Promo received an invitation from Mexico for the RanchERS with one handler to attend the 5th anniversary celebration of the Alberta Mexico Office on September 19th. All of the expenses will be paid by Mexico and the RanchERS have said they are all available to go.

Motion by Noullet/Maser:

“That we approve the travel of the RanchERS to Mexico for the 5th Anniversary celebration of the Alberta Mexico office.”

Carried

(vii) Public Affairs:

The transportation study is going very well. The National Farm Animal Care Council conference will be in Ottawa on September 20th and 21st. AFAC will be meeting with Minister Groeneveld to discuss preventive measures for the fall and winter to reduce the number of cases where cattle are neglected.

Sawyer was asked if AFAC was confidential. He replied that it is completely confidential and you do not need to give your name or phone number. Even if the caller gives a name and number, only the operator would every see it. Sawyer did say that it would be valuable to get at least a phone number so the AAFC could reach people in cases where there does not seem to be a problem or the location may be incorrect.

PA is participating in the Growing Alberta/4H cookbook. PA will be appointing a new member to Growing Alberta at their August meeting.

ABP helped host a Chinese delegation and they were very interested in conservation and stewardship.

There appears to be seven nominations for the ESA award and Greg Bowie will be heading up a judging tour in August.

(j) QSH Report:

The Montréal meeting went very well and it was interesting to see what each province was doing to get people involved in the program. There was a guest speaker, an industrial psychologist who helped the delegates understand how to get a message to producers. She said that we need to relate more to the producer. Elaine Leslie was hired as the new coordinator.

(k) CCIA Report:

The next meeting is scheduled for September 17th. CCIA executive met with the DM of Agriculture to go over the traceability issue. There have been accusations that CCIA only represents the west and this needs to be addressed. Full movement tracking needs to be advanced. There are some issues on traceability that have been delayed and they have to be resolved.

(l) CBEF Report:

Taiwan is accepting Canadian beef, but has a zero tolerance for bone matter. A delegation from Korea is coming in and well as another delegation from Russia. Market indicators show that we are moving a lot of cattle south. They are moving south because it is cheaper to feed and process them there.

Brazil is a major competitor for Canada. They ship as much beef in a month as we do in six months.

(m) BIC Report:

Mike Cook had made a presentation on behalf of BIC during the budget consideration.

(n) Discussion with Minister Groeneveld:

The first item that was discussed was the cattle feed grain research proposal and Erik proposed that this organization would like to contribute in the order of \$250 thousand each year for five years, subject to the approval of the ABP Board. The Minister was very agreeable to that. The last time the executive met with the Minister they were told about feed grain research that dealt mainly with triticale and flax. The Minister indicated that he was amenable to livestock feed grain research.

On the Animal Health Act, the Minister indicated that ABP could be a full participant in developing the regulations under the act.

The Alberta government competitiveness study is ongoing and the Minister said that ABP very much needs to be a part of it.

Burton said it was a very comfortable informal meeting and a lot more productive than in the past. Burton believes that it was a positive step forward for ABP.

GENERAL MANAGER

(o) WTO Modalities Impact Analysis:

Davis spoke about the WTO handout regarding tariffs that had been prepared by Kelsey Loran of CCA. The analysis shows the impacts of varying levels of tariff reductions. . The idea is that the products with the highest tariffs would take the highest cuts. With tariff reductions, we could see significant increases in the amount of beef being exported to many WTO countries, with the level of increase dependent on the extent of the cuts.

7. General Information

- (a) Board Resolution Table;
- (b) Beef Supply at a Glance;
- (c) CBC Stampede Breakfast;

Smith asked for feedback from the Board on the breakfast. Butters found it very helpful and very successful. Maser was not sure that we received full value for the sponsorship investment. Israelson says that it seemed very well received by the public. Butters informed the Board that we need to be really careful about no-shows at the Port O'Call during the Stampede week. We are extremely fortunate that during the year, they do not charge us for delegates who do not show up, but during Stampede week they lose money on empty rooms and we do not want to jeopardize the good will between ABP and the Port O'Call.

8. Next Meeting Dates

- (a) Board Meeting – Thursday, September 20, 2007 – Calgary
- (b) Board Meeting – Thursday, October 18, 2007 – Calgary
- (c) Board Meeting – Thursday, Possible November 22nd or 29th depending on fall meetings schedule – Calgary (to be selected)
- (d) Annual General Meeting – December 9 – 12, 2007 – Calgary, Sheraton Cavalier Hotel

9. Adjournment

The meeting was adjourned on a motion by Thiessen at 3:40 p.m.

CHAIRMAN