

**ALBERTA BEEF PRODUCERS  
MINUTES OF THE BOARD OF DIRECTORS MEETING  
THURSDAY SEPTEMBER 20, 2007, 9:00 a.m.  
AT THE ABP BOARD ROOM, CALGARY, ALBERTA**

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**PRESENT:** Erik Butters - *Chair*  
Rick Burton - *Vice-Chair*  
Kelly Olsen - *Finance Chair*  
Gerald Maser - *Zone 1*  
Brent Carey - *Zone 2*  
Judy Fenton - *Zone 4*  
Millie Boake - *Zone 5*  
Doug Sawyer - *Zone 5*  
Diane Panrucker - *Zone 6*  
Richard McKnight - *Zone 7*  
Darcy Eddleston - *Zone 8*  
Donna Noullett - *Zone 9*  
Stuart Thiessen - *CFC Chair*  
Chuck MacLean - *CFC*  
John Schooten - *CFC*  
Steve Primrose - *CIC Chair*

**“That the Minutes of the July 12, 2007 Board of Directors meeting be adopted.”**

Carried

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**3. Finance Report**

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Olsen reported to the Board on the current financial position. Smith noted that “Marketings to date” were not 12,624,301 as recorded, but 1,603,163.

(a) Financial Statement:

Motion by Olsen/Boake:

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

Carried

**STAFF:** Rich Smith - *General Manager*  
Tim Highmoor - *Policy Analyst*  
Laura Procnier - *Controller*  
Barb Sweetland - *Promo Manager*  
Rosanne Allen - *Exec Assistant*

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**4. Items for Decision**

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(a) 2008/2009 Budget:

Butters opened the discussion on next year’s budget. Olsen explained where reductions had been made from the 2007/08 budget figures in order to balance the 2008/09 budget with 4 million marketings. Board members questioned Olsen and Procnier on some of the increases in line items and how the money is being divided among the categories. The proposed budget includes significant reductions in the budgets of nearly all committees and the members discussed the possibility of reducing the number of committees. The benefits of having delegates participate on committees and the value of delegates for communications with producers and communities were noted. The Board also recognized the credibility and influence that producers bring to many issues as a complement to the work done by staff. It was pointed out that we may have to restructure in the future anyway as a result of the plan review and because it is becoming more and more difficult to find new producers with the time to participate in the organization. Members also stated the most producers are far more concerned about the issues facing the industry than our committee structure. Although there was not complete agreement with the allocation of funds in the budget, the Board members were prepared to accept the proposal.

Motion by Fenton/Boake:

**“That the Alberta Beef Producers Board of Directors accept the proposed budget as our 2008/2009 budget.”**

Carried

Olson proposed that we explain the projects that each committee is doing and bring it to the producers at the

Chairman Butters called the meeting to order at 9:00 a.m.

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**1. Approval of Agenda**

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Motion by Sawyer/Boake:

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

Carried

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**2. Minutes of Previous Meeting**

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Changes: 6(e)(iii) [value in the sort term] should be [value in the **short** term]. 6(g) [this may help the small producer] should be [this may help the small **processors**]. 6(j) [get people involved in the problem] should be [get people involved in the **program**].

(a) Minutes of the July 12, 2007 meeting:

Motion by Maser/Panrucker:

AGM for their input. Some members were concerned that they would not be able to convey the importance of each of the projects that they support in the amount of time that would be available. It was further argued that each committee is given a certain amount of money to support activities that fit its terms of reference. The committees have the responsibility for setting priorities and spending the money wisely and the Board can have confidence that the committees will fulfill this responsibility.

Waller spoke briefly to the allocation of ABP's National Check-off, explaining that the allocation of the funding could be terminated or changed, but it would take 18 months for the changes to come into effect. She did not think that the money could be given to CCA.

(b) Risk Management Programs:

(i) CAIS:

Highmoor spoke about the CAIS program and problems arising with the program. Although there are concerns about the administration of the program in Alberta, the biggest concern now is declining reference margins. Highmoor explained the pros and cons of options being considered to remedy this problem.

Currently Alberta feeder cattle are valued (\$/cwt.) using 200 lb. weight breaks (for the purposes of the AB CAIS Program), while the national CAIS program values cattle (\$/head) in 100 lb. weight breaks. Both programs differentiate between steers and heifers. AFSC does not think there is the need to switch to 100 lb. weight breaks, given they do not think there is much of a price slide in a 200 lb. weight break for feeder cattle. Highmoor is suggesting producers report the actual weight of their cattle and could then assigned a \$/cwt. that represents a 100 lb. weight break (for both steers and heifers).

Motion by Eddleston/Thiessen:

**That Alberta Beef Producers work with Agriculture Financial Services Corporation to establish accurate fair market values for all types of beef cattle."**

Carried

(ii) Ethanol Offset Program:

Smith explained the basics of the "ethanol offset program" being promoted by Alberta Pork. This program will somewhat emulate the Crow Benefit Offset program. Alberta Pork would like ABP's support for this program. If ABP does not support this concept, they would like ABP to not oppose it.

**DIRECTION to Smith to write a letter to Alberta Pork indicating that ABP does not support a feed cost adjustment program at this time.**

(iii) CAIS Inventory Transition Initiative – Bred Heifers:

Highmoor spoke about the CAIS Inventory Transition Initiative (CITI) payments. The purpose of the program was to re-value "market commodities" including feeder cattle and bred heifers using the P1P2 valuation method. AFSC had difficulty determining how many bred heifers producers had in beginning and ending inventory because on the CAIS supplementary form for 2003 to 2005 producers were asked to report bred heifers and bred cows on the same line code. Producers only have 30 days after being issued their CITI statement to request an adjustment. Highmoor, Smith and Butters spoke with AFSC officials and were told for the 2003 year 56,000 AB bred heifers are listed in opening inventory. Highmoor believes this number should be closer to 250,000. AFSC was to respond back to ABP with some answers on this topic by September 19<sup>th</sup>. As of September 20<sup>th</sup>, there has been no explanation received from AFSC.

(iv) Cattle Feeder Council Safety Net Priorities:

Thiessen explained the safety net priorities identified by the Cattle Feeder Council at their September 13<sup>th</sup> meeting. CFC proposes the development of an ABP/AAF/AFSC working group to address issues with programs such as CAIS and Agri-Invest. The safety net priorities identified by CFC include: (i) the mechanics of CAIS (i.e. BPU's, FMV's, structural change, etc.); (ii) the mechanics of Agro-Invest (i.e. ANS calculation, treatment of custom feeding income/custom feeding expense, etc.); and (iii) removal of program payment caps. It was also noted CFC supported ABP working to correct the AB CITI bred heifer issue.

(v) Agri-Invest Program:

Funding for this program will come from the top 15% tier of the existing CAIS program. Agri-Invest is similar to the old NISA program. Producers will likely be able to contribute 1.5% of their annual allowable net sales (ANS) to a fund account, which the government will match. ANS is defined as eligible income (sales of cattle, crops, etc) minus commodity purchases (livestock, feed, seed). Contributions by producers cannot exceed \$22,500 (with government matching this amount). Total funds in a producer's account cannot exceed \$375,000, with at least half of this amount being contributed by the producer.

If the government was to remove the cap on contribution amounts, but hold total funding for the program constant, producers would only be allowed to contribute 1.2% of their annual ANS, instead of 1.5%. Another alternative would be to leave the contribution level at 1.5% of ANS and increase funding for the program.

Motion by Sawyer/Thiessen:

**“That Alberta Beef Producers, in accordance with our guiding principles, lobby against program payment caps on any government program.”**

Carried

**Given the Federal/Provincial Government's desire to offer production insurance to all commodities, the Alberta Beef Producers supports Agriculture Financial Services Corporation doing further research into cattle price and basis insurance, as well as mortality insurance for the cow-calf sector.**

Carried

The ANS calculation only recognizes 50% of custom feeding income and 50% of custom feeding expenses reported on a producer's tax return. Only 50% is recognized, because the government estimates the other 50% of income/expense accounts for yardage. It was the opinion of the board that this assumption is incorrect.

Motion by Olson/Eddleston:

**That the Alberta Beef Producers lobby the Canadian Cattlemen's Association and Federal/Provincial Governments to include an accurate percentage of custom feeding income and custom feeding expenses in Agri-Invest's Allowable Net Sales calculation.”**

Carried

(vi) Livestock Cash Advance Program:

Eddleston spoke to the Board about the Advance Payments Program. This program announcement gave the impression that producers were eligible for an advance of up to \$100,000 interest free. In reality most cattlemen will only be eligible for an advance that is no greater than 70% of their CAIS reference margin. The Feeder Associations of Alberta are administering this program for the beef cattle industry in Alberta.

Motion by Eddleston/Sawyer:

**“That the Alberta Beef Producers lobby against the Cash Advance Program being linked to CAIS reference margins.”**

Carried

It is also expected the ANS calculation will be on a “cash basis” and hence not recognize annual commodity inventory changes.

Motion by Olson/Panrucker:

**“That Alberta Beef Producers lobby the Canadian Cattlemen's Association and Provincial/Federal governments to allow producers to file their Agri-Invest Net Sales calculation on an accrual or cash basis.”**

Carried

(c) Animal Health Investigator Program:

Smith spoke for Reynold Bergen, who was unable to attend the meeting, explaining to the Board what has been happening with the Animal Health Investigator Program. Bergen had provided a summary of the program for the Board package. Smith and Waller also discussed the history of the program, the problems with the current status, and alternatives for the future. The three main problems with the program are a lack of funding, the lack of any obligation for the oil and gas companies to share records, and the fact that the EUB and CAPP are committed only to the public relations benefits of the program, not to providing assistance to beef producers. ABP has worked to address these problems through a revised Memorandum of Understanding, but has received no co-operation from CAPP. At this time, it appears that the program will be terminated.

In the majority of cases, oil and gas companies resolve problems with cattle producers quickly and effectively. In those cases where the company is not willing to seek a resolution, the Animal Health Investigator Program also has limited effectiveness. Nevertheless, there are producers who see value in the program. Bergen suggested three possible future actions: use the remaining funds for technology transfer, fund further research on the effects of exposure to hydrocarbons, or work with the EUB to resurrect the program.

Motion by Thiessen/Fenton:

(vi) Livestock Insurance:

Thiessen noted the CFC was not overly enthusiastic about the Cattle Price Insurance Program (CPIP), but noted they supported AFSC further investigating the possibility of administering this program. So far, the CPIP has focused on insurance for fed cattle prices and fed cattle basis. This program could be expanded to include feeder cattle, but it would be difficult to operate given there is less data available on feeder cattle prices. Highmoor cautioned that if ABP does not support CPIP, AFSC may design some other type of insurance for the cattle industry. The federal government has indicated it will not cost share any price insurance programs. Board members noted the need for some form of disaster coverage to be included in any insurance program.

Motion by Panrucker/MacLean:

**“That the Alberta Beef Producers accept the recommendations by Reynold Bergen and Adrienne Waller to no longer participate in the Animal Health Investigator Program under the current Memorandum of Understanding (MOU) and seek an alternative program to assist producers.”**

Carried

(d) Marketing Organization Review:

Smith and Highmoor talked about the marketing organization review of CBEF and BIC. CCA is not proceeding with their review now and will do a more complete review of all national industry organizations sometime in 2008. They have indicated that ABP should go ahead and conduct their own marketing organization review. Butters spoke with Hugh Lynch-Staunton and was told that CCA wanted to do a much larger review than originally intended and they would like ABP to do what we can right now. With this change in timing and intentions by CCA, Smith was looking for direction on what the Board would like to do with our AGM and Board resolutions. There was discussion about doing a fairly informal and limited review, possibly using our own staff, or hiring a consultant to complete a detailed investigation.

Motion by Burton/Fenton:

**“That Alberta Beef Producers proceed to engage a consultant to do a detailed investigation of the feasibility of combining the industry’s International and North American beef marketing organizations.”**

Carried

(e) Feed & Forage Conference Sponsorship:

Smith explained to the Board about the conference. This conference happens every other year and the timing conflicts with our AGM, although this was not the fault of the organizers. The conference has very good speakers, but the theme and the focus are clearly directed toward the opportunities presented by the biofuels industry without appropriate consideration of the challenges. The conference theme is "Capturing Feed Grain and Forage Opportunities," but deals almost entirely with biofuels. Smith had told the organizers that ABP would have trouble supporting a conference that did not provide a balance portrayal of the biofuels industry.

Motion by Maser/Boake:

**“That Alberta Beef Producers decline sponsorship funding for the Feed Grain and Forage Conference.”**

Carried

(f) Board appointments:

Zone 1

Motion by MacLean/Eddleston:

**“Moved that Howard Bekkering be approved for a two year appointment to Cattle Feeder Council.”**

Carried

Zone 7

Motion by McKnight/Olson:

**“Moved that John Lawton be approved for a one year appointment to Cattle Feeder Council.”**

Carried

Zone 9

Motion by Noullett/Fenton:

**“Moved that Greg Niciparik and Bruce Jack be approved for one year appointments as regular delegates and Travis Toews be approved for a one year appointment to Cattle Feeder Council.”**

Carried

(g) Late nominations:

This was addressed in the previous section.

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**5. In Camera**

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**6. Discussion Items**

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(a) ABP Plan Review:

Waller provided an update on the Plan Review. There was a working group meeting at the end of August and the report from that meeting will be available soon. A consultation package will be included in the mail with the Annual Report and will also be available at all the zone meetings. There will be a discussion of the Plan Review at the AGM and regional producer meetings either before or after the AGM, depending on time constraints. Zone 9 wants to get rid of their five sub-zones and if that process can be done before the AGM, it can be voted on then, thereby reducing some of the work for the Plan Review. Waller gave a brief synopsis of what issues have been arising at the working group meetings and in other conversations with industry people.

(b) Fall Meeting Update:

Procnier updated the Board on what has been done for the upcoming zone meetings.

(c) Rule 2 Update:

Smith spoke to the email that was in the package for information purposes.

(d) Calf Price Communications:

Highmoor talked briefly about the calf prices and how the price of barley and the Canadian dollar are affecting these prices. He had prepared a summary of these impacts and Sawyer asked for a copy of this information for our next Board meeting.

(e) Harvest Gala Update:

Smith gave a brief update on what has been done for the Harvest Gala. Invitations have been sent out though not all of the invitees have replied yet. In addition to the three tables we have purchased there are also four seats at the sponsor table. If there is anyone who would like to go to the Gala they were asked to let Rosanne know as soon as possible.

(f) ILC Update:

Smith said that we are a major sponsor of the ILC conference and as such have four complete registrations. Gerald Maser, Judy Fenton, Erik Butters and Rick Burton will attend on ABP's behalf. Lori Creech, Tim Highmoor, Reynold Bergen and Rich Smith will also attend the conference. If anyone else is planning to attend please let Rich Smith know. The conference goes till 4:00 on Tuesday, October 2nd with a reception to follow.

(g) Producer database:

Procnier gave the Board an update on the database explaining what has been done to date. With the new database we have more options available on how we find the information needed to update our producer lists. We can differentiate among the types of producer. We added a function that would improve the encoding of our mailing list. There was an information card created that has been put into 4-H magazines as well as various cattle magazines.

(h) Committee Reports:

(i) Promotion:

Fenton explained that the RanchERS trip to Mexico has been changed from September 19<sup>th</sup> to September 25<sup>th</sup>. She passed out an activity booklet that Lindsey Metheral developed for children. At events they are handing out beef jerky packages with an ABP label on them.

(ii) Public Affairs

Sawyer said that he had stepped onto the Growing Alberta Board since Mike Spears resigned from it. Food for Thought magazine does a day in the life series and they have recently done a story on Jack Daines. The magazine received some very positive feedback about the article. The ESA judging has been completed. Smith said that we asked the Alberta Stewardship Network to join us in judging the nominees and we received some very positive

feedback from LeVerne Ellsworthworth, the ASN representative. Sawyer said that he has been elected to the Alberta Stewardship Network and will be attending his first meeting at the end of September. He will also be attending a function on October 9<sup>th</sup> where the Gala award winners will be announced. PA committee decided to continue on with the second segment of the Tune Into program dealing with water. They also sponsored the first Livestock Emergency Response Trailer. Burton wanted to encourage the Board to read the AFAC information that Sawyer provided.

(iii) Producer Liaison:

Maser said the PL media tour was very interesting. Part of the tour was a meat cutting demonstration that was a big hit. Boake suggested that we have the same presentation at the AGM. Maser showed the board the Fall Meeting Poster.

**DIRECTION for Rich to work with Mike Cook about having the BIC meat cutting presentation at the AGM.**

(iv) Technical:

Diane explained the reason for using the TC teleconference minutes as her report. The Government of Canada has put up money to establish a Centre of Excellence where superior researchers can concentrate on genome experiments. The Tech committee has asked Dr. Graham Plastow from the University of Alberta to present his proposal. Panrucker does not feel it comes under the TC mandate but feels that this is a very interesting proposal to all cattle producers and invited anyone from the Board who is interested in attending. One of the criteria is that they must have industry support for the Centre of Excellence. The only position not filled at this time is one for the beef industry. They want more than just moral support, but need money or some in-kind support.

(v) Government Affairs:

The Safety Net Sub-Committee met on September 13<sup>th</sup> and the GA committee meet the following day. Eddleston spoke briefly on the two parts of the Cash Advance Program. He updated the Board on the Land Use Framework. ABP applied for reviewer status so when the reports come out Highmoor and Smith will go through them and highlight the points ABP should be aware of. He talked briefly about a program for land stewardship. Eddleston suggested that we approach the Minister about what ABP would like to see in the Surface Rights Act Regulations.

(vi) Cattle Feeder Council:

Thiessen briefly updated the Board on the last meeting of CFC focussing on safety nets and stated that

everything was covered in the meeting today. Eddleston thanked Thiessen for inviting him to be a part of the meeting

(vii) Cattle Industry Council:

No report

(viii) CBEF:

No report

(ix) BIC:

Cook said that Stats Canada revised its number and that consumption was down by 60,000 tonnes. He talked briefly about COOL. BIC is also looking at increasing export to Hispanic countries. He went to Atlantic Beef when he was out East and directed them to do everything that they can to keep the plant running.

(x) Quality Starts Here:

Boake informed the Board that they have had their first meeting since they hired the new Provincial Coordinator Eileen Leslie. The ABQSH Financial Statement has been brought up to date. The committee has met with Wahid Kandil from ALIDF to find out what was needed to get the “implication of the national beef on farm food safety program to Alberta beef cattle producers” project back on track. Boake also spoke to the Board about a book on Cattle Medicine: Responsible Use. Boake will bring one for each Board member to the next meeting.

## **7. General Information**

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- (a) Laura Procnier's 5<sup>th</sup> year (August 2002) and Barb Sweetland's 3<sup>rd</sup> year (September 2004)
- (b) BoD Resolution and Action Items
- (c) Beef Supply at a Glance
- (d) LIS Director's Summary

## **8. Next Meeting and Upcoming Events**

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- (a) Board Meeting – Thursday, October 18, 2007 – Calgary
- (b) Harvest Gala – Friday October 26, 2007
- (c) Board Meeting – Thursday, November 22, 2007 – Calgary
- (d) Annual General Meeting – December 9 – 12, 2007 – Calgary, Sheraton Cavalier Hotel

## **9. Adjournment**

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The meeting was adjourned on a motion by Maser at 4:55 p.m.