

DRAFT
ALBERTA BEEF PRODUCERS
MINUTES OF THE BOARD OF DIRECTORS MEETING
WEDNESDAY FEBRUARY 20, 2008
AT THE CAPRI HOTEL, RED DEER, ALBERTA

PRESENT: Erik Butters - *Chair*
Rick Burton - *Vice-Chair*
Kelly Olson - *Finance Chair*
Gerald Maser - *Zone 1*
Brent Carey - *Zone 2*
Brian Edge - *Zone 3*
Frank Murphy - *Zone 4*
Doug Sawyer - *Zone 5*
Greg Bowie - *Zone 6*
Roy Eckert - *Zone 6(at large)*
Harvey Hagman - *Zone 7*
Gordon Graves - *Zone 8*
Darcy Eddleston - *Zone 8(at large)*
Donna Noullett - *Zone 9*
Stuart Thiessen - *CFC Chair*
Tony Saretsky - *CIC*
Darryl Carlson - *CIC*

STAFF: Rich Smith - *G.M.*
Adrienne Waller - *Corp. Counsel*
Rosanne Allen - *Exec. Assistant*

GUESTS: Howard Bekkering - *CFC for Solverson*
Dave Andrews - *CCMDC*
Travis Toews - *CCA Director*
Rob Somerville - *CCA Director*
Kevin Boon - *CCA Director*

ABSENT: Dave Solverson - *CFC*
Chuck MacLean - *CFC*

Chairman Butters called the meeting to order at 8:10 a.m.

1. Approval of the Agenda

Additions: 4(h) Feed Grain; 4(i) BIC Alternate; 6(f) NCBA Update

Motion by Carey/Thiessen:

“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

(a) Minutes of January 16, 2008 Meeting:

Motion by Edge/Eddleston:

“That the Minutes of the January 16, 2008 Board of Directors meeting be adopted with changes.”

Carried

3. Finance Report

(a) Financial Statement:

Olson spoke to the Board regarding the Financial Statement. Marketings are running ahead of the estimate in the revised 2007/08 budget and Butters suggested that at the next meeting the Board could decide about putting any surplus funds into the Trade Advocacy Reserve Fund.

Motion by Olson/Maser:

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

Carried

4. Items for Decision

(a) Producer Reimbursement for AV:

Smith opened the discussion with an explanation of the January 16th meeting debate over the AGM resolution and the two resolutions considered at the meeting. Butters opened the floor for further debate. Burton spoke briefly regarding the resolution passed at the CIC meeting. Butters asked the Board if anyone who had voted to defeat the second motion had changed their mind. Thiessen asked if there was any indication that the government has changed its mind regarding mandatory age verification. Some delegates agreed that ABP needs to start doing something regarding reimbursement for age verification. We have talked about it enough and now it is a time for action.

Bowie asked whether an age verification program would be retroactive and how long it would take to start the program. Thiessen did not have a proposed beginning date but stated that we could write the program any way we want. Burton responded to Bowie saying that it should be start with the 2008 calf crop as we can't go back to 2007. The McKnight proposal could work with the One Time Charge Proposal, but there was concern about the impact of removing the government support and the resistance to forcing the exporter or processor to pay for the data. There were further questions about producers receiving carcass data and Thiessen noted that the One Time Charge Proposal included the option of a producer receiving information instead of payment.

There was discussion on the merits of receiving carcass data and the value of the data to the producer when they do not know how the feeder finished the cattle. Some argued that genetics will play a part in the carcass data. Sawyer says in the long term we want a market driven program, but asked how we are to generate interest in the short term.

If we do not age verify, do we think that it is not going to be regulated? We deal with this resolution every year but we need to start doing something about it. Graves says that whatever we do has to be simple and workable.

Motion by Carey/Edge:

“That ABP hereby endorse an Age Verification process, for Alberta producers, for a three year period whereby for every ID tag entered into the CCIA system, a \$3.00 credit from the provincial government would be generated, along with implementation of a market driven system similar to the One Time Charge for Animal Birthdate Access proposal by the end of the second year.”

Motion by Burton/Murphy:

“That the motion be amended to change “a three year period” to “a two year period beginning with the 2008 calf crop”.”

Carried

“That ABP hereby endorse an Age Verification process, for Alberta producers, for a two year period beginning with the 2008 calf crop whereby for every ID tag entered into the CCIA system, a \$3.00 credit from the provincial government would be generated, along with implementation of a market driven system similar to the One Time Charge for Animal Birthdate Access proposal by the end of the second year.”

Motion by Saretsky/Thiessen:

“That the resolution be postponed until after a task team has come back to the Board with their recommendations within 60 days.”

Carried

Brent Carey, Frank Murphy, Gordon Graves, Tony Saretsky, Darcy Eddleston and Rick Burton volunteered to sit on the task team and report back to the Board with their recommendations.

(b) Deferred Resolutions:

9. Motion by Graves/Eddleston:

“Be it resolved that ABP and CCA lobby the provincial and federal governments to provide assistance to the cow/calf producers based on January 1, 2007 cow numbers on the farm.”

Defeated

Graves explained that the motion was made as a result of some of the problems that have arisen in the cattle industry. The concern is that this will be countervailable and the more programs that we have like this the better chance that will happen.

11. Motion by Eddleston/Graves

“Be it resolved that immediately following all ABP Board meetings approved minutes of proceedings be forwarded to all delegates by Canada Post.”

The motion was made by a producer who has not received a copy of the minutes all year. ABP has not been contacted by any producer to mail their copy of the minutes to them. Eddleston suggested that at the Semi-Annual we give each attending delegate a questionnaire asking them how they prefer to receive their copy of the approved board minutes.

Motion by Eckert/Sawyer:

“That the motion be amended to add “if requested by the delegate” after Canada Post and delete “all” from the phrase “all delegates”.

Carried

“Be it resolved that immediately following all ABP Board meetings approved minutes of proceedings be forwarded to delegates by Canada Post if requested by the delegate.”

Carried

15. Motion by Graves/Eddleston:

“Be it resolved that ABP zones represent cattle numbers.”

Defeated

16. Motion by Graves/Eddleston:

“Be it resolved that ABP lobby CCIA to compensate the cow/calf producers for the costs in regards to tagging of livestock with CCIA ID tags.”

Defeated

This producers concern was that he has tagged his cattle but received no reimbursement for his efforts. The Board thought that this issue would be addressed once the task team came back to the Board with their recommendations.

13. This resolution was tabled at the last Board meeting pending further information from the producer who made the motion. Donna Noullett asked if the motion could be lifted as she had spoken with the producer and there was no more information to bring forward.

Motion by Murphy/Eddleston:

“That the resolution be lifted off the table.”

Carried

“Be it resolved that ABP lobby the federal government to work with CFIA to endorse that only correct and scientifically proven and accurate information goes to the media and general public.”

Zone 9

Motion by Carey/Graves:

“That the motion be declared redundant.”

Carried

(c) Cow/Calf Committee:

The cow/calf working group met in Edmonton on February 6th. The working group was made up of Harvey Hagman, Frank Murphy, Gordon Graves, Darcy Eddleston and Brian Edge. Rich Smith, GM and Reynold Bergen, Animal Health and Welfare Manager, attended as well. Smith had included a summary of the meeting in the Board package. The working group felt that the mandate for the Cow/calf committee should be similar in principle to CFC except with a focus on cow/calf issues. The committee would investigate and address issues of importance and concern to the cow/calf producers in this province. The committee would make policy recommendations to the ABP Board to ensure that the policies, regulations and actions implemented by ABP support the interests of the cow/calf sector.

There was discussion about whether they would create a separate committee or develop a sub-committee of another committee. It was decided that a separate committee answered the intent of the resolution and served the cow/calf sector better. Members of the committee would be taken from other committees. The committee would be made up of no more than one member from each zone including the Chair and did not necessarily need a member from each zone. It was also decided that the committee would have no need to fund projects and the members would be attending the cow/calf committee meetings instead of one of the other committee meetings. Therefore the creation of the committee should not add any additional cost to the operation of the ABP committees. Once the committee is established and a chair selected by the Board each zone could select a member from the delegates who are interested in sitting on the committee.

The working group spent considerable time determining what issues the cow/calf committee would address. Recognizing the need to avoid duplication with other committees it was determined that the cow/calf committee would address the following issues: Competitiveness Issues for the Cow/Calf sector; Age Verification Policy and Proposal; Cull Cattle Value Strategy. The working group understood that the Cow/calf committee may alter the key issues. The working group determined that issues on safety net programs, wildlife damage and compensation, land use, surface rights, and grazing leases should remain with the Government Affairs Committee.

Thiessen asked for further delineation of the areas which the cow/calf committee would address and avoid.

Motion by Olson/Bowie:

“That the Alberta Beef Producers Board of Directors create the Cow/Calf Committee at this meeting.”

Carried

There was further discussion about the need for a cow/calf committee and the timing of starting the committee in the middle of a Plan Review. Waller said that committees were outside the Plan Review and that after the review all of the committees may experience some change or none at all. The Board decided to proceed with the development of the committee and hold an election for the chair after lunch, with nominations open until 1:00 p.m.

Nominations:

Gordon Graves
Frank Murphy

Butters called for nominations three times.

Motion by Olson/Burton:

“That we cease nominations”

Carried

Waller and Smith were appointed as ballot counters for the election and Frank Murphy was elected as the Cow/Calf Committee Chair.

(d) National VBP-QSH Management Group:

A decision as to who would be representing ABP on the VBP-QSH Management Group had been postponed until this meeting. Smith explained that the term for the representative would begin in March. Millie Boake and Pat Rutledge are both interested in sitting on the management group which sets policy for the provincial programs.

Butters asked if there were any more nominations.

Waller and Smith were appointed as ballot counters and Pat Rutledge was elected as ABP's representative to the National VBP-QSH Management Group.

(e) National Agency Board Member:

Motion by Olson/Sawyer:

“Moved that the following names be forwarded to Canadian Cattlemen's Association as the list of representatives from Alberta Beef Producers to sit as directors on the National Agency: Kevin Boon, Gordon Graves and Dave Solverson.”

Carried

(f) B5 Beef Value Chain – Canada Gold, Beefuture:

Burton gave the Board a short synopsis on the Canada Gold proposal and the B5 Beef Value Chain Meetings. This group and the subsequent proposal came out of the round table meetings organized by Minister Groeneveld. A formal announcement for the Canada Gold proposal will

take place tomorrow at ABIC. There was a long discussion about the appropriate role and level of involvement for ABP in the B5 meetings and the Canada Gold business development. The Board members agreed that it is not in our mandate to become involved in the development of a specific business venture. There also was general agreement that since the Minister had asked the groups in the B5 to work on policy issues, we should continue to participate in the B5 meetings dealing with industry strategies.

There was a lengthy discussion about our continued participation in meetings where the primary focus is on the Canada Gold business. The Board members had different points of view on this subject. Some directors believed that ABP should not attend meetings dealing with Canada Gold because this could suggest that we are involved in a business venture. Others thought that we needed to attend the meetings because our absence could be interpreted as a lack of willingness to work with other organizations on industry issues. A B5 meeting planned for the following week will be a facilitated session dealing with the Canada Gold business plan. Burton is planning to attend the meeting and there was consideration of having more people join him. Burton also will be participating in a panel discussion tomorrow with other members of the B5 group to discuss the Canada Gold proposal.

After further discussion, the Board agreed that ABP should continue to attend the B5 meetings and actively participate in discussions of industry strategies. The Board also agreed that direct participation in the Canada Gold venture was not in our mandate. There is a clear need to communicate ABP's position on industry strategies, the B5 and Canada Gold to our producers and the government. We have provided some communication, but we have not been effective enough with this information. There also was a wish among some Board members to increase our representation at the B5 meetings.

Motion by Bowie/Graves:

“That we name at least two additional delegates to attend the B5 meetings as well as at least two alternates.”

Carried

Roy Eckert voiced his interest in attending the meetings with Burton.

(g) Cattle Industry Assistance:

There was discussion about an ABP position on immediate assistance for the cattle industry. Saskatchewan gives their producers a per head loan at the same interest rate that the government is charged. Ontario producers have a CAIS reference margin enhancement for which only producers who get half of their income from cattle are eligible. ABP has taken the position that the viability test should be waived so that all producers remain eligible for assistance

under CAIS and that a reasonable and targeted CAIS advance could help producers through these difficult financial conditions.

(h) Feed Grains Research:

Thiessen reported on the Feed grains and forage research and commercialization study that was commissioned by CCA. He also was looking for direction with respect to the funding commitment by ABP for feed grains and forage research. The original sub-committee has not been active. We need to identify what we want to accomplish with this research and the next steps to reach this objective. Thiessen says that there is a proposal coming to CFC for barley research that is looking for \$250,000 a year for 5 years. ALIDF and ACIDF are very interested in getting into this area. Thiessen was directed to proceed with this work and approach the Board when he has a real proposal. Thiessen also reported that the KVD requirement will be removed from all wheat in August, 2008, but we need to continue our lobby for changes to the PNT requirements.

(i) BIC Alternate:

Mike Cook suggested that ABP have six BIC representatives with one alternate. Butters asked for nominees.

Judy Fenton was nominated.

The Board appointed Judy Fenton as the alternate representative to BIC.

5. In Camera Session

6. Items for Discussion

(a) Emailing Board Minutes:

Smith asked the board whether with our website up and running and delegates being able to access approved minutes we still wanted to email the minutes to all the delegates. The Board was unanimous in their desire to have the approved minutes emailed to them.

(b) Rancher's Beef Receivership:

Waller told the Board that Rancher's Beef was officially in receivership and neither ABP nor any other unsecured creditors would be seeing any of the money owed them.

(c) MAPA Industry Governance Review:

Waller told the Board that responses to the Industry Governance review must be submitted March 1, 2008. The recommendations will be presented to the Minister in spring, 2008. It is not clear where the MAPA review is going and until MAPA changes, our plan review is based on the current act. The MAPA review is on hold until the election and any changes to the act may not occur until spring, 2009.

(d) ABP Plan Review:

We have had all of our regional meetings. The results from the response forms have been typed up and will be sent out to the working group. Waller encouraged zone directors to have zone meetings and invite producers to become engaged in the discussion. The deadline for submissions has been postponed until all of the zones have had a chance to meet. Burton noted that at the meeting he attended in Lethbridge, the producer opinions were all across the spectrum and he asked Waller how we were going to address this issue. The Zone 9 amendments removing the sub-zones have been sent to Leg Counsel and hopefully they will have an amendment regulation by the Semi-Annual. The Board has to come up with options on which the delegates can vote at the Semi-Annual General Meeting. Between now and the meeting, there has to be enough work done so that the working group and the Board can come up with options for the delegates.

(e) Bill 46 Update:

Smith brought the letter from Alberta Energy Minister Knight responding to our concerns about this bill. The Board had previously seen responses from Premier Stelmach and Opposition Leader Taft. The Act and regulations have already been passed. Waller says they made some changes in response to the concerns ABP and other groups, but she has not gone through the Act in detail.

(f) NCBA Update:

Butters updated the Board on what happened at the NCBA convention in Reno. He said that the reception the Canadian delegates received was much better than at past conventions. Burton said that from his perspective they were very well received. Butters and Burton made a point of speaking with the delegates from North and South Dakota at their reception and were very warmly received. They also were able to talk with delegates from Nebraska and Texas. Another highlight was an address from Secretary of Agriculture Ed Schafer, whose message was very pro-trade, particularly with Canada. Olson says that Schafer did mention that Mexico and Canada are two of their major trade partners.

Saretsky said that the producers there seemed very upbeat and unconcerned about their future. One of his impressions is that the industry is very optimistic about its future and Canada is an expanding market for them. He was invited to sit in on the Leaders lunch which was the executive of the NCBA and the executive of the Mexican Cattlemen. The Mexican Cattlemen said that their producers want a renegotiation of NAFTA. He also participated in a dinner where the CCA hosted the Australians and New Zealanders. This gave him an opportunity to talk privately with their representatives in a casual environment. Though the cost is high it is an opportunity that cannot be missed. John Masswohl's presentation to the US/Canada Issues Working Group was very well received and the session was very calm. Smith

said that he was able to speak with an agricultural engineer who designs biogas digesters and has been able to take the nutrients out of the digestate. Olson attended a meeting on animal welfare. There was some concern about the welfare of cattle and this may be one of the biggest threats coming up in our future.

As a point of information, it has been suggested that we look at bringing some of the Americans up here and we should be thinking about that. We do have an opportunity if the Board decides to do this. Butters suggested that we might consider inviting producers from Montana or Washington, possibly during the Stampede.

(g) Committee Reports:

(i) Cattle Feeder Council:

Thiessen informed the Board that they had a meeting where they went through the Canada Gold Plan and the Beefuture document. They had a motion on the One Time Charge for Animal Birthdate Access option whereby cow/calf producers could trade birthdate information for grades or make their name accessible to feeders or processors. CFC is concerned about the CIC Cattle Financing and Livestock Security Interests Project and hopes that CFC has an opportunity to review the project information before it is shared with financial institutions and producers.

(ii) Cattle Industry Council:

Saretsky said CIC had a very good meeting at the beginning of February and discussed the issues that the council should address. They have a program tonight here and he invited any Board member who is staying over to attend. Dave Andrews will be speaking on the Legacy Fund and Julie Stitt will be talking about CCIA, age verification and traceability. He is hopeful of modest attendance and is looking forward to a lively debate. The meeting begins at 6:30 and supper will be provided.

(iii) Promotion Committee:

Promo had their first meeting and the biggest part of the meeting was concerned with their marketing plan. The economic and political climate in which they are trying to do this has changed since the plan was first developed. The development of Lori Creech's position has also changed the situation. The committee has decided to review their objectives and change the direction for their marketing plan. Eckert asked staff to come up with some goals in their areas which the sub-committees will look at to see if they will fit into their mandate.

(iv) Public Affairs:

Sawyer informed the board that in concept they have decided to support the Environmental Farm Plan. They may be looking for some financial support. The

ESA information is out and they are looking for nominations. Bowie says that the ESA committee is relatively pleased with how the award has been done in the past, but they want to increase the number and range of operations receiving nominations. If we can get more nominations it increases the profile of the award. They are also looking at some national promotion. Sawyer says that we are going to have actively promote animal safety and welfare. There are websites out there that are tying not eating meat to animal welfare. The beef study on animal transportation is looking very good. They are also working on water issues and the committee has good representation on the water councils. Some of the issues that the National Watershed is dealing with could change the face of water in the future; such as a change in water rights or a definition of wetlands. Some of the impact in the terms of direction we need to see how this is going to affect the cattle industry.

(v) Producer Liaison:

Maser updated the Board on the last PL meeting. Different people from staff put articles in the new Grass Routes. If the committee chairs would like something to go into the Grass Routes to speak with Lori. We are also going from 4 issues a year to 6 issues a year. We will be pulling out all of the inserts that we do not have a contract with. It was felt the money spent there would be better spent putting it in Grass Routes. We are also looking at putting in advertising. ILC partnered with Promo and will be putting in \$2500.00 for this year. If the Board wants to they can up the sponsorship. Discussed fall meetings and the trinkets that are handed out. We are spending producer's money to buy this stuff or to buy the food. Murphy says that there was some talk about the types of advertising that could increase the circulation of Grass Routes.

(vi) Technical:

The Tech meeting was yesterday and they went through a lot of proposals. They have sent away for further information on 10 of the proposals. There was one proposal that was passed over to Stuart Thiessen and CFC. There were some demonstration proposals that used to be done by the Ag industry itself. He told Darcy Eddleston, Chair of GA, that they were very good proposals and that a motion had been made to send to him in the hopes that they can lobby the government. On the FADES side the plan is almost done. There is a research type thing that Albert Kamp brought up to Tech. All industry have put money into that come up with a lot of proposals as well. Edge thought this could be something the Board could look into.

(vii) Government Affairs:

The GA met on the 11th. Most of the meeting was in taken up with the resolutions. Burton gave a presentation on the Open Spaces. The Land Use has been done and we have been granted reviewer status and our now waiting for the report to be released. There was an update on the CITI bred heifer issue. Smith gave the Board a brief update on the numbers of producers that have been paid. Maser asked if the money in there and whether it could be used as their matching contribution. The Board asked for clarity on the Agri-Invest letter.

(viii) Quality Starts Here:

No update on QSH

(ix) LIS:

Brent Carey gave a brief update and says that he will have a more detailed report in the package for the next Board meeting.

(x) CCA Information Discussion:

Three of the APB CCA Directors (Toews, Somerville, Boon) joined the meeting, while Dennis Laycraft, Dave Solverson and Hugh Lynch-Staunton joined via conference call. Lynch-Staunton provided an update on the R-CALF hearing in the 8th Circuit court. The performance of the USDA was disappointing. Their lawyer was trying to argue scientific points without having sufficient technical support. The judge did allow CCA to file an amicus brief, but the outcome of this action is uncertain.

Laycraft and Lynch-Staunton discussed the CCMDC value proposition known as the Canadian Beef Advantage. Lynch-Staunton noted that they were receiving a fairly positive response from processors who seem willing to work with us to establish this program. The program is based on selling the attributes of our product in the areas of age verification, some level of traceability, and VBP. They noted that CBA would be very compatible with business ventures such as the Canada Gold value chain. Lynch-Staunton made the point that traceability is more often a tie breaker in business deals than a true premium driver. Mandatory C.O.O.L. will be proceeding, but there is still uncertainty about the final language of the regulations.

The CCA people have been facing a considerable amount of pressure at the OCA meetings. Ontario cattle producers are desperate to see a greatly increased level of assistance to our industry. They believe that Alberta producers have received substantial help and they are putting pressure on CCA to be more aggressive with the federal government. There are real concerns about the effectiveness of some proposals for increasing reference margins, as well as the potential for countervail actions if these

were implemented. The CCA directors agreed that this subject will be a major topic of debate at the CCA AGM and that we would need to take a clear position supporting the CCA principles on assistance programs.

GENERAL MANAGER

Butters opened a discussion about Ecological Goods and Services (EG&S), noting that ABP had a report from the task team, but had not taken a formal position on this subject. Andrews expressed appreciation for the chance to work with the task team and said that this may be an opportune time to pursue EG&S programs. One of the impediments to implementation of a comprehensive EG&S program is always funding and Andrews believes that the federal government might be receptive to providing this funding through the Growing Forward framework. A resolution was developed for ABP Board approval, but it was not moved at this time.

There also was discussion about the marketing organizations. There is a possibility that the OCA meeting may pass a resolution calling for the amalgamation of BIC and CBEF. ABP will be proceeding with a study of the two organizations before developing a position on the best structure for the marketing organizations.

7. General Information

- (a) Resolutions Table
- (b) Beef Supply at a Glance;

8. Next Meeting Dates

- (a) Board Meeting – Thursday March 20, 2008 – ABP Board Room, Calgary, Alberta
- (b) Red Meat Reception – April 30, 2008 – Inn on 7th, Edmonton, Alberta.
- (c) Board Meeting – May 1, 2008 – Inn on 7th, Edmonton, Alberta
- (d) Semi-Annual Meeting – June 9 – 11, 2008 – Delta South, Edmonton, Alberta
- (e) Board Meeting – Thursday July 10, 2008 – ABP Board Room – tentative.
- (f) Board Meeting – Thursday September 18, 2008 – ABP Board Room

9. Adjournment

Motion by Maser/Carey to adjourn at 3:50 p.m.

CHAIRMAN