

Alberta Beef Council Initiative

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Options for Future Representation of Alberta's Beef Industry

A Discussion Paper

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A DISCUSSION PAPER

Our beef industry in Alberta is at a crossroads. We are faced with important decisions that will determine the future prosperity of our industry. Making the right decisions means we can seize the opportunity to make our industry stronger, more profitable. One of the keys steps to seizing these opportunities is to restructure our industry organizations in a way that better represents the entire beef production chain. A restructuring that enables and encourages all sectors—pedigree and seedstock producers, cow/calf producers, feedlots, auction marts, order buyers and dealers, as well as packers—to work better together. Such a restructuring will allow us to move away from a focus on production of a raw “commodity” and onto a focus where we produce a “product” — a product that more consumers desire, in greater quantities, and for premium prices.

Changing Structure of the Alberta Beef Industry

Not long ago, our industry looked very different than it does today. There were no feedlots as we know them. There were no world-class packing operations. Our industry was primarily comprised of cow/calf producers producing a raw commodity that was shipped east to packers and then distributed to consumers.

Today, Alberta's beef industry has changed significantly and is segmented into specialized sectors:

“We need to have more understanding from all aspects of the business – the cow/calf, the feeder, the dealer, etc.”

- Producer input at one of three open houses arranged by ABC

- purebred or seedstock producers
- cow/calf producers
- backgrounding and finishing feedlots
- live marketers (auction markets, dealers and order buyers)
- packers, wholesalers, and retailers

Together, these individual sectors form the production chain which is the economic engine for our industry. Each sector plays an equally important role in moving and converting the starting point—seedstock—to the end point—beef on a plate.

Our Changing Consumer

Each of our industry sectors works toward this often unnoticed but common goal of providing beef products for consumers. That is, we work together to produce beef from the ‘gate of the producer to the plate of the consumer’. And it is in the consumer that the future challenges and opportunities of our industry rest.

"...longer term success in Alberta will depend on coordination of primary production, through "gate to plate" channels, to meet differentiated consumer beef product preferences."

- A Review of the Competitiveness Position of Alberta's Primary Beef Production Sector, AAFRD, Nov. 2001

The average consumer has become disconnected with where and how food is produced. At the same time, consumers are becoming increasingly concerned about eating beef and uneasy about how we produce it. There are fears about Mad Cow disease, hormone or drug residues, and feed additives. There is a growing consumer consciousness about how animals are treated and a desire to see humane treatment. There is also distrust about our industry's impact on the environment and a perception that the beef industry is unsustainable environmentally. These and other factors contribute to beef's declining market share. When combined with global trade problems and market access issues, the future success of our industry is at risk.

Indeed, a recent government study on the competitiveness of Alberta beef industry confirmed that:

"Consumers are demanding an increasing variety of safe, nutritious, convenient and consistent foods. The public is demanding, in a somewhat nebulous fashion, that agricultural producers be responsible stewards of the resource in their control. Beef production margins are generally declining. In order to maintain its competitive position in global beef markets, the Alberta industry will have to keep pace with the economic evolution occurring world wide."

"A Review of the Competitive Position of Alberta's Primary Production Sector",
Economics & Competitiveness Division,
Alberta Agriculture, Food and Rural Development,
November 2001

Beef Industry in the 21st Century

"As an industry we are price takers, not price setters. We need to do a better job of marketing and this will require a lot more co-operation."

- Producer input at one of three open houses arranged by ABC

So who really is the beef industry in the 21st century? The answer is everyone involved from the conception of a calf, to the raising of the calf and its offspring, to the auction markets that assist in fair price discovery, to the backgrounders and feeders who finish the cattle for slaughter, to the dealers and buyers who bring the cattle together at the right place and time for buyers and sellers alike, and to the packers who turn the cattle into beef.

Each of the sectors is dependant on the others in one manner or another.

The breeders are needed to maintain our superior quality genetics. The cow/calf producer is essential to maintaining and growing the overall cattle herd. The auction markets play a vital role of helping ensure that cow/calf producers obtain a fair, competitive price. Dealers help assemble and package cattle for buyers of all types including feedlots and

“Clearly action must be taken. Maintaining the current path, or way of doing business, guarantees that opportunities in the world’s evolving beef business will pass by Alberta.”

- A Review of the Competitiveness Position of Alberta’s Primary Beef Production Sector, AAFRD, November 2001

Our Current Industry Representational Structure

“Our beef organizations don’t see things the same – organizations talk but go their own way.”

“There is a lack of trust in the system – between the packer and the feedlot; from the feedlot to the cow-calf man.”

- Producer input at one of three open houses arranged by ABC

packers that are often looking for specific kinds of cattle. Feedlots need cow/calf producers to provide the calves and packers to buy the finished animals. And finally, the packer needs feedlots to provide a steady flow of quality livestock for processing and providing meat for sale to the distributors, retailers and, ultimately, the consumer.

None of these sectors can be successful without the other. Each is part of the beef production chain, moving and converting a raw commodity into a product for consumers.

The importance—and advantages—of our industry working together are underlying theme of the recently announced Federal-Provincial Agricultural Policy Framework which has identified the following:

“...the key to building a growing, successful agricultural sector for Canada lies in developing its capacity to produce innovative high-value food and non-food products that stand above the competition in the minds of consumers.”

“Federal-Provincial Agricultural Policy Framework”,
June, 2002

In Alberta, there are several industry organizations that represent segments of the Alberta beef industry.

Alberta All-Breeds Association – represents various breeder and pedigree organizations.

Alberta Grazing Council – represents cow-calf producers who rely on use of various types of Crown lands and other grazing arrangements through out Alberta.

Alberta Cattle Commission – represents any person who sells a minimum of one head of cattle and pay the mandatory check-off.

Western Stock Growers Association – represents various producers, companies and individuals at various stages of the beef production chain particularly with respect to political and property rights issues.

Feeders Associations of Alberta Ltd. – represents regional feeder associations that assist in financing cattle.

Alberta Cattle Feeders' Association – represents the backgrounder and feedlot operators across the province.

Alberta Auction Markets Association – represents the province's auction market operators.

Alberta Livestock Dealers and Order Buyers Association – represents provincial livestock dealers and order buyers who help assemble and package cattle for buyers, such as feedlots and packers, and others in the production chain who are often looking for specific kinds of cattle.

Canadian Meat Council – represents Alberta and Canadian meat processors.

In response to these new realities facing our industry, several of the industry groups noted above came together to form the Alberta Beef Council initiative.

The Council's primary mandate is to work with all sectors of the beef industry in a broad industry consultation process. Our goal is to collect input on how our industry's representational structure should be improved so that the beef industry can better meet the challenges and opportunities we face. This input will be used by the Alberta Beef Council to develop a blueprint for future representation of the Alberta beef industry.

In order to develop this blueprint, the Alberta Beef Council has consulted with all industry sectors for input regarding the effectiveness of the current industry representation as well as seeking industry preferences for future representation.

Started in February 2002, the Alberta Beef Council Initiative has three phases:

Phase 1 Situation Assessment

Objectives: to assess the effectiveness of the current organizational structure of the Alberta beef industry; and, to identify a set of organizational alternatives to improve the representational structure.

Phase 2. Consultation and Input

Objectives: To present proposed organizational options to industry for reaction and further input.

“With all the organizations – we have tremendous duplication – ACC has become bureaucratic with no strong lobby.”

“There are just so many associations – no one knows who is doing what.”

- Producer input at one of three open houses arranged by ABC

Alberta Beef Council Initiative

“To get all players working toward the same goals, it is critical to strengthen the links and coordinate efforts among them.”

- Federal-Provincial Agricultural Policy Framework, June 2002

Activities:

- Prepare a Discussion Paper
- Meet with Key Stakeholder Organizations
- Conduct a series of Round Tables with the Alberta Beef Industry and Producers
- Prepare a Draft Plan

Phase 3. Reporting the Results

Objectives: To develop and implement industry, government, and public relations that will support the review process by ensuring that producers and industry participants are fully aware of the consultation process, the opportunities to participate and the outcome of the process.

Initial Industry Consultation

Phase 1 of the project is complete. From April to June 2002, the Council consulted industry stakeholders at three industry workshops conducted with representatives of the Alberta beef industry in Ft. MacLeod, Strathmore and Westlock. The workshops were designed to generate input from all segments of the beef industry including breeders, cow-calf producers, feedlot operators and/or backgrounders, auction market and/or livestock dealers and packer groups

Simultaneously with these workshops, consultations were held with over 100 industry leaders from Alberta's industry organizations and stakeholders including:

- Alberta Agriculture Food & Rural Development
- Western Stock Growers Association
- Alberta Cattle Commission (ACC)
- Alberta Auction Market Association
- Canada Beef Breeds Council
- Alberta Cattle Feeders Association
- Alberta Livestock Dealers and Order Buyers Association
- Canadian Cattlemen's' Association
- Central Alberta Grazing Council
- Feeders Association of Alberta
- Feeder Council of the Alberta Cattle Commission
- Two Beef processors (Cargill Foods, X-L Foods).

"We need to keep building the industry – work together. If sectors don't come together – it is too easy to assume or have differing points of view."

- Representative of Central Alberta Grazing Association at one ABC/industry meeting

Participants were asked to express their views on the effectiveness of the current structure and how they felt industry issues could be better addressed.

As a result of these consultations with the Alberta beef industry, two major industry concerns emerged. These are:

“Needs to be a governing body with good representation from each segment of the industry.”

- Producer input at one of three open houses arranged by ABC

1. There is a need to restructure the existing government-mandated industry organization (the Alberta Cattle Commission) to better represent the differing and distinct sectors that operate within the Alberta beef industry.
2. By improving the representational structure, the Alberta Cattle Commission or its successor organization will be better positioned to address the host of complex and challenging issues facing the industry—now and in the future.

Here is a sample of some of the comments received through the initial industry consultations:

“I see good value with the ACC but I would like to see better value.”

Participant at one of three producer meetings

“None of us (cattle producers) are going to be here with all the issues coming down. We need to go to a council structure that has better representation and accountability.” ***Participant at WSGA meeting***

“ACC positions itself as the spokesman for the beef industry – yet they don’t hear or even appear to want to hear our concerns.” ***Participant at AAMA meeting***

“We are the primary collection vehicle for the ACC (check-off). This is a source of frustration and/or irritation between us and our customers. We collect the money and are asked what is being done with it – we don’t have much of an answer.” ***Participant at AAMA meeting***

“Now with so many external issues facing the sector – now is the time for an umbrella organization.”

- Producer input at one of three open houses arranged by ABC

“No clear cattle industry voice – the government is receiving mixed signals.” ***Participant at ACFA meeting***

“ACC should not be run by other organizations – it should be run by the cattle producers.” ***Participant at FAA meeting***

“Need an organization that can represent every segment of the industry on health, environment, finance (i.e. conversion) and trade issues.” ***Participant at ALDOBA meeting***

“Nothing unhealthy about having different points of view – however when organizations come together to work on issues – it is important to reduce or eliminate duplication.” ***Participant at ACC meeting***

"There are lots of avenues for people to get involved with the current system."

- Representative of Canadian All Breeds Council at one ABC/industry meeting

"In order to maintain it's competitive position in global beef markets, the Alberta industry will have to keep pace with the economic evolution occurring world wide."

- A Review of the Competitiveness Position of Alberta's Primary Beef Production Sector, AAFRD, November 2001

Comparative Research: How others have addressed the problem

"We need to clear the table and take a completely fresh look ..."

- Producer input at one of three open houses arranged by ABC

"Everything gets down loaded to cow-calf producers – they need and have to have the most representation." **Participant at FAA meeting**

"ACC means nothing if the industry is not happy – this exercise is important – if things are working – this will shine through – if it is not working, changes will need to be considered." **Participant at ACC meeting**

"...the ACC system is very open – every producer has the right to run for office – if some producers don't feel they are being represented – they can run for office if they wish. We set policies by what the grass roots tell us." **Participant at ACC meeting**

"We need to keep building the industry – work together. If sectors don't come together – it is too easy to assume or have differing points of view." **Participant at Central Alberta Grazing Association meeting**

"ACC needs to be more accountable and not a bureaucracy unto itself." **Participant at Central Alberta Grazing Association meeting**

"The cow-calf producer is a price taker – he needs an effective organization to speak for him or he has nothing." **Participant at Canadian All-Breeds Council meeting**

Canada (including Alberta) needs a strong cohesive approach – this has been and is a competitive advantage. If the industry becomes divided, this could affect our ability to compete in a negative manner. **Participant at CCA meeting**

As part of the Phase 1 Situation Assessment, the Council also commissioned comparative research that looked at how the beef industry in other parts of the world organized themselves.

The comparative research revealed that two general approaches to beef industry representation. Some have organized their industry around the distinct segments, with each segment having its own independent organizations. For example, the cow-calf sector is represented by a cow-calf organization; auction markets are represented by an auction market association; and so on.

In other places, the industry has taken the approach of organizing all of its sectors under one umbrella organization. Each of the segments has representation in one organization that represents the entire industry.

What the experts on organizations say

The Council also commissioned research into what the experts on effective group organization had to say about how industry groups can organize themselves to achieve better results.

What is clear from the research is there are different ways groups can organize themselves. Some structures promote differences and divisions. The structure itself can cause friction amongst the members and can prevent a group from looking ahead and being proactive.

The structure itself—how the groups are represented—can greatly minimize these conflicts. The research shows that other types of structures can encourage shared thinking, help the sectors understand one another and work better together.

A Range of Options for Industry Representation

The Phase 1 Situation Assessment Report identified several organizational options for Alberta's beef industry. The options were based on the industry input received from the initial consultations, the comparative research, and literature on organizational effectiveness. (A copy of the complete Situation Assessment Report is available by contacting the Alberta Beef Council.)

“In particular, those countries with significant investment in intensive production systems (like Alberta) need to ... promote innovative business arrangements throughout the production chain to harvest costs and market efficiencies”

- A Review of the Competitiveness Position of Alberta's Primary Beef Production Sector, AAFRD, November 2001

Some of the key findings of the Situation Assessment Report were as follows:

- **A Transactional Industry** -- The beef industry differs significantly from the pork, poultry and milk industries. Other livestock species tend to have one owner and the animals are kept at one farm from birth to sale for slaughter. The beef industry, however, is a transactional industry where no industry participant has complete control over the animal. Instead, cattle can be bought and sold several times as they move their way up the production chain. This distinguishing feature of the beef industry underscores the need for each of the sectors to work together to achieve economic gains.
- **Industry Representation** – Generally, democratic institutions use a range of representational and voting approaches to ensure fair representation. Key questions to address when assessing any representational structure are: Who is the structure supposed to be representing? Who is the constituency? The current ACC voting structure ignores the segmented and transactional character of our industry. It assumes that the issues facing the industry are such that anyone who sells one cow will be possessed with sufficient knowledge

“The cow-calf producer is a price taker – he needs an effective organization to speak for him or he has nothing.”

- Representative of Canadian All Breeds Council at one

Alberta Beef Council's Guiding Principles

“...evolving information transfer opportunities within value chain arrangements will facilitate the translation of product requirements from retailers, through packers, feeders and cow/calf producers. The net effect for the industry will be reduced unit production costs and premiums associated with positioning of cattle into value chains.”

- A Review of the Competitiveness Position of Alberta's Primary Beef Production Sector, AAFRD, November 2001

of the industry to represent everyone in the production chain. It favours the sector with the most people, allowing that sector to effectively determine the policies affecting the sectors with fewer people.

- **Effective Use of Volunteer Time** – There are a limited number of individuals whom volunteer their time for the betterment of the entire industry. The various beef industry groups all rely on the same volunteers who tend to become frustrated due to conflicting requests or burnt out because the additional demands, thus the industry loses a valuable resource. Reducing the number of industry organizations will help ensure that the time and energy of volunteers is maximized for the greatest possible benefit to the industry.

After reviewing the results of the initial consultations and the related research, the Alberta Beef Council developed the following guiding principles to assess the options:

1. **Function as a unified body** – an Alberta beef industry organization needs to be a single, unified voice that can effectively speak for and provide direction to the industry.
2. **Recognize geographic distinctions and differences by segment** – there are clear differences by production segment and geography - both need to be recognized.
3. **Fosters Coordination and Inter-connectedness** – food production systems are increasingly interdependent and need to be coordinated to meet consumer expectations and market potential.
4. **Has a Market Bias** - Alberta is extraordinarily dependent upon out-of-region sales – therefore continuous and in-depth knowledge of the markets and focus on markets is imperative.
5. **Leaves no segment in the industry worse off** – any change in industry organizational structure must not only better the entire industry, it must also leave each segment within the industry at least as well off as it currently is.
6. **Have a financial stake in the industry organization** – for any sector to fully participate in the industry organization, it will be required to contribute financially. Thus a fee structure¹ for such sectors as dealers, order buyers and packers who are currently outside the producer check off structure, may need to be established.

¹ All of the sectors of the industry currently pay ACC check off on the cattle they sell. This new fee structure may differ from the producer check off and is yet to be determined . Possible considerations include an approach used by the NCBA for its Live Marketing Council – order buyers pay \$.10 per head to a maximum of \$ 1000 per year; auction markets pay \$.20 per head to a maximum of \$ 2000 per year.

A Wide Range of Organizational Options Considered

In June 2002, the Alberta Beef Council, with the participation of the Alberta Cattle Commission, considered the several organizational options identified in the Phase 1 Situation Assessment Report. The Council reduced the options down to three alternative forms of industry representational structure and organization.

Phase 2 of the Alberta Beef Council Initiative involves taking these options back to the industry and producers for further feedback and consultation. Again, the goal is for the industry to come together to develop a shared understanding of how we can better organize ourselves to meet the challenges and opportunities we face.

Three Different Options for the Industry to Consider

The Alberta Beef Council has intentionally chosen three distinct options specific to industry representation for your consideration. These options were chosen to allow the industry and producers to carefully consider the broad range of options available, from a modification of the existing ACC structure, to the development a new umbrella industry organization, to the strengthening of individual organizations. Each of these options is described in detail in the following subsections.

"We are in this thing together – we need to keep in mind who the real competition is."

- Producer input at one of three open houses arranged by ABC

You should note that two key assumptions specific to the relationship between Alberta and the national organizations will be protected and prevail with each of the options:

1. Alberta will continue to be represented and provide funding at the national level (Canadian Cattlemen's Association) with seven directors - the same as is currently the case.
2. The national check off - \$1 per head, will continue to flow to the national organization (Canadian Beef Research Promotion and Marketing agency) to fund program commitments.

Finally, you should also note that the options as presented here do not go into operational details. Rather, they present a proposed structure to represent the Alberta beef industry. Thus any proposed numbers, board size as well as other operating details outlined in each option are not final but rather serve as a starting point for discussion purposes.

When considering each of these options, it is important that producers ask the following questions:

- *Who is the industry?*
- *Will the entire industry be effectively represented by the structure presented by the option?*
- *What are the primary advantages of the option?*

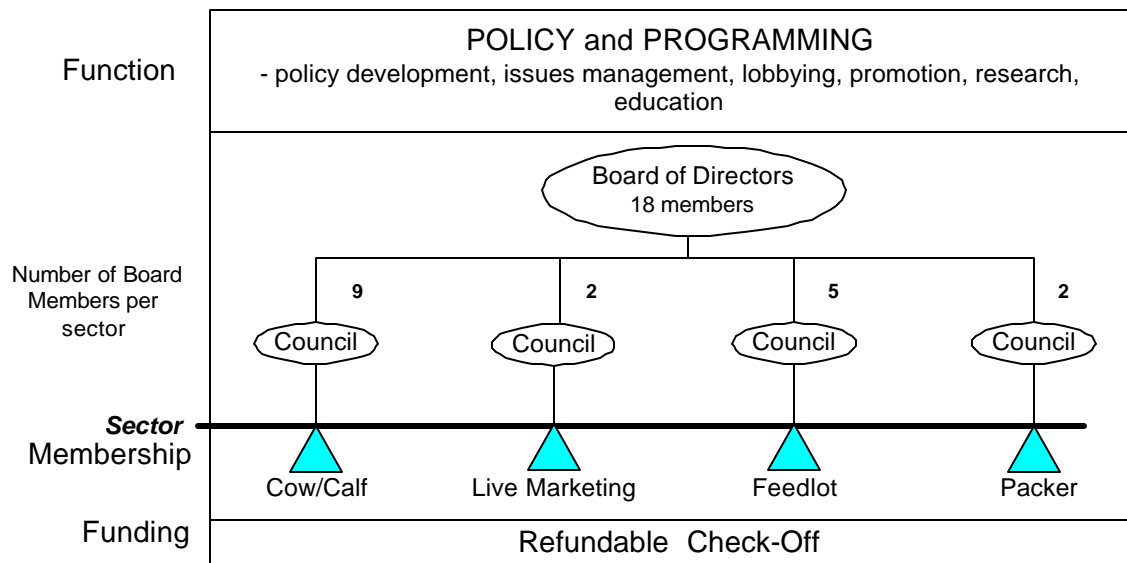
- What are major disadvantages or shortcomings?
- Does the option strengthen the industry's ability to respond to issues?

Option 1

(1) Industry Umbrella Organization

Industry Umbrella Organization

The Industry Umbrella Option envisages that various sectors of the beef production chain would have representation on the industry board. Each sector of our industry would have its own council. The council would be elected by the sector and the council would appoint its representatives to the industry board as illustrated in the following diagram.



Specific to the sectors, we suggest the following representative structure:

- **Cow/Calf Council** – 9 directors; 1 per zone representing the sector in a similar manner as the current ACC zone structure.
- **Live Marketing Council** – 2 directors; 1 director elected by and representing the AAMA; 1 director elected by and representing ALDOBA.
- **Feedlot Council** – 5 directors; directors to be elected by a feeder member body who meet on a regular basis.
- **Packer Council** – 2 directors; 1 director to represent large packers; 1 director to represent small and mid sized packers.

Again, we emphasize that the above numbers are presented as a starting point and should not be considered final.

Under this option, all check off dollars would go to the umbrella organization. A formula would have to be developed to determine each sector's contribution. For example, a fee structure would need to be established for dealers, order buyers and packers. The Board of Directors of the umbrella organization would represent the industry on all policy and industry programs. Each year the Board would approve budgets for the sector council's membership liaison and meeting expenses.

In order to encourage accountability, the individuals and companies paying check off should have the right to request a refund of provincial portion of their individual check off. All of other provinces have refundable check off except Alberta and Ontario (the national component of the check off would be non-refundable).

"We need to take our 'power' as a commodity group back – we have given it away by expecting the politicians and bureaucrats to do things for us..."

- Producer input at one of three open houses arranged by ABC

We recognize that some producers would fall into more than one sector. For example, there are producers who have both a cow/calf herd and a feedlot. These producers may have to choose which sector they want to vote in. Existing industry organizations would also have to decide whether they would want their organization to continue on or whether they would want their sector council assume the role of their industry organization.

This option would allow for a unified beef industry approach to policy issues and programs. It would ensure the sectors have a voice and vote at the Board table. It will encourage the views of the full beef production chain to be taken into consideration when policy decisions are made. It will create efficiencies by ensuring the time industry leaders volunteer is effective and efficiently used. This option assumes that the sectors can work together effectively and overcome the differences associated with each sector.

Option 1 Summary:

- Alberta beef industry represented by a unified umbrella structure
- Four sectors – namely cow/calf, live marketing, feeder, and packer are recognized as distinct. Further, each sector has clear representation and a distinct election process to select directors to serve on the Board of Directors.
- The Board of Directors' primary objective is form policy and programs for the betterment of the industry.
- A refundable check off flowing to the umbrella structure.
- Board of Directors responsible for financial allocations including policy and program commitments, as well as membership liaison for each council.

Option 2

(2) Federation of Associations

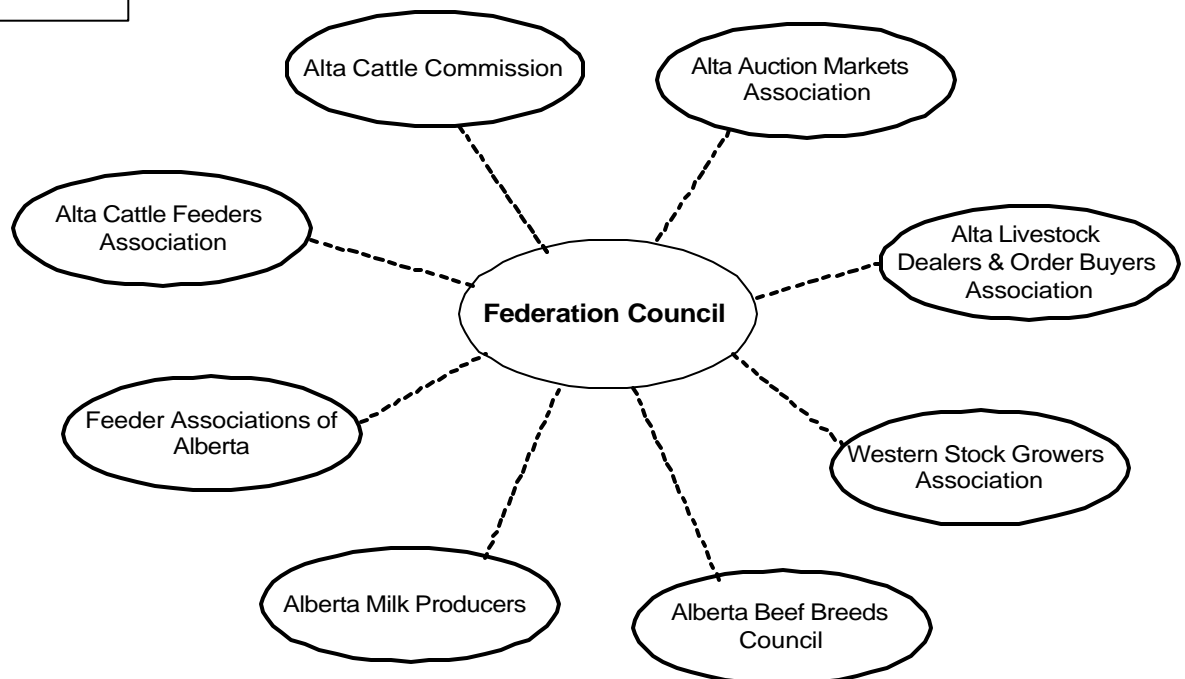
Federation of Associations

“Everything gets down loaded to cow-calf producers – they need and have to have the most representation.”

- Representative of Feeders Association of Alberta at one ABC/industry meeting

The Federation of Associations option strengthens the existing range of industry organizations by giving industry stakeholders a choice as to which organization receives the check-off dollars. The individual organizations include: AAMA, ACC, ACFA, ALDOBA, FAA, AMP, WSGA, and the ABBC (All Beef Breeds Council).

Under this option, each industry organization would forward a representative to serve on the Federation of Associations' Board to be known as the Federation Council (8 directors in total). See the following diagram.



* Designated Check Off

The Federation Council would first oversee the collection and allocation of the check-off. The livestock manifest and other mechanisms could be used to enable producers and others to declare which organization their provincial check off dollars is to be allocated. Undesignated funds would be pooled and disbursed on a pro-rata basis (proportioned as per designated funds).

Second, the Federation Council would be responsible to encourage communication, provide a forum for issues, establish industry priorities, policy positions, program commitments and then determine the required

“ACC means nothing if the industry is not happy – this exercise is important – if things are working – this will shine through – if it is not working, changes will need to be considered.”

- Representative of Alberta Cattle Commission at one ABC/industry meeting

action plans for each initiative that is deemed a priority. Each existing organization would forward policies and priorities through its representative on the Council, based on the needs and goals of its sector members.

Industry initiatives are expected to be undertaken in one of the following manners:

1. By the Federation Council by means of a Secretariat should the initiative be supported by all member organizations
2. By several individual associations working as a consortium on those initiatives that are common.
3. As an individual association, should the issue be a specific concern to a single organization or association.

The Federation Council as well as the Secretariat would be funded by the individual associations who now receive 'allocated' check off funding. It is anticipated that a funding mechanism will be pro rated to reflect the distribution of the check off dollars by association. Thus the organization that receives 25 percent of the check off dollars would be required to contribute 25 percent of the Council costs. Alternatively a flat charge for each association could be considered.

“Needs to be a governing body with good representation from each segment of the industry.”

- Producer input at one of three open houses arranged by ABC

This option assumes that the differences between the industry sectors are such that the industry is better served by having multiple independent organizations than one umbrella organization.

Option 2 Summary:

- Existing organizations within the Alberta beef industry are maintained.
- Check off funding to be designated and allocated to individual associations on the basis of producer choice
- Federation of Association established to collect and allocate the check off, serve as a communication forum, establish industry priorities and determine action plans
- Each association represented by one director to serve on the Federation Council. The representative's primary objective is to forward the issues and priorities of the association he/she represents
- Industry initiatives to be implemented collectively or individually based on the policies and priorities of each individual association.

Option 3

(3) Modified ACC Structure with Industry Forum

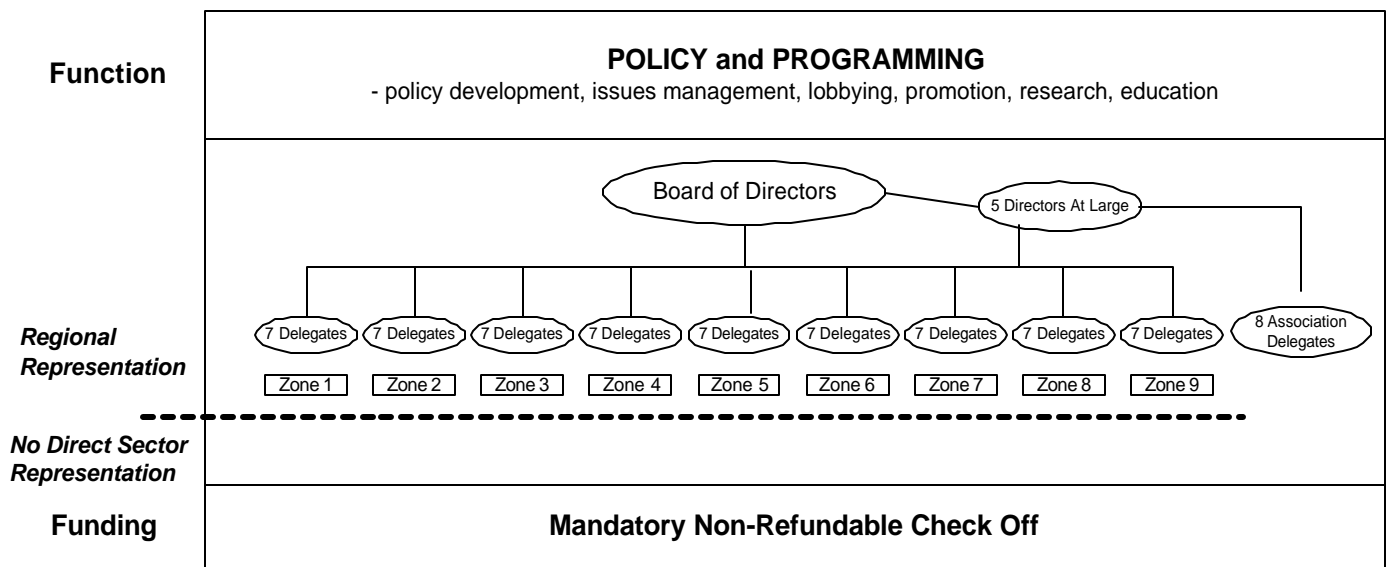
Modified ACC Structure

“...the ACC system is very open – every producer has the right to run for office – if some producers don’t feel they are being represented – they can run for office if they wish. We set policies by what the grass roots tell us.”

- Representative of the ACC at one ABC/industry meeting

Under the Modified ACC option, the Board of Directors would continue as it is currently structured. However, changes in the delegate structure would be made to establish a feeder delegate for each zone (nine zones). Thus each zone would be restructured to elect 6 ‘general’ delegates and 1 designated feeder delegate. The nine (9) feeder delegates would form the Feeder Council that would advise the Board on issues pertaining to the feeder sector.

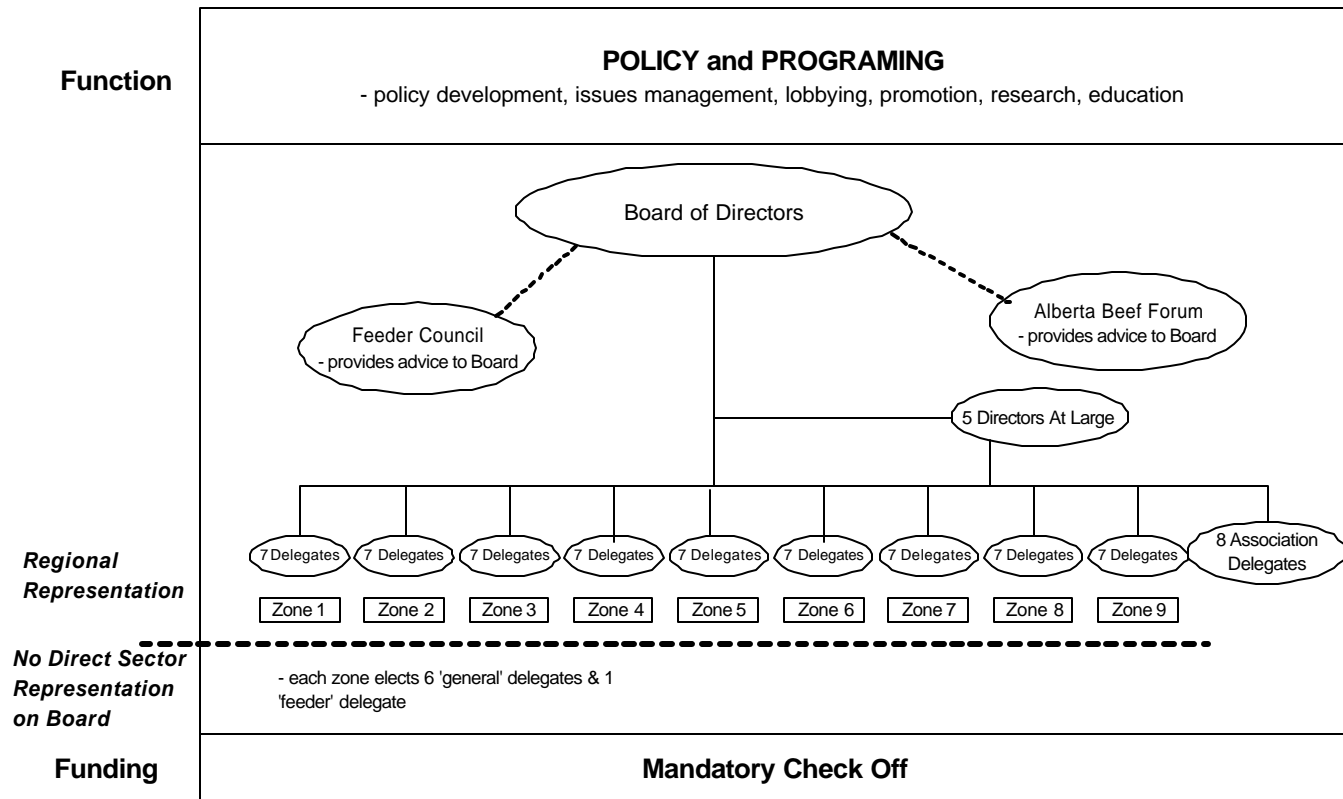
In addition, the Alberta Beef Forum would be established to provide input and direction to the ACC Board of Directors. The Forum would be comprised of the representatives of the ‘broader’ beef industry which would include but not be limited to breeders, cow/calf producers, feeders, veterinarians, dealers, order buyers, packers, wholesalers and retailers. It is anticipated that the Forum would meet regularly (3 or 4 times per year) and advise the Board of Directors on industry issues and priorities.



Under the Modified ACC option, the zone delegates would be reduced from 7 to 6 and each zone would elect a cattle feeder delegate for a total of 9 delegates. The maximum number of cattle feeder representatives per zone would be 3 from any one zone.

The existing sector groups such as the WSGA, AAMA, ALDOBA, ACFCFA, packers and others would not have a formal seat at the ACC board table. Instead, each of these groups would be permitted to attend an ACC-sponsored industry advisory committee to provide non-binding recommendations to the ACC board of directors.

The modified ACC structure would resemble the following diagram.



Existing producer associations namely the ACFA, WSGA, AMP, FAA and ABBC continue to have representation through the delegate structure (8 delegates in total). Any one of these associations may be represented at the ACC board should the respective delegate be selected as one directors at large by the general delegate body at the annual meeting.

Dealers, order buyers and packers would not be eligible to formally participate and elected positions. Instead, each of these groups would be permitted to participate at the Alberta Beef Forum described earlier.

Option 3 Summary:

- Restructure existing ACC zone representation to 6 general delegates and 1 feeder delegate per zone. Total of 7 delegates per zone.
- No change to existing Board of Directors, maintain the existing delegate structure with industry associations, and continue a non-refundable check off.
- Establish Alberta Beef Forum to be comprised of broad beef industry representation including all producer groups, veterinarians, packers, dealers, order buyers, retailers and wholesalers. Forum to advise Board of Directors on industry issues and priorities.

“If (the industry) wants to make changes, there is a process – attend the fall meetings; forward a resolution – these will come up to the AGM. If it is the will of the producers to change – as long as all producers are involved.”

- Representative of the ACC at one ABC/industry meeting

- Dealers, order buyers and packers are not eligible to participate as members, delegates or members of the Board.

Where to from Here?

The purpose of this Discussion Paper is to obtain your input on which option you believe provide the industry with the best representational structure to seize the opportunities available to our industry.

While there may be considerable debate on the best option for future representation, some facts are not debatable. Alberta's beef industry has experienced tremendous change over the past 20 years. The beef industry has transitioned from a supplier of primary products into a value-added industry with specialized sub-sectors. Moreover, the industry is facing some serious challenges that threaten our long-term viability, such as market access, the environment, animal welfare, food safety and the ability to respond to changing consumer demands.

As noted in the "A Review of the Competitiveness Position of Alberta's Primary Beef Production Sector" prepared and released by AAFRD in November 2001:

"To remain competitive, however, all players in the (Alberta) industry will have to embrace a new way of doing business. Lack of action, by individuals, the industry and governments, will result in the loss of the domestic industry's competitive edge ... likely forever."

Your Input

"On behalf of the entire steering committee, I urge producers to take the opportunity and provide your views on how the beef industry should be structured to better address the issues we're facing. I thank you in advance for taking the time to participate in this important process."

- Jeff Warrack, Chairman,
Alberta Beef Council
Initiative

Producers wishing to comment on this discussion paper are invited to provide their input directly to the Alberta Beef Council Initiative Steering Committee, to the Board of their individual sector organization, or by attending one of several open houses that will be held throughout the province later this year.

Written submissions from producers can be sent to:

The Alberta Beef Council Initiative
c/o RR2
Strathmore, Alberta
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