
Canada Beef Working Group Final Report & Recommendations

Submitted to CBEF, CCA/BIC and NCOA on
behalf of the Canada Beef Working Group

Table of Contents

Canada Beef Working Group Members	1
Executive Summary	2
PART I – Background and Analysis	10
Mandate and Purpose.....	10
Situational Analysis	10
Current Funding (core and leveraged)	11
Summary	11
Options and Analysis.....	12
PART II – Canada Beef Working Group Recommendation	14
“The Consolidation Plan”	14
CANADA BEEF (a restructured NCOA).....	14
Restructuring the NCOA.....	16
Steps to Restructure the NCOA.....	16
Amendment to the Proclamation	17
Agency Membership	17
Governance	19
Amendment to the NCOA’s By-laws	19
Approval of the Consolidation Plan	20
Dissolution of BIC and CBEF	20
Operational Structure	20
Program Performance Measurement.....	23
International Beef Trade Policy	24
Funding Delivery Systems	25
Financial Implications.....	27
Conclusion.....	28
PART III – Implementation.....	29
“The Consolidation Agreement”	29
Transitional Period	29
Responsibilities	30
Critical Steps and Timelines	31
Schedule A - Previous Studies and Recommendations.....	32
Schedule B - Provincial Letters of Support.....	35
Schedule C - George Morris Centre Questions Addressed	40

Schedule D - Funding Efficiencies	42
Schedule E - Start-up Cost.....	43
Schedule F - Proposed Amendments to the NCOA Proclamation	44
Schedule G - Societies Act and Business Corporations Act - Dissolution	48
Schedule H - Programs and Services.....	59
Schedule I - Human Resource Policy.....	63
Schedule J - Summary of Recommendations	64
Schedule K - Canada Beef Working Group Member Endorsement	65

Canada Beef Working Group Members

John Gillespie	Beef Information Centre
Judy Nelson	Beef Information Centre
John Newman	Beef Information Centre
Brad Wildeman (Co-chair)	Canadian Cattlemen's Association
David Andrews	Canadian Cattlemen Market Development Council
Chuck MacLean	Canada Beef Export Federation
Brian Ross (Co-chair)	Canada Beef Export Federation
Ben Thorlakson	Canada Beef Export Federation
Marlin Beever	National Check-off Agency
Leighton Kolk	Alberta/National Cattle Feeders' Association
Dane Guignion	Producer at large (also on Manitoba Cattle Producers Association and CBEF Board)
Brian Read	XL Foods (also on CBEF Board)
Rob Meijer	Cargill Foods (also on CBEF Board)

Executive Summary

The Canada Beef Working Group (CBWG) was mandated “to investigate and develop a new organizational structure for maximizing efficiencies and effectiveness for domestic and international beef marketing activities”. In carrying out this mandate the group also reviewed the current and future roles of the Global Marketing Advisory Committee (GMAC) and the two major funding organizations, the Canadian Cattlemen Market Development Council (CCMDC) and the Canadian Beef Cattle Research, Market Development and Promotion Agency, commonly referred to as the National Check-off Agency (NCOA).

In developing its recommendation the CBWG took into consideration: the long-term needs of the industry, the funding and marketing challenges that lie ahead, the contribution and needs of stakeholders, the results of the due diligence review of the Beef Information Centre (BIC) and the Canada Beef Export Federation (CBEF), the results of the previous studies and the opportunities to simplify the funding and approval structures. Three basic options were examined – status quo, a single independent integrated organization, and a strategic alliance.

Recommendation

Create a single independent national beef cattle marketing, promotion and research organization by merging and integrating the assets, operations, liabilities and funding of the Canada Beef Export Federation, the Beef Information Centre and the Canadian Beef Cattle Research, Market Development and Promotion Agency. This single organization will be created by restructuring the Canadian Beef Cattle Research, Market Development and Promotion Agency which will then assume the responsibilities, programs and core functions of all three organizations. Research responsibilities will continue to be assigned to the Beef Cattle Research Council.

In this report the restructured NCOA will be referred to as “CANADA BEEF”

It is the recommendation of the CBWG that CANADA BEEF adopt the following vision and mission.

Vision

TO POSITION CANADIAN BEEF AS THE PREMIUM BEEF PRODUCT OF CHOICE FOR DOMESTIC AND INTERNATIONAL CONSUMERS

Mission

TO ENHANCE AND SUSTAIN THE PROFITABILITY OF CANADIAN BEEF PRODUCERS THROUGH EXCELLENCE IN PRODUCT PROMOTION, POSITIONING AND THE FACILITATION OF DOMESTIC AND INTERNATIONAL MARKETING INITIATIVES

In achieving its mission the organization will:

- Forge meaningful partnerships with processors, exporters, retailers, foodservice purveyors, packagers, and importers, of Canadian beef and veal
- Pursue the highest possible carcass return
- Work collaboratively with funders, clients, industry partners and governments to ensure the effectiveness of program offerings
- Implement performance measurement criteria and systems that are meaningful, objective and disciplined
- Establish effective and efficient organizational, governance and funding processes and structures
- Provide market intelligence and support to organizations responsible for policy development and advancement (Canadian Cattlemen's Association, Canadian Meat Council, National Cattle Feeders' Association)
- Ensure accountability at every level
- Make the retention and recruitment of competent staff a priority
- Instil the equally important values of: respect, creativity, collaboration, accountability, and success

Benefits

The recommendation delivers the following benefits:

- Responds to requests from core funders. B.C., Alberta, Saskatchewan, Manitoba and Ontario provincial cattle associations, representing 99 per cent of the total national check-off contributions to CBEF and BIC, have signed letters supporting the development of a new organizational structure.
- An additional \$1,300,000 will be available to support programs and services. These funds are cost savings generated through simplified funding administration and the elimination of duplication.
- Fully utilizes the structure and authority of the NCOA
- Consolidates responsibility and accountability to one organization and senior officer
- Assures increased flexibility in the allocation of staff and financial resources
- Creates a single unified marketing team, builds critical mass and consolidates expertise
- Creates an independent multi-stakeholder board with unified purpose
- Provides clearer accountability for contributors including cattle producers who are the major funders, and other industry and funding partners including government
- Through the development of a consolidated strategic plan, creates an excellent base from which to sustain and/or expand funding levels
- Is supported by the major processors

CANADA BEEF (a restructured NCOA)

Restructuring the NCOA was recommended for the following reasons:

- The mandate of the NCOA encompasses the intended purpose of any new organization sought to be created by combining CBEF and BIC
- The NCOA, under the *Farm Products Agencies Act* provides the authority and structure for the collection of a levy on the sale of cattle in inter-provincial and import trade
- The NCOA would no longer be simply a conduit for the flow of producer dollars from one legal entity to another
- Creates one organization to direct national beef cattle promotion and marketing efforts on behalf of the Canadian beef cattle producers and processors
- There are operational efficiencies in combining the three organization and having all sectors united behind one national beef cattle marketing, promotion and research organization with legislated power and authority to collect check-off on beef cattle sold in inter-provincial and import trade

Once restructured the NCOA will:

- Have a new name – referred to in this report as “CANADA BEEF”
- Be comprised of a minimum of 12 members (equivalent to directors), 8 members being primary cattle producers representing the provincial cattle associations and 4 members representing processors, exporters and importers
- Have the ability to appoint up to 4 additional members to the Agency in accordance with its by-laws
- Continue its functions as a research, market development and promotion agency under the authority of the *Farm Products Agencies Act*
- Assume the assets, operations, liabilities and funding of both BIC and CBEF
- Continue to assign responsibility for the management of its research activities to the Beef Cattle Research Council (BCRC)
- Provide market research and intelligence to the Canadian Cattlemen’s Association, the Canadian Meat Council and the National Cattle Feeders’ Association, whose primary role is beef cattle industry policy and advocacy
- Respond to the needs of beef cattle producers who provide industry funding through the deduction of a mandatory non-refundable national check-off on the sale of beef cattle in intra-provincial and inter-provincial trade, and eventually import trade
- Respond to the needs of the processing, export and import sectors of the beef cattle industry in their efforts to market beef and beef products both domestically and internationally

As required by the *Farm Products Agencies Act* the description of the governance structure will be divided between the Proclamation and the Agency’s by-laws.

Operational Structure

Following an extensive review of the roles, responsibilities and structures of both CBEF and BIC the Canada Beef Working Group recommends the following core functions and organizational structure for CANADA BEEF.

Core Functions

1. Prevent price erosion with a mid-term goal of achieving and sustaining U.S. price equivalency. The long-term goal is to achieve sustainable price premiums to the U.S.
2. Facilitate the development of an export culture for the Canadian industry
3. Assist in securing and developing access to all global markets by providing up to date market access intelligence and support
4. Effectively manage all administrative and operational functions of the organization including governance support, human resources, information technology, accounting and office management
5. Facilitation and management of all partner market development programs
6. Develop comprehensive program measurement and performance evaluation
7. Industry liaison creating strategic partnerships and alliances in order to improve cooperation, coordination, and information sharing
8. Brand development and management (Canadian Beef Advantage)
9. Global retail and foodservice marketing and merchandising including technical marketing material, inventory management and distribution of all materials
10. Canadian consumer market research, promotions, intelligence, customer service, education, and consumer relationship management
11. Industry, government, stakeholder, and trade communication and reporting including media and public relations
12. Processing and new product development
13. Development and maintenance of all websites

Programs

The continuity of programs and services offered by the respective organizations has been identified as an important operational objective. To ensure that current initiatives are not compromised the CBWG recommends the following:

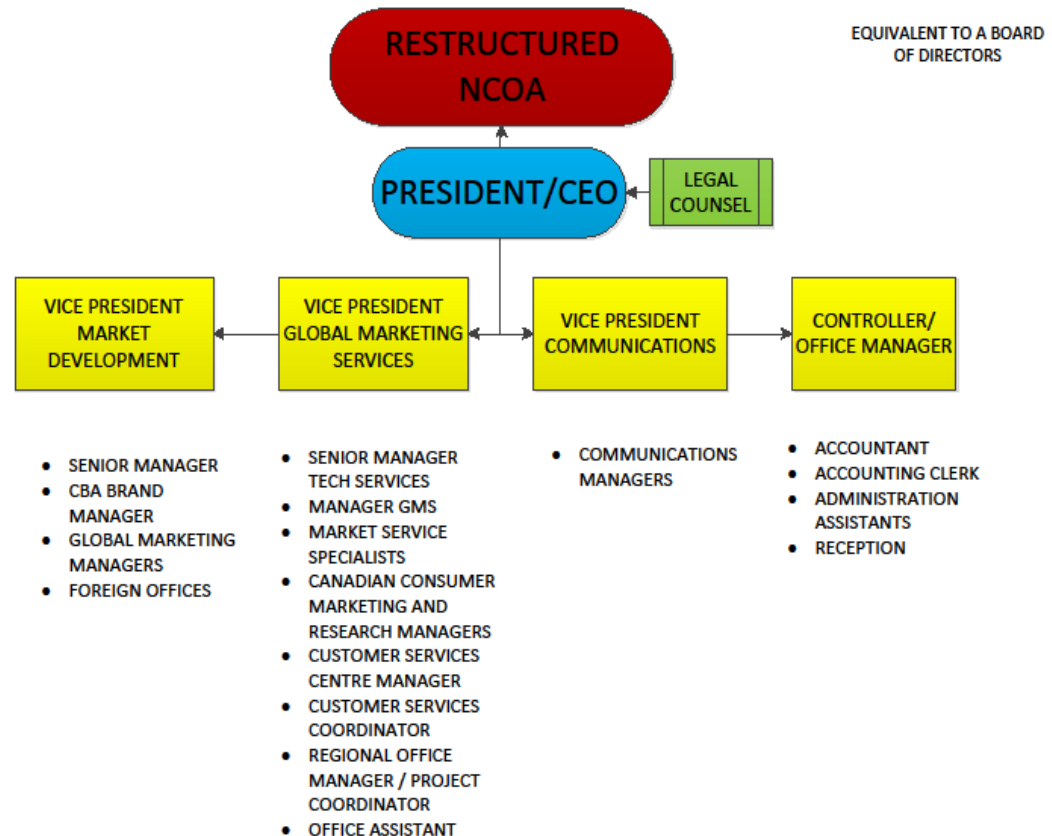
Recommendation

That all programs currently offered by CBEF and BIC be maintained. Companies apply for funding by submitting a proposal consistent with the process they would have used with either CBEF or BIC. There be no membership fees with funding open to all Canadian companies dealing with Canadian beef and veal and beef and veal products.

Organizational Structure

The organizational structure proposed for the restructured NCOA “CANADA BEEF” incorporates all of the functions to be transferred from the existing organizations (CBEF and BIC) and was used as a basis for determining the required number of employees.

It must be noted that the final decisions regarding organizational structure will rest with the President/CEO of CANADA BEEF, under the direction of the CBWG or CANADA BEEF.



Benefits

- Maintains the resources and functions necessary for the effective delivery of current marketing programs and services
- Uniform development and delivery of the Canada Beef Advantage brand
- A single standard strategic plan for the Canadian industry
- Labour, administrative and governance savings
- Nimbleness and flexibility of both staff and financial resources focusing on the best marketing opportunities
- A single standard message (communication) to the Canadian industry

- An organization totally focused on marketing initiatives (no policy advocacy)
- A standard set of performance metrics for the Canadian industry
- Consolidation of responsibility and accountability to one Board of Directors and senior officer
- Simplified funding allocation

Program Performance Measurement

Investors in national programs that provide market development and promotion support to the beef industry demand quantifiable analysis of results to justify their investment. While there is no shortage of material and data available, making it relevant to producers and other stakeholders is problematic.

Recommendation

Initially the CCMDC results report model be used to provide annual reports for the new CANADA BEEF organization. The evaluation framework should be regularly reviewed, incorporating new approaches or measurements that more effectively meet the needs of stakeholders.

International Beef Trade Policy

One of the concerns of a potential consolidation of CBEF and BIC is that the new group, CANADA BEEF would no longer provide input into the formation of market access policy. It is important to allay these concerns.

In order to ensure the continued flow of information and market intelligence from staff in the field to policy developers, the CBWG feels strongly that a committee be structured and mandated to collect and assess information, and prepare recommendations for consideration by the policy generating organizations.

The objective of the committee would be to identify international market access issues that may materially affect Canada's beef, veal and related by-products (e.g. offal, tallow, meat and bone meal) trade and to recommend strategies to address them.

Recommendation

Establish an *International Beef Trade Policy Advisory Committee* to gather intelligence on issues that affect beef, veal and related by-products (e.g. offal, tallow, meat and bone meal) market access and prepare policy recommendations for consideration by the industry policy generating organizations.

Funding Delivery Systems

The CBWG reviewed the roles and responsibilities of the Global Marketing Advisory Committee (GMAC), NCOA and CCMDC with the purpose of examining the potential to reduce, replace or consolidate their mandates and responsibilities.

Funding Recommendation

That GMAC be dissolved and CCMDC retain the following responsibility:

- The allocation of Legacy funds to the new CANADA BEEF organization, to the Canadian Beef Breeds Council and to fund the Alberta programs included in the terms of the Alberta agreement

Financial Implications

Significant financial benefits result from the anticipated efficiencies derived from the implementation of the CBWG's recommendations. The merging and integration of BIC, CBEF and NCOA will result in substantial annual cost savings for the Canadian beef industry. It is estimated that the annual savings will approximate \$1,300,000 with potentially more opportunities to further reduce costs. These savings will then be re-allocated to enhancing programs delivered by Canada Beef.

Significant savings include:

- Gross salaries \$848,000
- Occupancy \$50,000
- Communications \$39,000
- Governance \$95,000
- CCMDC administration \$227,000
- NCOA administration \$50,000

Cost savings will be partly offset by the loss of CBEF membership revenue of approximately \$104,000 per year.

Consolidation Agreement

Following approval of the Consolidation Plan and the required special resolutions in support of the voluntary liquidation and dissolution of BIC and CBEF, the next step will be for BIC, CBEF and the NCOA to enter into a Consolidation Agreement governing the transfer of the assets, liabilities, operations and funding of BIC and CBEF to the NCOA, to formally dissolve BIC and CBEF and to carry out the restructuring of the NCOA.

The purpose of the Consolidation Agreement will be:

- To provide for continuity of program and service delivery. The report recommends the continuation of all program offerings and an application process consistent with current practices. A list of programs and services to be transferred to CANADA BEEF is appended as Schedule H.
- To the greatest extent possible accommodate staff through the transition process. The Working Group recognizes the importance of the contribution made by staff and the uncertainty created by discussions over the last year and recommends a Human Resource policy that fairly recognizes the contribution of staff and the interests of the funders. The HR policy is attached as Schedule I.
- The dissolution of CBEF and BIC and the effective and efficient transfer of assets, operations, liabilities and funding to CANADA BEEF

To ensure that the process continues to move forward the CBWG will, prior to the approval of the Consolidation Plan and in accordance with the Letter of Intent begin the development of the Consolidation Agreement.

PART I – Background and Analysis

Mandate and Purpose

The Canada Beef Working Group received its mandate from a Letter of Intent entered into between the Canada Beef Export Federation, Beef Information Centre and Canadian Cattlemen's Association, representing check-off contributing provincial cattle associations. The group's purpose as outlined in the Letter was "to investigate and develop a new organizational structure for maximizing efficiencies and effectiveness for domestic and international beef marketing activities." The investigation was to include, but was not limited to a consolidation of BIC and CBEF. The BIC/CBEF Integration Preliminary Report was to be used as the starting point.

The objective of this report is to present a recommendation to create a forward looking realignment or consolidation of the cattle industry's existing marketing organizations. The report's recommendations are designed to facilitate strategic nimbleness, improve commercial results, and enhance capacity and sustainable benefits through proven efficiencies and effectiveness that will afford producers and marketing partners both accountability and transparency. In the interests of fiscal responsibility, and to maximize funds that could be directed to sustain and improve marketing programs, the group also reviewed the role of the two funding organizations, namely, the Canadian Cattlemen Market Development Council (CCMDC) and the Canadian Beef Cattle Research, Market Development and Promotion Agency, commonly referred to as the National Check-off Agency (NCOA).

Situational Analysis

Provincial cattle associations which collect the national check-off have, for some time, been requesting that the structure of the industry's marketing groups be re-examined. Their requests have been based on several factors including: a perceived inability of the primary contributors (producers) to effectively assign responsibility (two separate marketing organizations reporting to different boards); the inability to expeditiously transfer funds between the two organizations to respond to emerging marketing needs and opportunities; the added administrative costs of coordinating domestic and international programming through CCMDC and NCOA; a perceived lack of unanimity of purpose, programming, and results reporting between BIC and CBEF; the costs and effectiveness of multiple organizations being engaged in market advocacy; and at times conflicting policy positions and initiatives. In an effort to address the concerns of funders and the principle organizations, a number of studies and reports have been commissioned, a summary of which is included in Schedule A.

The industry is facing a significant reduction in future funding due to lower cattle marketings (resulting in decreased check-off revenue) and depletion and expiration of the Legacy Fund¹. These reductions, if not addressed, will dramatically alter the role and structure of BIC and CBEF irrespective of the

¹ The Canadian Beef and Cattle Market Development Fund or Legacy Fund, comprised of \$80 million from the Governments of Canada and Alberta, was established in 2005 as a 10-year Fund to support long-term market development for Canadian beef and cattle genetics.

recommendations of the CBWG. In order to maximize existing funds towards delivery of marketing programs, build a strong case for continued and, possible future increases in producer national check-off contributions and replenishment of the Legacy Fund, the industry must explore every opportunity to eliminate inefficiencies and duplication.

BIC and CBEF were initiated separately, to address the needs as perceived by the founders. Until recently, no significant review of this alignment has been undertaken. These organizations were formed in a much different operating environment than they find themselves today. For several years, profitability and growth were fuelled by a low Canadian dollar, a strong global economy with a less restrictive trading environment, unrestricted access to the U.S. and a health status widely accepted by importing countries. Today the industry is coping with a high dollar, a global economic recession, BSE driven market restrictions and higher regulatory driven processing costs. Therefore, the timing is right for a major review of the roles of the marketing organizations.

Current Funding (core and leveraged)

BIC and CBEF currently receive their core funding through the national check-off, the mandatory levy of \$1 per head collected from beef cattle producers when they market their cattle. Provincial cattle organizations which collect the check-off may independently stipulate how they want the money allocated to the industry's marketing programs and to research. In addition to providing core funding to BIC and CBEF, the national check-off is also the basis for attracting supplementary funding from other sources. For example, access to the \$80 million Legacy Fund is conditional on matching "industry funding" which is primarily the national check-off. Currently, every \$1 of producer funds is leveraged to obtain on average \$4 for the industry's marketing programs.

The Beef Information Centre and the Canada Beef Export Federation rely heavily on NCOA and government funding, maintaining the support of provincial cattle associations and access to their national check-off contributions is critical for both organizations.

Summary

- B.C., Alberta, Saskatchewan, Manitoba and Ontario provincial cattle associations, representing 99 per cent² of the total national check-off contributions to CBEF and BIC have signed letters supporting the development of a new organizational structure for maximizing efficiencies and effectiveness for domestic and international marketing activities. (See Schedule B)
- CBEF and BIC rely heavily on NCOA and government funding and without producer check-off support, would face a difficult if not insurmountable challenge.
- All of the past external structural reports recommended something other than the status quo.
- None of the structural reports provided a solution acceptable to all stakeholders.

² Canadian Beef Cattle Research, Market Development and Promotion Agency

- In the absence of visible producer support, maintaining the current level of government support will be challenging.
- Competition for domestic and international markets continues to intensify, demanding a nimble, efficient and effective response.
- The industry has made a significant financial and emotional investment in this issue and resolution must be achieved.

The balance of this report is dedicated to identifying and recommending a path forward; in so doing the CBWG examined three basic options, and addressed outstanding issues including: trade policy, program performance, the role of funding organizations and the questions tabled in the George Morris Centre paper. (See Schedule C)

Options and Analysis

1. Status quo
2. The creation of a strategic alliance between BIC and CBEF
3. The creation of a single independent integrated organization

Analysis of the three options including strengths and weaknesses:

1. Status quo

This option was dismissed early in the process as it:

- Does not address the expectations of the funders
- Ignores the recommendations of virtually every group hired to examine the issue
- Would probably lead to a situation where provincial cattle associations use their ability to allocate the national check-off to direct the outcome in an uncoordinated manner

2. Strategic alliance

Strengths

- Less intrusive than full integration
- Creates the opportunity to achieve administrative and operational efficiencies
- Short implementation phase
- Seen as being less disruptive to current programs
- Creates the opportunity to advance a consolidated strategic marketing/funding initiative
- Provides an opportunity to harmonize the organizations

Weaknesses

- Large infrastructure, two different CEO/presidents reporting to two different boards
- Limits flexibility to utilize financial and human resources to meet short-term opportunities
- May not meet the expectation of funders

- Requires professional facilitation (previously estimated cost for a four-month period is \$325,000)
- Requires a fundamental change in the nature of the working relationship between the two organizations and their respective boards
- Previous coordination attempts have met with limited success, increasing the risk of failure
- Does not eliminate or reduce the role of CCMDC
- Maintains the existing administrative role of the NCOA in the collection and allocation of the national check-off

3. A single independent integrated organization

Strengths

- The creation of an independent integrated organization is supported by the majority of stakeholders, including the provincial associations which collect the national check-off and indicate how they want the money directed
- Consolidates responsibility and accountability to one board of directors and a single senior officer
- Facilitates the implementation of a unified set of performance measurements across all programs
- Allows for increased flexibility in the allocation of human and financial resources
- Builds critical mass and consolidates staff expertise
- Allows the industry to more efficiently advance a consolidated strategic marketing/funding initiative
- Provides an opportunity for the industry to develop and coalesce behind a new vision for beef market development and promotion
- Reduced costs through simplified funding administration and the elimination of duplication allowing more funding to be allocated to programs and services. (annual cost savings are estimated at \$1,309,000. (See Schedule D)
- Allows the roles and responsibilities of all funding and administrative agencies to be included in the process to further increase efficiencies, transparency and accountability
- Provides a forum for building industry consensus on domestic and international policy development and advocacy by industry policy generating organizations

Weaknesses

- Of the options considered it is the most intrusive
- Requires extensive commitment both in its formation and ongoing operations
- Start-up costs are estimated at \$1,298,800 (See Schedule E)
- Some resistance in the affected organizations

PART II – Canada Beef Working Group Recommendation

“The Consolidation Plan”

In developing its recommendation the CBWG took into consideration: the long-term needs of the industry, the funding and marketing challenges that lie ahead, the contribution and needs of stakeholders, the results of the due diligence review of BIC and CBEF, previous studies, opportunities to simplify the funding and approval structures, and the previously noted strengths and weaknesses of continuing status quo, creating a single independent integrated organization, and developing a strategic alliance.

Recommendation:

Create a single independent national beef cattle marketing, promotion and research organization by merging and integrating the assets, operations, liabilities and funding of the Canada Beef Export Federation, the Beef Information Centre and the Canadian Beef Cattle Research, Market Development and Promotion Agency. This single organization will be created by restructuring the Canada Beef Cattle Research, Market Development and Promotion Agency which will then assume the responsibilities, programs and core functions of all three organizations. Research responsibilities will continue to be assigned to the Beef Cattle Research Council.

In this report the restructured NCOA will be referred to as “CANADA BEEF”

CANADA BEEF (a restructured NCOA)

It is the recommendation of the CBWG that CANADA BEEF adopt the following vision, mission, and values statement.

Vision

TO POSITION CANADIAN BEEF AS THE PREMIUM BEEF PRODUCT OF CHOICE FOR DOMESTIC AND INTERNATIONAL CONSUMERS

Mission

TO ENHANCE AND SUSTAIN THE PROFITABILITY OF CANADIAN BEEF PRODUCERS THROUGH EXCELLENCE IN PRODUCT PROMOTION, POSITIONING AND THE FACILITATION OF DOMESTIC AND INTERNATIONAL MARKETING INITIATIVES

In achieving its mission the organization will:

- Forge meaningful partnerships with processors, exporters, retailers, foodservice purveyors, packagers and importers of Canadian beef and veal

- Pursue the highest possible carcass return
- Work collaboratively with funders, clients, industry partners and governments to ensure the effectiveness of program offerings
- Implement performance measurement criteria and systems that are meaningful, objective and disciplined
- Establish effective and efficient organizational, governance and funding processes and structures
- Provide market intelligence and support to organizations responsible for policy development and advancement (CCA, CMC, NCFA)
- Ensure accountability at every level
- Make the retention and recruitment of competent staff a priority
- Instil the equally important values of: respect, creativity, collaboration, accountability, and success

Values Statement

The CBWG has developed a values statement which outlines in more detail the proposed core values for the organization. They set out the manner in which staff and board members will approach their work and relationships.

Respect

Words and actions will convey a deep respect for: funders, industry organizations and associations, partners and fellow employees

Creativity

Support a creative environment in the pursuit of the beneficial application of new ideas and approaches

Collaboration

Demonstrate commitment to the principle of collaboration, recognizing that collective endeavour is fundamental to success. Through the governance structure and other feedback mechanisms actively engage all stakeholders in the development and delivery of programs and services.

Accountability

Take responsibility for actions, decisions, products and services that impact funders, clients, customers, partners and fellow staff. Through the governance and management structures expect to be held accountable.

Success

In the pursuit of excellence establish goals, monitor and report on progress, recognize and celebrate achievements.

Restructuring the NCOA

The Canadian Beef Cattle Research, Market Development and Promotion Agency (NCOA) was established by the CCA and the provincial cattle associations under the federal *Farm Products Agencies Act* in 2002 and has been operational since 2005. The NCOA is governed by the *Farm Products Agencies Act*, the Proclamation establishing the Agency and by the by-laws developed by the NCOA and approved by the Farm Products Council of Canada.

As set out in section 41 of the *Farm Products Agencies Act*, the primary object of the NCOA is:

to promote a strong, efficient and competitive industry for cattle, beef and beef products in relation to which it may exercise its powers by promoting the marketing and production of cattle, beef and beef products and by conducting and promoting research activities relating thereto, having due regard to the interests of producers and consumers and, where applicable, importers of the regulated products.

Restructuring the NCOA was recommended for the following reasons:

- The mandate of the NCOA encompasses the intended purpose of any new organization sought to be created by combining CBEF and BIC
- The NCOA, under the *Farm Products Agencies Act* provides the authority and structure for the collection of a levy on the sale of cattle in inter-provincial and import trade
- The NCOA would no longer be simply a conduit for the flow of producer dollars from one legal entity to another
- Creates one organization to direct national beef cattle promotion and marketing efforts on behalf of the Canadian beef cattle producers and processors
- There are operational efficiencies in combining the three organizations and having all sectors united behind one national beef cattle marketing, promotion and research organization with legislated power and authority to collect a check-off on beef cattle sold in inter-provincial and import trade

Steps to Restructure the NCOA

The following steps are required to restructure the NCOA:

- Amend the Proclamation to reflect the revised governance structure; and
- Amend the by-laws of the NCOA to reflect the revised governance structure.

The only criteria to be met in restructuring the NCOA under the *Farm Products Agencies Act* is the requirement in section 40(2) that the Agency must not have fewer than three (3) or more than sixteen (16) members and section 40(3) that the majority of the members of the Agency must be comprised of representatives of primary producers and importers.

Once restructured the NCOA will:

- Have a new name – referred to in this report as “CANADA BEEF”
- Be comprised of a minimum of 12 members (equivalent to directors), 8 members being primary cattle producers representing the provincial cattle associations and 4 members representing processors, exporters and importers
- Have the ability to appoint up to 4 additional members to the Agency in accordance with its by-laws
- Continue its functions as a research, market development and promotion agency under the authority of the *Farm Products Agencies Act*
- Assume the assets, operations, liabilities and funding of both BIC and CBEF
- Continue to assign responsibility for the management of its research activities to the Beef Cattle Research Council (BCRC). The BCRC was established by the Canadian Cattlemen’s Association to determine research and development priorities for the beef cattle industry, and to administrate the research funding allocation on behalf of the NCOA.
- Provide market research and intelligence to the Canadian Cattlemen’s Association, the Canadian Meat Council and the National Cattle Feeders’ Association, whose primary role is beef cattle industry policy and advocacy
- Respond to the needs of beef cattle producers who provide industry funding through the deduction of a mandatory non-refundable national check-off on the sale of beef cattle in intra-provincial, inter-provincial trade and eventually import trade
- Respond to the needs of the processing, export and import sectors of the beef cattle industry in their efforts to market beef and beef products both domestically and internationally

As required by the *Farm Products Agencies Act* the description of the governance structure will be divided between the Proclamation and the Agency’s by-laws.

Amendment to the Proclamation

The proposed amendments to the Proclamation to create the new structure and composition of the Agency are set out in Schedule F. *Note in Schedule F*, the existing provisions in the Proclamation are set out in the first column and the proposed amendments in the second column.

On approval of the recommendations of the CBWG by BIC, CCA, CBEF and NCOA, the NCOA will initiate the legal process required to amend its Proclamation. The amendment of the Proclamation will require approval of the provincial cattle associations, a special resolution of the members of the Agency and the approval of the Farm Products Council of Canada.

Agency Membership

The major difference between an agency established under the *Farm Products Agencies Act* and a not-for-profit company such as CCA and CBEF is that a not-for-profit company has “members” whereas the NCOA does not.

The term “member” in the *Farm Products Agencies Act* is equivalent to “director” in a not-for-profit company established under *Canada Corporations Act* (CCA) or Alberta’s *Society Act* (CBEF). The Agency (essentially being equivalent to a Board of Directors) does not report on an annual basis to a separate “membership group” that has control over certain aspects of the organization. The Agency is, however, subject to oversight by the Farm Products Council of Canada.

Under the *Farm Products Agencies Act* the members appointed to the Agency are, subject to the Act, Proclamation and by-laws, responsible for all aspects of the management of the organization and to account to stakeholders for their stewardship of the national check-off dollars and government funding.

Once restructured the NCOA shall be comprised of minimum of twelve (12) and a maximum sixteen (16) members as follows:

- a) the Agency shall appoint eight (8) producer members to the Agency as follows:
 - (i) one (1) active primary producer from each of the following provinces from a list of nominees submitted by each of their respective provincial cattle associations:
 - (A) British Columbia
 - (B) Alberta
 - (C) Saskatchewan
 - (D) Manitoba
 - (E) Ontario
 - (F) Quebec
 - (ii) one (1) active primary producer from a list of nominees submitted jointly by the provincial cattle associations from the following provinces:
 - (A) New Brunswick
 - (B) Newfoundland and Labrador
 - (C) Nova Scotia
 - (D) Prince Edward Island
 - (iii) one (1) additional active primary producer from a list of nominees submitted by the provincial cattle association that contributed on average at least 40% of the Agency’s national check-off revenue over the 36 months prior to the appointment provided that one of the two members appointed shall be from the feedlot sector;
- b) the Agency shall appoint up to four (4) industry members to the Agency as follows:
 - (i) up to two (2) individuals from a list of nominees submitted by the Canadian Meat Council from those processors that slaughter more than 35% of the domestic cattle production;

- (ii) one (1) individual from a list of nominees submitted by the Canadian Meat Council on behalf of the veal processing industry;
 - (iii) one (1) individual from a list of nominees representing importers submitted by the Canadian Association of Importers and Exporters Inc.; and
- (c) the Agency may , in accordance with its by-laws appoint up to four (4) additional members from a list of nominees provided by the Agency's Governance Committee.

Governance

There are two critical components of governance; the design of the governance model described above and the selection, preparation and development of its key decision makers.

In pursuit of effective sustainable governance the organization will:

- Clearly identify the roles and responsibilities of the Agency and President/CEO
- Establish effective performance measurements and a formal evaluation process for the President/CEO
- Implement processes that ensures stakeholders are represented and that they are fully informed on the activities of the organization
- Recruit candidates as Agency members that are committed to fulfill all requirements of the position
- Establish a formal process for evaluating the performance of the Agency and its individual members
- Commit to the principles of effective governance and investment in the development of the knowledge and skills of the Agency and its members
- Have a comprehensive set of by-laws that reflect these governance principles

Amendment to the NCOA's By-laws

As part of the restructuring of the NCOA the existing by-laws of the Agency will be reviewed by the CBWG and draft amendments to these by-laws will be presented to the members of the CBWG and the NCOA for review and comment.

On approval of the recommended changes to the NCOA by-laws by BIC, CCA, CBEF and NCOA, the NCOA will initiate the legal process required to amend its by-laws. The amendment of the by-laws will require a special resolution of the members of the Agency and the approval of the Farm Products Council of Canada.

Approval of the Consolidation Plan

As agreed in the Letter of Intent:

- a) The BIC Committee, the Board of Directors of CCA and the Board of Directors of CBEF will each, independently, consider a resolution approving the Consolidation Plan by a vote of the majority of the directors in office; and
- b) Within 45 days of the Consolidation Plan being approved by the Board of Directors of CCA, the BIC Committee and the Board of Directors of CBEF (or such later date as may be directed by the Working Group), CCA and CBEF will each independently hold a special general meeting of their members for the purpose of considering a special resolution approving the Consolidation Plan. CCA/BIC and CBEF agree that the Working Group will provide the material to be sent to the members with the notice of the special general meetings and will present the Consolidation Plan in person to the CCA and CBEF members at their special general meetings.

To accomplish the necessary changes to NCOA as described in the Report, an equivalent procedure must also be followed to obtain the approval of the members of the NCOA.

Dissolution of BIC and CBEF

The CBWG recommendation to restructure the NCOA to assume the assets, liabilities, operations and funding of BIC and CBEF, involves the concurrent voluntary liquidation and dissolution of both BIC and CBEF.

Dissolution of CBEF

CBEF can be dissolved by special resolution of the members of the organization. Under section 35(1) of the *Societies Act*, Part 17 of the *Business Corporations Act* applies to the liquidation and dissolution of CBEF. A copy of the relevant section of the *Societies Act* and the *Business Corporations Act* is attached as Schedule G.

Dissolution of BIC

As a committee of CCA, BIC can be dissolved by special resolution of members of CCA which will involve an amendment to CCA's Constitution. Notwithstanding that the liquidation and dissolution of BIC does not involve the dissolution of a company and, as such, section 32 of the *Canada Corporations Act* does not apply, the liquidation and dissolution of BIC will follow essentially the same procedures applied to the liquidation and dissolution of CBEF.

Operational Structure

Following an extensive review of the roles, responsibilities and structures of both CBEF and BIC the CBWG recommends the following objectives, core functions and organizational structure for CANADA BEEF.

Objectives

- Ensure the cost-effective delivery of programs and services
- Provide for continuity of programs and services
- Facilitate the allocation of financial and human resources to areas of greatest opportunity
- Focus on all target markets and optimize emerging opportunities making sure partner members are willing to respond
- Communicate effectively with all facets of industry and government with a single consistent message
- Ensure meaningful objective performance measures are established and monitored

The following core functions and operational structure are recommended for CANADA BEEF.

Core Functions

1. Prevent price erosion with a mid-term goal of achieving and sustaining U.S. price equivalency. The long-term goal is to achieve sustainable price premiums to the U.S.
2. Facilitate the development of an export culture for the Canadian industry
3. Assist in securing and developing access to all global markets by providing up to date market access intelligence and support
4. Effectively manage all administrative and operational functions of the organization including governance support, human resources, information technology, accounting and office management
5. Facilitation and management of all partner market development programs
6. Develop comprehensive program measurement and performance evaluation
7. Industry liaison creating strategic partnerships and alliances in order to improve cooperation, coordination, and information sharing
8. Brand development and management (Canadian Beef Advantage)
9. Global retail and foodservice marketing and merchandising including technical marketing material, inventory management and distribution of all relevant materials
10. Canadian consumer market research, promotions, intelligence, customer service, education, and consumer relationship management
11. Industry, government, stakeholder, and trade communication and reporting including media and public relations
12. Processing and new product development
13. Development and maintenance of all websites

Programs

The continuity of programs and services offered by the respective organizations has been identified as an important operational objective. To ensure that current initiatives are not compromised the CBWG recommends the following:

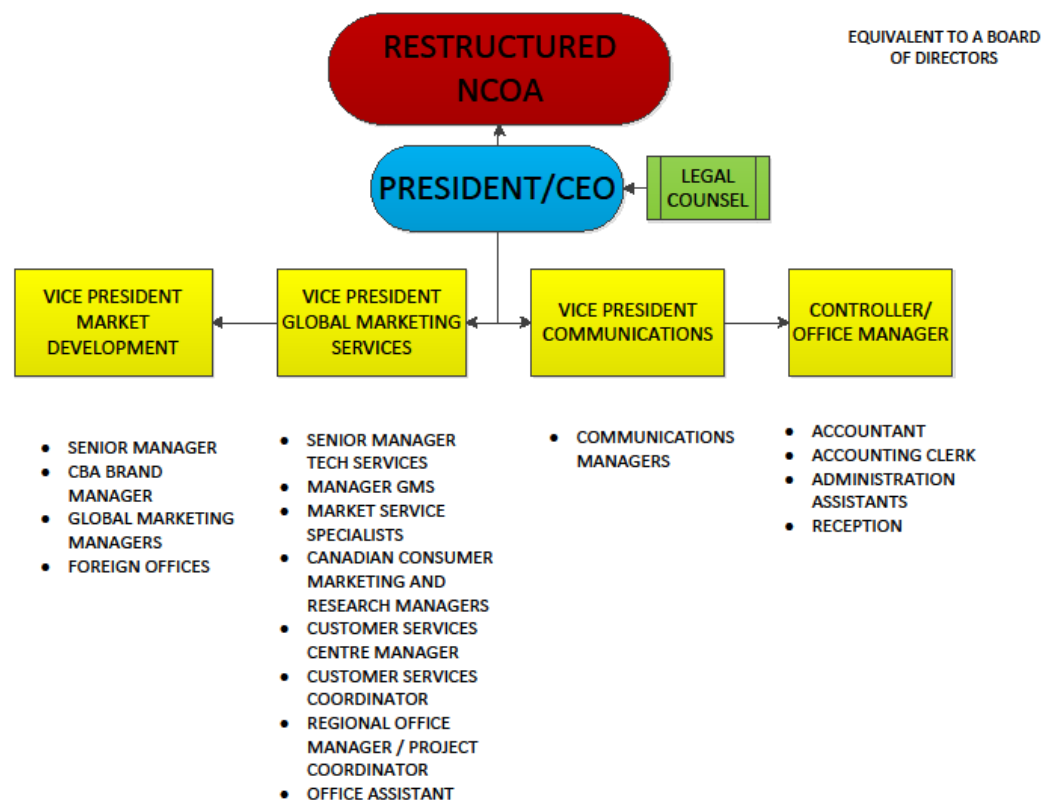
Recommendation

That all programs currently offered by CBEF and BIC be maintained. Companies apply for funding by submitting a proposal consistent with the process they would have used with either CBEF or BIC. There be no membership fee with funding open to all Canadian companies dealing with Canadian beef and veal and beef and veal products.

Organizational Structure

The organizational structure proposed for the restructured NCOA "CANADA BEEF" incorporates all of the functions to be transferred from the existing organizations (CBEF and BIC) and was used as a basis for determining the required number of employees.

It must be noted that the final decisions regarding organizational structure will rest with the President/CEO of CANADA BEEF, under the direction of the CBWG or CANADA BEEF.



The recommended structure for CANADA BEEF offers the following benefits:

Benefits

- Maintains the resources and functions necessary for the effective delivery of current marketing programs and services
- Uniform development and delivery of the Canada Beef Advantage brand
- A single standard strategic plan for the Canadian industry
- Labour, administrative and governance savings
- Nimbleness and flexibility of both staff and financial resources focusing on the best marketing opportunities
- A single standard message (communication) to the Canadian industry
- An organization totally focused on marketing initiatives (no policy advocacy)
- A standard set of performance metrics for the Canadian industry
- Consolidation of responsibility and accountability to one Board of Directors and senior officer
- Simplified funding allocation

Program Performance Measurement

Investors in national programs that provide market development and promotion support to the beef industry demand quantifiable analysis of results to justify their investment. These are producers who contribute to the national-check off, government funders and industry partners. While there is no shortage of material and data available to provide measurable information, the challenge is making it relevant to the question and particularly to demonstrate what effect these programs have on the bottom line for primary producers, backgrounders and feedlot operators.

Resources supporting program evaluation include:

1. The National Check-off study done by Dr. John Cranfield entitled *Evaluating the Economic Benefits from the Canadian Beef Check-off*
2. The annual results-based reports published by the Canadian Cattlemen Market Development Council (CCMDC). CCMDC's current evaluation framework is outcome based, centered on marketing targets, a standardized set of market indicators and performance measures aligned with CCMDC's priority goals.
3. Annual and quarterly reports from BIC and CBEF
4. Canfax Services, the Government of Canada, BIC and CBEF data regarding measureable items such as cutout values (U.S. and Canadian), basis, and prices at retail and/or wholesale in relevant markets. Market share data can also be tracked, and changes in sales, exports and imports as well as changes on the supply side.
5. Comparisons of results reported by competitors in the U.S. and Australia as well as comparisons against like programs run in support of other commodities domestically

There is a wealth of information relevant to the question, however none of it can be held solely as the result of market development and promotion programs funded by the check-off and government partnerships. Supply and demand, trade restrictions, tariffs, differences in regulatory and production

costs all skew the data. The challenge is to accumulate the relevant data and then apply some method of rationalizing it to apply to market development and promotion programs. This industry and various other commodity groups in this country and around the world have applied various equations to this exercise for years with varied success. A recent meeting the Beef Value Chain Roundtable determined that the interest in providing “measureable results” for the money invested in market development from the national check off, the “Legacy Funds”, and other industry partners was such that the Roundtable made an *Analysis of Results* an action item for the Roundtable. Establishing effective, objective, easily understood and accepted program performance measurements will continue to be a challenge for the industry.

Recommendation

Initially the CCMDC results report model be used to provide annual reports for the new CANADA BEEF organization. The evaluation framework should be regularly reviewed, incorporating new approaches or measurements that more effectively meet the needs of stakeholders.

International Beef Trade Policy

One of the concerns of those questioning a potential consolidation of CBEF and BIC is that the new organization CANADA BEEF would no longer provide input into the formation of market access policy. It is important to allay these concerns.

The CBWG feels strongly that a committee of CANADA BEEF charged with the mandate of gathering intelligence on issues affecting beef, veal and offal market access be a vital component of the international program. CANADA BEEF employees in international markets are in constant communication with brokers, traders, beef merchandisers, civil servants and elected officials in their respective countries. The perspectives they develop enhance the view provided by Canadian embassy personnel and provide balance on their country’s issues. Employees resident in Canada can also provide further intelligence on difficulties, as well as opportunities, that exporters experience selling into international markets. The information gathered by employees would be compiled and presented at monthly meetings of the committee. When urgent situations develop, meetings could be called as required to deal with issues. The meetings would primarily be conducted by teleconference to minimize time demands.

The objective of the committee would be to identify international market access issues that may materially affect Canada’s beef, veal and related by-products (e.g. offal, tallow and meat and bone meal) trade and recommend strategies to address the issues.

The mandate of the committee would be to collect and assess information, and prepare recommendations for consideration by the policy generating organizations. CANADA BEEF staff in international markets would provide intelligence, support and if requested work on behalf of the policy

generating organizations in the advancement of policy initiatives. Staff would not engage in advocacy in Canada, either provincially or federally. The committee would assist in ensuring that policy generated by industry is relevant, timely and responsive. These duties however are secondary to the primary duty of program delivery that enhances value.

Recommended committee membership:

Chair: Global Marketing Services Vice-President of CANADA BEEF

Committee Members:

- International Markets Technical Advisor CANADA BEEF
- CCA Foreign Trade Committee Chair
- CCA Director of Government and International Relations (Ottawa)
- CMC Beef Chair
- Additional CMC representative
- National Cattle Feeders' Association Representative
- CFIA representative and/or AAFC representative as requested

Representation on the committee should be broad enough to provide balance in developing recommendations. From time to time as required, consultants or individuals with expertise in specific matters may be invited to join the committee on a temporary basis.

Recommendation

Establish an *International Beef Trade Policy Advisory Committee* to gather intelligence on issues that affect beef, veal and related by-products (e.g. offal, tallow, meat and bone meal) market access and prepare policy recommendations for consideration by the industry policy generating organizations.

Funding Delivery Systems

Background

The CBWG reviewed the roles and responsibilities of the Global Marketing Advisory Committee (GMAC), NCOA and CCMDC with the purpose of examining the potential to reduce, replace or consolidate their mandates and responsibilities.

GMAC:

The Global Marketing Advisory Committee was established by the Canadian Cattlemen's Association to assist the industry in setting priorities for marketing-program funding and to coordinate funding requests from BIC and CBEF. It includes representation from BIC and CBEF as well as experts from the cattle feeding, packing, processing, retail and foodservice industries. The primary responsibilities

of GMAC are to provide expert advice to the provinces on the allocation of national check-off dollars and create a forum for industry stakeholders to have input into strategic marketing initiatives.

NCOA:

The Canadian Beef Cattle Research, Market Development and Promotion Agency, commonly referred to as the National Check-off Agency (NCOA), was established under the federal *Farm Products Agencies Act* and has the authority to: promote the marketing and production of beef cattle, beef and beef products for the purposes of interprovincial, export and import trade; and conduct and promote research activities related to those farm products. The Agency has authority to and provides the administration for collecting a federal levy on the sale of cattle in inter-provincial trade and import trade. Also, by agreement with the provincial cattle associations, the NCOA distributes the \$1.00 national check-off collected by the provincial cattle associations on the sale of cattle in intra-provincial trade. All funds are remitted to the Agency which then allocates those funds to BIC, CBEF, the Beef Cattle Research Council, or back to the provinces in accordance with the allocation formula stipulated by each province.

CCMDC:

The Canadian Cattlemen Market Development Council was formed by the Canadian Cattlemen's Association to administer the Canadian Beef and Cattle Market Development Fund, also known as the Legacy Fund. The Canadian Beef and Cattle Market Development Fund resulted from two separate agreements between the CCA and the Government of Canada and the Government of Alberta (Alberta International Beef Market Development Fund). The funds cover the period from 2005-15, with the Government of Canada committing \$50 million, Alberta \$30 million. The projected balance of the Legacy Fund at June 30, 2011 is \$29.3 million. The purpose of CCMDC is to facilitate the development and delivery of a strategic marketing initiative and to allocate Legacy Funds on behalf of the Canadian and Alberta governments.

In determining the future roles of GMAC, NCOA and CCMDC the following factors were considered:

1. The federal fund provides for a component to be used domestically in support of marketing commercial beef.
2. The Alberta fund may only be used for export market development.
3. The Alberta fund requires that at least \$500,000 be available for applications from Alberta-based businesses to support projects or strategies beyond the scope of BIC or CBEF.
4. The Canadian Beef Breeds Council receives Legacy funding.
5. The Legacy Fund expires in 2015.
6. The agreements are complex and may be costly to reassign.
7. The NCOA is already established under the *Farm Products Agencies Act* and has the regulatory authority to carry out beef cattle research, market development and promotion and to impose levies on the sale of beef cattle in inter-provincial trade and on imports.

8. With the implementation of the CBWG recommendations, the mandate of the Global Marketing Advisory Committee will be filled through multi-stakeholder representation on NCOA and CCMDC.

Funding Recommendation

That GMAC be dissolved and CCMDC retain the following responsibility:

- The allocation of Legacy funds to the new CANADA BEEF organization, to the Canadian Beef Breeds Council and to fund the Alberta programs included in the terms of the Alberta agreement

Implementation of this recommendation would require an agreement between CCMDC, ALMA and the Government of Canada that CCMDC's role be adjusted and that the National Check-off Agency committee fulfill the required functions of planning and budget approval of the Legacy funds. This change will require minimal or perhaps no revisions to the contracts between CCA and governments. Following the expiry of the Legacy Fund in 2015 the role of CCMDC would end. CCMDC administrative costs would be absorbed by the new CANADA BEEF organization or where appropriate by the CCA.

Financial Implications

The financial implications outlined in this section of the report result from the anticipated efficiencies derived from the implementation of the CBWG's recommendation (the merging and integration of CBEF, BIC and NCOA) as outlined in this report. It must be noted that these are estimates of the anticipated costs savings related to the recommended changes. (See Schedule D). Once restructured, NCOA "CANADA BEEF" will make several decisions regarding these changes and only at that time will their exact financial impact be known.

1. Gross salaries - Through the elimination of redundancies and duplication and the transfer of non-core functions it is anticipated that the new organization will employ fewer staff, 45 as compared to the current 57 full time positions. Of the 12 fewer positions, one will transfer to another agency leaving a net reduction of 11 positions, reducing costs by \$848,000 annually. These estimates are based on the proposed organizational structure.
2. Occupancy costs - Initially there will be no savings as all leases will be honoured; however as leases come due or space is sublet a realignment of offices will result in a savings of between \$50,000 and \$100,000 per year
3. Stakeholder Communication - Savings of \$39,000 per year
4. Governance - One Board of Directors instead of three will provide annual savings of \$95,000
5. CCMDC - Increased efficiency in the administration of the funding process will result in savings of approximately \$227,000 per year
6. NCOA- Reduced administrative expenses in NCOA by moving from three organizations to one \$50,000 per year

In addition to the cost savings outlined above other efficiency opportunities include, audit, insurance and accounting functions.

It is evident that the merging and integration of BIC, CBEF and NCOA will result in substantial cost savings for the Canadian beef industry. It is estimated that an additional \$1.3 million per year will be available to support programs and services, equivalent to national check-off revenue from 1,300,000 cattle marketings. These cost savings will be partly offset by the loss of CBEF membership revenue of approximately \$104,000 per year. The anticipated one-time cost of this change is estimated at \$1,298,800. (See Schedule E)

The new organization will assume the financial liabilities currently held by all three organizations and will deal with all of their creditors. This organization will be responsible for the facilities (leases) currently utilized by CBEF, BIC and NCOA. It will be the responsibility of the new board of directors to determine the best long-term utilization of these assets.

Conclusion

The CBWG recommendation delivers a number of benefits that effectively addresses the expectations of stakeholders and the questions tabled in the George Morris Centre paper (see Schedule C for George Morris Centre questions addressed).

Benefits

- Responds to requests from core funders. B.C., Alberta, Saskatchewan, Manitoba and Ontario provincial cattle associations, representing 99 per cent of the total national check-off contributions to BIC and CBEF, have signed letters supporting the development of a new organizational structure.
- An additional \$1,300,000 will be available to support programs and services. These funds are cost savings generated through simplified funding administration and the elimination of duplication.
- Fully utilizes the structure and authority of the NCOA
- Consolidates responsibility and accountability to one organization and senior officer
- Assures increased flexibility in the allocation of staff and financial resources
- Creates a single unified marketing team, builds critical mass and consolidates expertise
- Creates an independent multi-stakeholder board with unified purpose
- Provides clearer accountability for contributors including cattle producers who are the major funders, and other industry and funding partners including government
- Through the development of a consolidated strategic plan creates an excellent base from which to sustain and/or expand funding levels
- Is supported by the major processors

PART III – Implementation

“The Consolidation Agreement”

Following approval of the Consolidation Plan and the required special resolutions in support of the voluntary liquidation and dissolution of BIC and CBEF, the next step will be for BIC, CBEF and the NCOA to enter into a Consolidation Agreement governing the transfer of the assets, liabilities, operations and funding of BIC and CBEF to the NCOA, to formally dissolve BIC and CBEF and to carry out the restructuring of the NCOA.

The purpose of the Consolidation Agreement will be:

- To provide for continuity of program and service delivery. The report recommends the continuation of all program offerings and an application process consistent with current practices. A list of programs and services to be transferred to CANADA BEEF is appended as Schedule H.
- To the greatest extent possible accommodate staff through the transition process. The Working Group recognizes the importance of the contribution made by staff, the uncertainty created by discussions over the last year and recommends a Human Resource policy that fairly recognizes the contribution of staff and the interests of the funders. The HR policy is attached as Schedule I.
- The dissolution of CBEF and BIC and the effective and efficient transfer of assets, operations, liabilities and funding to CANADA BEEF

To ensure that the process continues to move forward the CBWG will, prior to the approval of the Consolidation Plan and in accordance with the Letter of Intent begin the development of the Consolidation Agreement. Finalization of the Consolidation Agreement will be conditional on the approval of the Consolidation Plan by the members of CBEF, the members of CCA/BIC, provincial cattle associations representing 75 per cent of the national check-off contributions, and the NCOA.

Transitional Period

The transitional period encompasses the period of time from the presentation of the CBWG Report and Recommendations to CCA/BIC, CBEF and NCOA to the execution of the Consolidation Agreement providing for the transfer of the staff, assets, liabilities, operations and funding to the restructured NCOA. During this phase CBEF, BIC, NCOA and the CBWG must work collaboratively to ensure continuity of service and an orderly transition of assets, liabilities, operations and funding. The CEO/presidents of BIC, CBEF and the NCOA will continue to report to their respective boards, who will act on the recommendations of the CBWG for those decisions outlined in the Letter of Intent.

Responsibilities

In accordance with Schedule B of the Letter of Intent and the recommendation to merge and integrate the three organizations (CBEF, BIC, and NCOA), upon approval of the Consolidation Plan the following responsibilities will be assigned.

CBWG will:

- Recommend for approval all financial and contractual commitments of BIC, CBEF and NCOA
- Recommend for approval all staff appointments within CBEF, BIC and NCOA
- Review and approve all activities that are not within the usual and ordinary course of business of BIC, CBEF and NCOA
- Recommend for approval the strategic plan and accompanying budget for the restructured NCOA following the transfer of the assets, liabilities and operations of BIC and CBEF
- Ensure the required professional and process supports are in place during and following the transition period
- Initiate the recruitment of a President/CEO
- Develop the terms of a draft Consolidation Agreement for consideration by CCA/BIC, CBEF and NCOA
- Refine the governance structure and the implementation of a process to recruit the members of the restructured NCOA in accordance with the proposed amendments to the Proclamation
- Develop and present amendments to the by-laws of the NCOA to BIC, CBEF, NCOA and the provincial cattle associations to give effect to the Consolidation Plan
- Such other activities as may be required to give effect to the proposed consolidation of BIC, CBEF and NCOA as contemplated in the Letter of Intent and the Consolidation Plan
- Transition Management: Provide process support to the **Transition Team*** including:
 - Lead the development of the Consolidation Agreement
 - Act as a liaison between CBEF, BIC and NCOA on matters related to ongoing operations, and the development of the Consolidation Agreement
 - Coordinate refinements to the governance structure and process to recruit the members of the restructured NCOA “CANADA BEEF”
 - Coordinate the development of amendments to the by-laws of NCOA
 - Ensure timely communications to staff and stakeholders

It is anticipated that the Canada Beef Working Group after fulfilling its role to develop the recommendation(s) will evolve to a **Transition Team which will be responsible for implementing the recommendations. Transition Team membership could include some of the current Working Group members and possibly new members wanting to participate in the transition.*

Upon execution of the Consolidation Agreement and appointment of the President/CEO of CANADA BEEF, the President/CEO will be responsible for the implementation of the “operational” aspects of the

Consolidation Agreement which will include the transfer of staff, assets, liabilities, operations and funding of CBEF and BIC to the restructured NCOA.

The President/CEO of CANADA BEEF will:

- Implement the operational aspects of the Consolidation Agreement
- Recommend for approval all financial and contractual commitments of BIC, CBEF and NCOA
- Refine organizational structure of CANADA BEEF, assign responsibilities, and develop job descriptions
- Recommend the appointment of senior staff to CANADA BEEF, and fill the remaining outstanding positions
- Finalize the development of the strategic plan and budgets
- As required provide process support to the CBWG

Critical Steps and Timelines

The Letter of Intent establishes June 30, 2011 as the anticipated closing date of the consolidation of BIC and CBEF. There is a provision in the Letter of Intent for an extension of the closing date to November 30, 2011. In an effort to complete the consolidation by June 30, 2011 the following is a list of critical steps and timelines for the consolidation of BIC, CBEF and NCOA:

- Presentation of the CBWG report and recommendation to principle stakeholders (Jan/11)
- Begin development of the Consolidation Agreement (Jan/11)
- Initiate the recruitment of the President/CEO for the restructured NCOA (Jan/11)
- Meetings of the Board of Directors of CBEF, BIC/CCA and NCOA to approved the recommendations and the Consolidation Plan and to call their special member meetings (Jan/11)
- Planning and execution of the Special General Meetings of BIC-CCA, CBEF and NCOA (Feb/11)
- Execution and implementation of the Consolidation Agreement (Mar/11)
- Finalize agreements with government regulators, funders and provincial cattle organizations allowing for the implementation of the Consolidation Agreement (Mar /11)
- Finalize management structure and staff of the restructured NCOA "CANADA BEEF" (Mar /11)
- Develop and initiate a process for the appointment of members to CANADA BEEF (Mar /11)
- Complete amendment of the NCOA Proclamation, by-laws and other governance support materials May/11)
- Completion of all steps outlined in the Consolidation Agreement (May /11)
- Completion of the Dissolution of BIC and CBEF and the restructuring of NCOA (June /11)
- Restructured NCOA "CANADA BEEF" officially takes over (June /11)

Schedule A - Previous Studies and Recommendations

1) Beef Information Centre and Canada Beef Export Federation Integration Feasibility Assessment

The CCA, at the request of their provincial members, commissioned Framework to investigate whether the amalgamation of BIC and CBEF would provide for more coordinated and efficient operations. The guiding objective of the investigation was to consider how to maximize the return for check-off dollars invested. Specific project objectives included comparing and contrasting the current activities and functions of CBEF and BIC; identifying the potential benefits and the risks and concerns of integrating the two organizations; assessing the feasibility of increasing the integration between the two organizations; and developing a high level approach for implementing increased integration if the feasibility was demonstrated to be positive.

Framework concluded that CBEF and BIC be integrated into a new organization. The report recommendations were not accepted by CBEF.

2) Beef Information Centre & Canada Beef Export Federation Integration: Options Going Forward

The Canadian Marketing Organization Steering Committee commissioned Deloitte to “examine options that would allow for the further integration, streamlining and harmonization of the services and operations delivered by BIC and CBEF”. The steering committee included past/sitting chairs, board/committee members from CBEF and BIC, packer representatives, CCA, CCMDC and NCOA representation.

Deloitte concluded that there were opportunities to streamline the delivery of marketing programs, services, and administration. They also pointed out that previous efforts to achieve a “working together” culture and environment between BIC and CBEF had not been successful.

Deloitte provided four structural and organizational models ranging from the recruitment of a professional facilitator who would work with the two CEO/presidents to streamline and harmonize the organizations’ service and program delivery efforts, to the creation of a single organization with two operating divisions.

Subsequent to the tabling of the Deloitte report, the steering committee recommended the implementation of Model 1, (professional facilitation to harmonize and streamline) for a four month trial period, with model 4 (full integration) as the fallback. However, the respective organizations were unable to coalesce behind the recommendation and the initiative stalled.

3) BIC/CBEF Integration Preliminary Report

The CCA, on behalf of the funding provinces, contracted Willie Van Solkema and John LaClare “to develop and present a management and governance model for the integration of the structures and operations of the Beef Information Centre and the Canada Beef Export Federation”.

The report recommended the creation of an independent organization with a multi-stakeholder board representing cattle producers (through their provincial associations), CCA, and beef and veal industry participants. The new organization would assume the marketing functions and funding of CBEF and BIC. It also recommended the separation of marketing and policy functions. The new entity would provide market intelligence and support to the industry and governments who would be responsible for policy development and advancement.

The report included organizational and governance models. While the report was criticized for its lack of financial analysis, all of the major funding provinces, BIC and the CCA supported the report as a basis for moving forward. However, CBEF rejected the report’s recommendation.

4) Costs and Implications of Potential CBEF and BIC Merger

Serecon was commissioned by CBEF to evaluate the possible impacts and implications of an integration or merger between BIC and CBEF. The evaluation included: a market, program and organizational comparison between the two organizations; a review and assessment of the Framework and Deloitte reports; a risk analysis of the current and continued organizational change and merger process; the development of a merger evaluation framework; an evaluation of the BIC/CBEF Integration Preliminary Report and its costs, benefits and implications; and the identification and description of alternatives for BIC and CBEF moving ahead. The report concluded that a merger between BIC and CBEF would carry a significant one-time cost, against which no tangible benefits could be identified.

The report recommended a strategic alliance between CBEF and BIC “paralleling in many ways the understanding reached between the CCA, CBEF, and BIC at the Leaders Meeting in Toronto in May 2009.” No financial analysis of the recommendation was tabled. The report was presented to the CBEF board and no further action was taken.

5) George Morris Centre Perspectives, Context and Facilitation Paper on CBEF/BIC Proposed Merger

The George Morris Centre was commissioned by CBEF to develop a paper that provides independent, third party perspectives and context on the issues and arguments associated with the possible merger of CBEF and BIC. The paper concluded that none of the research reports commissioned to examine the issue made the case that merger would result in improvements for the beef industry. The paper tabled seven questions that needed serious consideration (see Schedule C for the George Morris Centre questions addressed).

6) *Evaluating Economic Benefits from the National Check-off*

The National Check-off Agency recently commissioned an independent study by Dr. John Cranfield, University of Guelph evaluating economic benefits from the national check-off. The study purpose was to obtain relevant, current analysis of the effectiveness of national check-off funded expenditures on cattle producers' economic well being. Key findings indicated that Canadian beef cattle producers' funding of marketing and research activities has delivered strong return on investment and compared to other commodities and countries, falls squarely within the range of comparable organizations and initiatives. On average from 2005 to 2008, every check-off dollar invested in marketing earned back \$7.55 in producer benefits. The results confirm that investment in marketing is valuable and needs to be advanced.

Schedule B - Provincial Letters of Support

Name of Organization: ONTARIO CATTLEMEN'S ASSOCIATION

Letter of Understanding of CBEF/BIC Integration Activities

The above mentioned organization wishes to clarify to all concerned parties our support for the development of singular marketing organization as outlined in the LaClare/van Solkema Report.

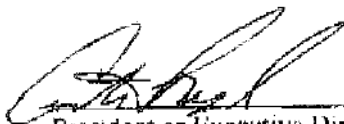

It is our intent to;

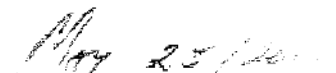
- Support the creation of a new unified, focused marketing organization with the sole purpose of promoting Canadian beef and beef products wherever it will reap the greatest economic value to our industry irrespective of whether the market is domestic or international.
- That the primary focus must be on market development and promotion activities, and believe international market access policy development is the responsibility of industry policy organizations.
- That we believe integration will yield both quantitative and qualitative benefits in cost savings, focus, flexibility, accountability and ultimately productivity.
- That we recognize there will be due diligence, reorganization, and start-up costs but believe these costs must be amortized over the several years of benefits the improvements will provide.
- Fully support the endorsement of the Letter of Intent and the establishment of the Transitional Working Group as outlined in the Solkema/LaClare recommendations as the sole Working Group that will develop greater detail, clarity, and required action plans for the structure and governance of the new organization. Additionally, that any proposals regarding these activities be forwarded to this Working Group in a timely manner for consideration.
- Look forward to the comprehensive recommendations provided by the Transitional Working Group that will meet our objectives for our final consideration and approval.
- That this work must be undertaken in an expeditious manner to be completed by March of 2011.

We hope this provides clarity as to our desire to move forward to a successful conclusion in the coming months.

Signed,

Dated


President or Executive Director



MAY 25 2011
MAY 25 2011

Name of Organization: MC PA

Letter of Understanding of CBEF/BIC Integration Activities

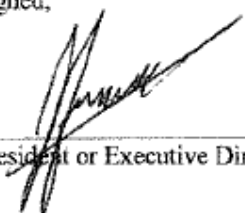
The above mentioned organization wishes to clarify to all concerned parties our support for the development of singular marketing organization as outlined in the LaClare/van Solkema Report.

It is our intent to;

- Support the creation of a new unified, focused marketing organization with the sole purpose of promoting Canadian beef and beef products wherever it will reap the greatest economic value to our industry irrespective of whether the market is domestic or international.
- That the primary focus must be on market development and promotion activities, and believe international market access policy development is the responsibility of industry policy organizations.
- That we believe integration will yield both quantitative and qualitative benefits in cost savings, focus, flexibility, accountability and ultimately productivity.
- That we recognize there will be due diligence, reorganization, and start-up costs but believe these costs must be amortized over the several years of benefits the improvements will provide.
- Fully support the endorsement of the Letter of Intent and the establishment of the Transitional Working Group as outlined in the Solkema/LaClare recommendations as the sole Working Group that will develop greater detail, clarity, and required action plans for the structure and governance of the new organization. Additionally, that any proposals regarding these activities be forwarded to this Working Group in a timely manner for consideration.
- Look forward to the comprehensive recommendations provided by the Transitional Working Group that will meet our objectives for our final consideration and approval.
- That this work must be undertaken in an expeditious manner to be completed by March of 2011.

We hope this provides clarity as to our desire to move forward to a successful conclusion in the coming months.

Signed,


President or Executive Director

Dated:

May 28/10

Letter of Understanding of CBEF/BIC Integration Activities

The above mentioned organization wishes to clarify to all concerned parties our support for the development of singular marketing organization as outlined in the LaClare/van Solkema Report.

It is our intent to;

- Support the creation of a new unified, focused marketing organization with the sole purpose of promoting Canadian beef and beef products wherever it will reap the greatest economic value to our industry irrespective of whether the market is domestic or international.
- That the primary focus must be on market development and promotion activities, and believe international market access policy development is the responsibility of industry policy organizations.
- That we believe integration will yield both quantitative and qualitative benefits in cost savings, focus, flexibility, accountability and ultimately productivity.
- That we recognize there will be due diligence, reorganization, and start-up costs but believe these costs must be amortized over the several years of benefits the improvements will provide.
- Fully support the endorsement of the Letter of Intent and the establishment of the Transitional Working Group as outlined in the Solkema/LaClare recommendations as the sole Working Group that will develop greater detail, clarity, and required action plans for the structure and governance of the new organization. Additionally, that any proposals regarding these activities be forwarded to this Working Group in a timely manner for consideration.
- Look forward to the comprehensive recommendations provided by the Transitional Working Group that will meet our objectives for our final consideration and approval.
- That this work must be undertaken in an expeditious manner to be completed by March of 2011.

We hope this provides clarity as to our desire to move forward to a successful conclusion in the coming months.

Signed,



President or Executive Director

Dated:

May, 27, 2010

www.saskbeef.com
Email: info@saskbeef.com
Phone: 306.665.2333
Fax: 306.665.2336

Name of Organization: Alberta Beef Producers



Letter of Understanding of CBEF/BIC Integration Activities

The above mentioned organization wishes to clarify to all concerned parties our support for the development of singular marketing organization as outlined in the LaClare/van Solkema Report.

It is our intent to;

- Support the creation of a new unified, focused marketing organization with the sole purpose of promoting Canadian beef and beef products wherever it will reap the greatest economic value to our industry irrespective of whether the market is domestic or international.
- That the primary focus must be on market development and promotion activities, and believe international market access policy development is the responsibility of industry policy organizations.
- That we believe integration will yield both quantitative and qualitative benefits in cost savings, focus, flexibility, accountability and ultimately productivity.
- That we recognize there will be due diligence, reorganization, and start-up costs but believe these costs must be amortized over the several years of benefits the improvements will provide.
- Fully support the endorsement of the Letter of Intent and the establishment of the Transitional Working Group as outlined in the Solkema/LaClare recommendations as the sole Working Group that will develop greater detail, clarity, and required action plans for the structure and governance of the new organization. Additionally, that any proposals regarding these activities be forwarded to this Working Group in a timely manner for consideration.
- Look forward to the comprehensive recommendations provided by the Transitional Working Group that will meet our objectives for our final consideration and approval.
- That this work must be undertaken in an expeditious manner to be completed by March of 2011.

We hope this provides clarity as to our desire to move forward to a successful conclusion in the coming months.

Signed,

Dated: May 21, 2010

Chuck MacLean
Chair

320, 6715 – 8 Street NE, Calgary, AB Canada T2E 7H7
tel 403.275.4400 fax 403.274.0007

www.albertabeef.org

Name of Organization: British Columbia Cattlemen's Association

Letter of Understanding of CBEF/BIC Integration Activities

The above mentioned organization wishes to clarify to all concerned parties our support for the development of singular marketing organization as outlined in the LaClare/van Solkema Report.

It is our intent to;

- Support the creation of a new unified, focused marketing organization with the sole purpose of promoting Canadian beef and beef products wherever it will reap the greatest economic value to our industry irrespective of whether the market is domestic or international.
- That the primary focus must be on market development and promotion activities, and believe international market access policy development is the responsibility of industry policy organizations.
- That we believe integration will yield both quantitative and qualitative benefits in cost savings, focus, flexibility, accountability and ultimately productivity.
- That we recognize there will be due diligence, reorganization, and start-up costs but believe these costs must be amortized over the several years of benefits the improvements will provide.
- Fully support the endorsement of the Letter of Intent and the establishment of the Transitional Working Group as outlined in the Solkema/LaClare recommendations as the sole Working Group that will develop greater detail, clarity, and required action plans for the structure and governance of the new organization. Additionally, that any proposals regarding these activities be forwarded to this Working Group in a timely manner for consideration.
- Look forward to the comprehensive recommendations provided by the Transitional Working Group that will meet our objectives for our final consideration and approval.
- That this work must be undertaken in an expeditious manner to be completed by March of 2011.

We hope this provides clarity as to our desire to move forward to a successful conclusion in the coming months.

Signed,

Dated:


President of Executive Director

June 4, 2010

Schedule C - George Morris Centre Questions Addressed

1. *What structure is most appropriate to have effective market development in both the domestic and export markets?*
 - As pointed out in the George Morris Centre paper, “There is nothing intrinsically wrong or misguided about one organization that does both domestic and export marketing.” They point out that the Australian model of a single organization works well for them, while in the U.S. two organizations are working effectively. One can assume from their comments that the decision is country and industry specific and either can work well.
 - The rationale for recommending a single integrated organization is outlined in the body of the report.
2. *Are there synergies in operations that can increase effectiveness/efficiency?*
 - Creates a single unified marketing team with the ability:
 - To immediately move financial and human resources to the areas of greatest opportunity
 - Eliminate duplication in program delivery
 - Standardize performance metrics
 - Standardize delivery of the Canada Beef brand
 - Standardize messaging to stakeholders
 - Builds critical mass, consolidates staff expertise
3. *How different are the cultures and what steps will be taken to mesh them?*
 - Rather than meshing two cultures the CBWG has recommended key operational focuses and a values statement upon which an organizational culture can be built.
 - A strong values statement can be used to build unanimity of purpose and commitment.
4. *How will unexpected key resignations be dealt with?*
 - Unexpected key resignations will be dealt with no differently than they would be if the organizations remained separate.
 - When faced with an unexpected key resignation the new organization will evaluate the position, adjust responsibilities if necessary and recruit to fill the need.
5. *Are there synergies in administration that can improve efficiency and effectiveness?*
 - Merging and integrating CBEF, BIC and NCOA into a single organization “CANADA BEEF” will significantly reduce administrative costs
 - One board of directors
 - A single audit, annual meeting and annual report
 - Consolidation of insurance policies
 - Eliminates or significantly reduces the role of funding agencies

6. *Is a new layer of management really needed or are there other ways to achieve trust and transparency?*

- The new organization has not proposed a new layer of management.
- Trust and transparency can only be achieved if the interests of the owners are respected and internalized.
- The owners of a business are those that contribute the funds necessary to build and operate the organization (in this case producers through the national check-off).

7. *What is the best way to structure governance?*

- There are two critical components of governance: the design of the governance model and the selection, preparation and development of its key decision-makers.
- The proposed governance model assures multi-stakeholder involvement and through the Governance Committee a commitment to board development.

Schedule D - Funding Efficiencies

- Gross salaries: A reduction of 11 positions at the current average cost per position of \$77,100 for a total of **\$848,000**
- Stakeholder communications: 15% reduction through the movement to a single strategy and initiative. Three organizations combined (\$260,900) savings estimated at \$260,900 x .15 = **\$39,100**
- Governance: Combined governance cost for the three organizations is \$216,700. CANADA BEEF projected costs are \$122,000 for an estimated saving of **\$94,700**. Projected costs are based on 16 members, travel and per diem at \$1,200/person/mtg; 5 meetings/yr; meeting expense of \$5,000; miscellaneous \$5,000; member development \$16,000; total of \$122,000¹.
- Occupancy: Estimated reduction in space requirements **\$50,000** - \$100,000
- CCMDC administration²: estimated savings of **\$227,000** (see following table)
- NCOA: Currently the NCOA charges an administrative fee equivalent to 2% of check-off contributions. It is anticipated that combining the three organizations will reduce administrative expenses by **\$50,000**

CCMDC Administration Expenses	2010/11 Budget	Proposed Budget	Projected Savings
Staff and contract services	323,000	273,000	50,000
Administration/meetings/travel/communications	38,000	16,000	22,000
Council missions	25,000	15,000	10,000
Consultant fees	180,000	50,000	130,000
Annual report	10,000	0	10,000
Accounting and audit	20,000	15,000	5,000
Research	78,000	78,000	0
Legal	6,000	6,000	0
Total	680,000	453,000	227,000

- **Total annual savings are estimated at \$1,308,800**

¹ Projected costs of the new CANADA BEEF Board. CBWG costs and per diems have been used as a proxy.

² 2010/11 CCMDC administration budget and projected savings, as provided by CCMDC.

Schedule E - Start-up Cost

Expenses	Jan	Feb	Mar	Apr	May	June	Total
Project Management	17,500	17,500	17,500	17,500	17,500	17,500	105,000
Legal	15,000	15,000	15,000	15,000	20,000	20,000	100,000
Communication	2,800	2,800	2,800	2,800	2,800	2,800	16,800
Administration	2,400	2,300	2,300	2,300	2,300	2,400	14,000
Meetings	10,500	10,500	10,500	10,500	10,500	10,500	63,000
Severance	-	-	-	210,000	270,00	270,000	750,000
Recruitment	-	-	-	50,000	50,000	-	100,000
Re-branding	-	-	-	-	25,000	25,000	50,000
Provisional	-	-	25,000	25,000	25,000	25,000	100,000
Total	48,200	48,100	73,100	333,100	423,100	373,200	1,298,800

Start-up costs are based on actual CBWG cost to date and anticipated cost through to June 30, 2011

Schedule F - Proposed Amendments to the NCOA Proclamation

PROPOSED RE-STRUCTURING OF THE NATIONAL AGENCY	
National Agency Proclamation	Amended National Agency Proclamation
Definitions	
"Agency" means the Canadian Beef Cattle Research, Market Development and Promotion Agency established by this Proclamation.	"Agency" means (to be determined)
<p>"provincial cattle association" means, in respect of the Province of</p> <ul style="list-style-type: none"> a) Ontario, the Ontario Cattlemen's Association; b) Quebec, the Federation des producteurs de bovins du Quebec; c) Nova Scotia, the Nova Scotia Cattle Producers; d) New Brunswick, the New Brunswick Cattle Producers; e) Manitoba, The Manitoba Cattle Producers Association; f) British Columbia, the Cattle Industry Development Council; g) Prince Edward Island, the Prince Edward Island Cattlemen's Association Inc.; h) Saskatchewan, the Minister of Agriculture, Food and Rural Revitalization or such other member of the Executive Council of Saskatchewan to whom the administration of The Cattle Marketing Deductions Act, 1998, S.S. 1998, c. C-3.1, is assigned; i) Alberta, the Alberta Beef Producers; and j) Newfoundland and Labrador, the Newfoundland and Labrador Cattlemen's Association. 	<p>"provincial cattle association" means, in respect of the Province of:</p> <ul style="list-style-type: none"> a) Ontario, the Ontario Cattlemen's Association; b) Quebec, the Federation des producteurs de bovins du Quebec; c) Nova Scotia, the Nova Scotia Cattle Producers; d) New Brunswick, the New Brunswick Cattle Producers; e) Manitoba, The Manitoba Cattle Producers Association; f) British Columbia, the Cattle Industry Development Council; g) Prince Edward Island, the Prince Edward Island Cattle Producers; h) Saskatchewan, the Saskatchewan Cattlemen's Association; i) Alberta, the Alberta Beef Producers; and j) Newfoundland and Labrador, the Newfoundland and Labrador Cattlemen's Association. <p>Note: The provincial cattle associations listed above are the "collectors" of the national check-off on the sale of beef cattle in intra and inter provincial trade.</p> <ul style="list-style-type: none"> (1) With respect to ABP, see section 2(2)(a)(iii) below for details with respect to membership on the Agency. (2) With respect to the Atlantic provinces, they are grouped together for the purposes of section 2(2)(a)(ii).

PROPOSED RE-STRUCTURING OF THE NATIONAL AGENCY	
National Agency Proclamation	Amended National Agency Proclamation
The Agency	
<p>2(1) The 16 members of the Agency are appointed as follows:</p> <ul style="list-style-type: none"> (a) the Canadian Cattlemen's Association shall appoint 14 members to the Agency to represent primary producers in Canada and of those 14 at least one active primary producer in Canada must be appointed from each province from a list of nominees submitted by each provincial cattle association; and (b) the Canadian Meat Council and the Canadian Association of Importers and Exporters Inc. shall each appoint one member to the Agency to represent importers. 	<p>2(1) In order to be nominated as a member of the Agency, the nominee must:</p> <ul style="list-style-type: none"> a) be an individual 18 years of age or older, with power under law to contract; b) be actively engaged in the beef cattle industry as a: <ul style="list-style-type: none"> (i) primary producer; (ii) processor; (iii) exporter; or (iv) importer. c) meet such other criteria as may be established by the Agency in its by-laws.
	<p>2(2) The Agency shall be comprised of a minimum of twelve (12) members and a maximum of sixteen (16) members as follows:</p> <ul style="list-style-type: none"> a) the Agency shall appoint eight (8) producer members to the Agency as follows: <ul style="list-style-type: none"> (i) one (1) active primary producer from each of the following provinces from a list of nominees submitted by each of their respective provincial cattle associations: <ul style="list-style-type: none"> (A) British Columbia (B) Alberta; (C) Saskatchewan; (D) Manitoba; (E) Ontario; and (F) Quebec. (ii) one (1) active primary producer from a list of nominees submitted jointly by the provincial cattle associations from the following Provinces: <ul style="list-style-type: none"> (A) New Brunswick;

PROPOSED RE-STRUCTURING OF THE NATIONAL AGENCY	
National Agency Proclamation	Amended National Agency Proclamation
	<p>(B) Newfoundland and Labrador;</p> <p>(C) Nova Scotia; and</p> <p>(D) Prince Edward Island.</p> <p>one (1) additional active primary producer from a list of nominees submitted by the provincial cattle association that contributed on average at least 40% of the Agency's national check-off revenue over the 36 months prior to the appointment provided that one of the two members appointed shall be from the feedlot sector;</p>
	<p>b) The Agency shall appoint up to four (4) industry members to the Agency as follows:</p> <p>(i) up to two (2) individuals from a list of nominees submitted by the Canadian Meat Council from those processors that slaughter more than 35% of the domestic cattle production;</p> <p>(ii) one (1) individual from a list of nominees submitted by the Canadian Meat Council on behalf of the veal processing industry;</p> <p>(iii) one (1) individual from a list of nominees representing importers submitted by the Canadian Association of Importers and Exporters Inc.; and.</p>
	<p>c) The Agency may, in accordance with its By-laws, appoint up to four (4) additional members, from a list of nominees provided by the Agency's Governance Committee.</p>
2(2) The members of the Agency must be appointed before its first meeting and, after that, before the first meeting after each annual meeting of the Agency.	2(3) <i>no change except section number</i>
2(3) Despite subsection (2), if a member dies or resigns, the association or council that appointed the member shall appoint a new member, and if the member who died or resigned was a primary producer in Canada appointed from a list of nominees from a provincial cattle association, the new member must be an active	2(4) Where a member of the Agency ceases to hold office before the expiry of that member's term of office, the Agency shall appoint an individual as a member, in accordance with subsection 2 (2), to serve for the unexpired portion of that term of office.

PROPOSED RE-STRUCTURING OF THE NATIONAL AGENCY	
National Agency Proclamation	Amended National Agency Proclamation
primary producer in Canada appointed from a list of nominees from that association.	
3 The term of a member of the Agency expires at the end of the annual meeting of the Agency following the member's appointment.	3 A member of the Agency holds office for a two year term commencing at the close of the first annual meeting held following the appointment.
4. If a member is absent or unable to act, the association or council that appointed the member may appoint a temporary substitute member to act during the period that the member is absent or unable to act, and if the member who is absent or unable to act is a primary producer in Canada appointed from a list of nominees from a provincial cattle association, the temporary substitute member must be an active primary producer in Canada appointed from a list of nominees from that association.	This section will be deleted
5. Each member and temporary substitute member of the Agency must be a resident of Canada.	5. Each member of the Agency who is a primary producer must be a resident of Canada.
6(1) The members of the Agency shall, at their first meeting and, after that, at the first meeting after each annual meeting of the Agency, elect from among themselves a chairman and a vice-chairman.	6(1) The members of the Agency shall, at their first meeting and, after that, at the first meeting after each annual meeting of the Agency, elect from among themselves a Chair, a Vice Chair, Finance Chair and Governance Chair
6(2) If the chairman and vice-chairman resign their office or cease to be members of the Agency, or if one resigns and the other ceases to be a member, the members of the Agency shall, at their next meeting, elect from among themselves a new chairman and vice-chairman.	6(2) If the Chair, Vice Chair, Finance Chair or Governance Chair resign their office or cease to be members of the Agency, or if one resigns and the other ceases to be a member, the members of the Agency shall, at their next meeting, elect from among themselves a Chair, Vice Chair, Finance Chair or Governance Chair.
6(3) The chairman must be a primary producer in Canada.	6(3) The Chair must be a primary producer in Canada.
7. The head office of the Agency is to be situated in the City of Calgary, in the Province of Alberta.	7. No change.

Schedule G - Societies Act and Business Corporations Act - Dissolution

SOCIETIES ACT

Dissolution

Dissolution

33(1) In this section, “society” includes a society or club that is incorporated by a private Act of the Legislature and that has for its object the provision of facilities for the social intercourse and recreation of its members.

(2) On sufficient cause being shown to the Registrar, the Registrar may issue to the Lieutenant Governor in Council a certificate under the Registrar’s seal of office declaring that the Registrar is satisfied that the incorporation of a society should be revoked and cancelled.

(3) On receipt of the certificate, the Lieutenant Governor in Council may

- (a) revoke and cancel the incorporation of the society, and
- (b) declare the society to be dissolved on any conditions and subject to any provisions that the Lieutenant Governor in Council considers proper.

(4) A person who, alone or in association with others, carries on or attempts to carry on the affairs of a society the incorporation of which has been revoked and cancelled and that has been declared to be dissolved is guilty of an offence and liable to a fine not exceeding \$500.

(5) On the revocation of the incorporation of a society, or on its disorganization, the Lieutenant Governor in Council may appoint a liquidator or liquidators to wind up the affairs of the society.

(6) The liquidator or liquidators appointed under subsection (5) may exercise all the powers conferred by incorporation on the society or on the directors or on any other official of the society, for the purpose of selling or otherwise disposing of the assets of the society and distributing the proceeds among the persons by law entitled to them.

Surrender of certificate of incorporation

34(1) A society may, by special resolution, surrender its certificate of incorporation.

(2) If satisfied that sufficient notice of the society’s intention to surrender its certificate of incorporation has been given and that no debts or liabilities of the society are outstanding, the Registrar may accept the surrender of the certificate and cancel it, and fix a date from which the society shall be dissolved.

Winding up

35(1) Part 17 of the *Business Corporations Act* applies to a society under this Act as if it were a corporation.

(2) Notwithstanding subsection (1), for the purposes of this Act

- (a) the period referred to in section 213(1)(c) of the *Business Corporations Act* shall be 2 years, and
- (b) the notice under section 213(2)(a) of the *Business Corporations Act* is not required to be given to the directors.

BUSINESS CORPORATIONS ACT

Part 17 Liquidation and Dissolution

Definition

206.1 In this Part, “interested person” means

- (a) a shareholder, a director, an officer, an employee and a creditor of a dissolved corporation,
- (b) a person who has a contractual relationship with a dissolved corporation,
- (c) a trustee in bankruptcy for a dissolved corporation, or
- (d) a person designated as an interested person by an order of the Court.

Staying proceedings

207 Any proceedings taken under this Part to dissolve or to liquidate and dissolve a corporation shall be stayed if the corporation is at any time found to be insolvent within the meaning of the *Bankruptcy and Insolvency Act* (Canada).

...

Voluntary liquidation and dissolution

212(1) The directors may propose, or a shareholder who is entitled to vote at an annual meeting of shareholders may, in accordance with section 136, make a proposal for the voluntary liquidation and dissolution of a corporation.

(2) Notice of any meeting of shareholders at which voluntary liquidation and dissolution is to be proposed shall set out the terms of the liquidation and dissolution.

(3) A corporation may liquidate and dissolve by special resolution of the shareholders or, if the corporation has issued more than one class of shares, by special resolution of the holders of each class whether or not they are otherwise entitled to vote.

(4) A statement of intent to dissolve in prescribed form must be sent to the Registrar.

(5) On receipt of a statement of intent to dissolve, the Registrar shall issue a certificate of intent to dissolve in accordance with section 267.

(6) On issue of a certificate of intent to dissolve, the corporation shall cease to carry on business except to the extent necessary for the liquidation, but its corporate existence continues until the Registrar issues a certificate of dissolution.

(7) After issue of a certificate of intent to dissolve, the corporation shall

- (a) immediately cause notice of the issue of the certificate to be sent or delivered to each known creditor of the corporation,
- (b) forthwith publish notice of the issue of the certificate
 - (i) in the Registrar’s periodical or The Alberta Gazette, and
 - (ii) once in a newspaper published or distributed in the place where the corporation has its registered office,

and take reasonable steps to give notice of the issue of the certificate in every jurisdiction where the corporation was carrying on business at the time it sent the statement of intent to dissolve to the Registrar,

- (c) proceed to collect its property, to dispose of properties that are not to be distributed in kind to its shareholders, to discharge all its obligations and to do all other acts required to liquidate its business, and
- (d) after giving the notice required under clauses (a) and (b) and adequately providing for the payment or discharge of all its obligations, distribute its remaining property, either in money or in kind, among its shareholders according to their respective rights.

(8) The Registrar or any interested person may, at any time during the liquidation of a corporation, apply to the Court for an order that the liquidation be continued under the supervision of the Court as provided in this Part, and on the application the Court may so order and make any further order it thinks fit.

(9) An applicant under this section shall give the Registrar notice of the application, and the Registrar is entitled to appear and be heard in person or by counsel.

(10) At any time after the issue of a certificate of intent to dissolve and before the issue of a certificate of dissolution, a certificate of intent to dissolve may be revoked

- (a) by sending to the Registrar a statement of revocation of intent to dissolve in the prescribed form and approved in the same manner as the resolution under subsection (3), and
- (b) by publishing the statement in the Registrar's periodical or The Alberta Gazette.

(11) On receipt of a statement of revocation of intent to dissolve, the Registrar shall issue a certificate of revocation of intent to dissolve in accordance with section 267.

(12) On the date shown in the certificate of revocation of intent to dissolve, the revocation is effective and the corporation may continue to carry on its business or businesses.

(13) If a certificate of intent to dissolve has not been revoked and the corporation has complied with subsection (7), the corporation shall prepare articles of dissolution in the prescribed form and send them to the Registrar.

(14) If a certificate of intent to dissolve has not been revoked and the corporation has complied with subsection (7)(a) and (b) but is unable to comply with subsection (7)(c) and (d) because it has no assets with which to provide for the payment or discharge of its remaining obligations, the corporation may prepare articles of dissolution in the prescribed form and send them to the Registrar, together with a statutory declaration of a director of the corporation that establishes to the satisfaction of the Registrar

- (a) that the corporation has no assets, and
- (b) that, during the 13 months preceding the date of the statutory declaration, the corporation has not
 - (i) distributed any of its property to its shareholders by dividend or otherwise, or
 - (ii) conferred a benefit on any of the directors by way of remuneration or bonuses or other special payments that is in excess of an amount that fairly represents reasonable remuneration for services performed for the corporation by the director.

(15) On receipt of articles of dissolution under subsection (13) or articles of dissolution and the statutory declaration under subsection (14), the Registrar shall issue a certificate of dissolution in accordance with section 267.

(16) The corporation ceases to exist on the date shown in the certificate of dissolution.

Application for court supervision

216(1) An application to the Court to supervise a voluntary liquidation and dissolution under section 212(8) shall state the reasons, verified by an affidavit of the applicant, why the Court should supervise the liquidation and dissolution.

(2) If the Court makes an order applied for under section 212(8), the liquidation and dissolution of the corporation shall continue under the supervision of the Court in accordance with this Act.

Powers of the Court

218 In connection with the dissolution or the liquidation and dissolution of a corporation, the Court may make any order it thinks fit including, without limiting the generality of the foregoing, any one or more of the following:

- (a) an order to liquidate;
- (b) an order appointing a liquidator, with or without security, fixing a liquidator's remuneration or replacing a liquidator;
- (c) an order appointing inspectors or referees, specifying their powers, fixing their remuneration or replacing inspectors or referees;
- (d) an order determining the notice to be given to any interested person, or dispensing with notice to any person;
- (e) an order determining the validity of any claims made against the corporation;
- (f) an order at any stage of the proceedings, restraining the directors and officers from
 - (i) exercising any of their powers, or
 - (ii) collecting or receiving any debt or other property of the corporation, or from paying out or transferring any property of the corporation, except as permitted by the Court;
- (g) an order determining and enforcing the duty or liability of any director, officer or shareholder
 - (i) to the corporation, or
 - (ii) for an obligation of the corporation;
- (h) an order approving the payment, satisfaction or compromise of claims against the corporation and the retention of assets for that purpose, and determining the adequacy of provisions for the payment or discharge of obligations of the corporation, whether liquidated, unliquidated, future or contingent;
- (i) an order disposing of or destroying the documents and records of the corporation;

- (j) on the application of a creditor, the inspectors or the liquidator, an order giving directions on any matter arising in the liquidation;
- (k) after notice has been given to all interested parties, an order relieving a liquidator from any omission or default on any terms the Court thinks fit or confirming any act of the liquidator;
- (l) subject to section 224, an order approving any proposed interim or final distribution to shareholders in money or in property;
- (m) an order disposing of any property belonging to creditors or shareholders who cannot be found;
- (n) on the application of any director, officer, security holder, creditor or the liquidator,
 - (i) an order staying the liquidation on any terms and conditions the Court thinks fit,
 - (ii) an order continuing or discontinuing the liquidation proceedings, or
 - (iii) an order to the liquidator to restore to the corporation all its remaining property;
- (o) after the liquidator has rendered the liquidator's final account to the Court, an order dissolving the corporation.

Commencement of liquidation

219 If the Court makes an order for the liquidation of a corporation, the liquidation commences when the order is made.

Effect of liquidation order

220(1) If the Court makes an order for the liquidation of a corporation,

- (a) the corporation continues in existence but shall cease to carry on business, except the business that is, in the opinion of the liquidator, required for an orderly liquidation, and
- (b) the powers of the directors and shareholders cease and vest in the liquidator, except as specifically authorized by the Court.

(2) The liquidator may delegate any of the powers vested in the liquidator by subsection (1)(b) to the directors or shareholders.

Appointment of liquidator

221(1) When making an order for the liquidation of a corporation or at any later time, the Court may appoint any person, including a director, an officer or a shareholder of the corporation or any other body corporate, as liquidator of the corporation.

(2) If an order for the liquidation of a corporation has been made and the office of liquidator is or becomes vacant, the property of the corporation is under the control of the Court until the office of liquidator is filled.

Duties of liquidator

222(1) A liquidator shall

- (a) forthwith after the liquidator's appointment give notice of the liquidator's appointment to the Registrar and to each claimant and creditor known to the liquidator,

- (b) forthwith publish notice in the Registrar's periodical or The Alberta Gazette and once a week for 2 consecutive weeks in a newspaper published or distributed in the place where the corporation has its registered office and take reasonable steps to give notice in each province and territory in Canada where the corporation carries on business, stating the fact of the liquidator's appointment and requiring any person
 - (i) indebted to the corporation, to provide a statement of account respecting the indebtedness and to pay to the liquidator at the time and place specified any amount owing,
 - (ii) possessing property of the corporation, to deliver it to the liquidator at the time and place specified, and
 - (iii) having a claim against the corporation, whether liquidated, unliquidated, future or contingent, to present particulars of the claim in writing to the liquidator not later than 2 months after the first publication of the notice,
 - (c) take into the liquidator's custody and control the property of the corporation,
 - (d) open and maintain a trust account for the money of the corporation,
 - (e) keep accounts of the money of the corporation received and paid out by the liquidator,
 - (f) maintain separate lists of the shareholders, creditors and other persons having claims against the corporation,
 - (g) if at any time the liquidator determines that the corporation is unable to pay or adequately provide for the discharge of its obligations, apply to the Court for directions,
 - (h) deliver to the Court and to the Registrar, at least once in every 12-month period after the liquidator's appointment or more often as the Court may require, financial statements of the corporation in the form required by section 155 or in any other form the liquidator thinks proper or as the Court may require, and
 - (i) after the liquidator's final accounts are approved by the Court, distribute any remaining property of the corporation among the shareholders according to their respective rights.
- (2)** A liquidator is not liable if the liquidator exercises the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, including reliance in good faith on
- (a) financial statements of the corporation represented to the liquidator by an officer of the corporation or in a written report of the auditor of the corporation to reflect fairly the financial condition of the corporation, or
 - (b) a report of a person whose profession lends credibility to a statement made by the professional person.

Powers of liquidator

223(1) A liquidator may

- (a) retain lawyers, accountants, engineers, appraisers and other professional advisors,
- (b) bring, defend or take part in any civil, criminal or administrative action or proceeding in the name and on behalf of the corporation,

- (c) carry on the business of the corporation as required for an orderly liquidation,
- (d) sell property of the corporation publicly or privately,
- (e) do all acts and execute any documents in the name and on behalf of the corporation,
- (f) borrow money on the security of the property of the corporation,
- (g) settle or compromise any claims by or against the corporation, and
- (h) do all other things for the liquidation of the corporation and distribution of its property.

(2) A liquidator is not liable if the liquidator relies in good faith on

- (a) financial statements of the corporation represented to the liquidator by an officer of the corporation or in a written report of the auditor of the corporation to reflect fairly the financial condition of the corporation, or
- (b) an opinion, a report or a statement of a lawyer, accountant, engineer, appraiser or other professional advisor retained by the liquidator.

(3) If a liquidator has reason to believe that any person has in the person's possession or under the person's control, or has concealed, withheld or misappropriated any property of the corporation, the liquidator may apply to the Court for an order requiring that person to appear before the Court at the time and place designated in the order and to be examined.

(4) If the examination referred to in subsection (3) discloses that a person has in the person's possession or under the person's control or has concealed, withheld or misappropriated property of the corporation, the Court may order that person to restore it or pay compensation to the liquidator.

Final accounts and discharge of liquidator

224(1) A liquidator shall pay the costs of liquidation out of the property of the corporation and shall pay or make adequate provision for all claims against the corporation.

(2) Within one year after the liquidator's appointment, and after paying or making adequate provision for all claims against the corporation, the liquidator shall apply to the Court

- (a) for approval of the liquidator's final accounts and for an order permitting the liquidator to distribute in money or in kind the remaining property of the corporation to its shareholders according to their respective rights, or
- (b) for an extension of time, setting out the reasons for the extension.

(3) If a liquidator fails to make the application required by subsection (2), a shareholder or creditor of the corporation may apply to the Court for an order for the liquidator to show cause why a final accounting and distribution should not be made.

(4) A liquidator shall give notice of the liquidator's intention to make an application under subsection (2) to the Registrar, each inspector appointed under section 218, each shareholder, each creditor known to the liquidator and any person who provided a security or fidelity bond for the liquidator.

(5) If the Court approves the final accounts rendered by a liquidator, the Court shall make an order

- (a) directing the Registrar to issue a certificate of dissolution,

- (b) directing the custody or disposal of the documents and records of the corporation, and
 - (c) subject to subsection (6), discharging the liquidator.
- (6) The liquidator shall forthwith send or deliver a certified copy of the order referred to in subsection (5) to the Registrar.
- (7) On receipt of the order referred to in subsection (5), the Registrar shall issue a certificate of dissolution in accordance with section 267.
- (8) The corporation ceases to exist on the date shown in the certificate of dissolution.

...

Custody of records after dissolution

226(1) A person who has been granted custody of the documents and records of a dissolved corporation remains liable to produce those documents and records for 6 years following the date of its dissolution or until the expiry of any shorter period that may be ordered under section 224(5).

(2) A person who, without reasonable cause, contravenes subsection (1) is guilty of an offence and liable to a fine of not more than \$5000 or to imprisonment for a term of not more than 6 months or to both.

Continuation of actions after dissolution

227(1) In this section, “shareholder” includes the legal representatives of a shareholder.

(2) Subject to section 15.7, notwithstanding the dissolution of a body corporate under this Act,

- (a) a civil, criminal or administrative action or proceeding commenced by or against the body corporate before its dissolution may be continued as if the body corporate had not been dissolved,
- (b) a civil, criminal or administrative action or proceeding may be brought against the body corporate within 2 years after its dissolution as if the body corporate had not been dissolved, and
- (c) any property that would have been available to satisfy any judgment or order if the body corporate had not been dissolved remains available for that purpose.

(3) Service of a document on a corporation after its dissolution may be effected by serving the document on a person shown in the last notice filed under section 106 or 113.

(4) Notwithstanding the dissolution of a body corporate under this Act, a shareholder to whom any of its property has been distributed in the liquidation is liable to any person claiming under subsection (2) to the extent of the amount received by that shareholder on the distribution, and an action to enforce that liability may be brought within 2 years after the date of the dissolution of the body corporate.

(5) The Court may order an action referred to in subsection (4) to be brought against the persons who were shareholders as a class, subject to any conditions the Court thinks fit and, if the plaintiff establishes the plaintiff’s claim, the Court may refer the proceedings to a referee or other officer of the Court who may

- (a) add as a party to the proceedings before the referee or other officer each person who was a shareholder found by the plaintiff,

- (b) determine, subject to subsection (4), the amount that each person who was a shareholder shall contribute toward satisfaction of the plaintiff's claim, and
- (c) direct payment of the amounts so determined.

Unknown claimants

228(1) On the dissolution of a body corporate under this Act, the portion of the property distributable to a creditor or shareholder who cannot be found must be converted into money and paid to the Minister responsible for the *Unclaimed Personal Property and Vested Property Act*.

(2) A payment under subsection (1) is deemed to be in satisfaction of a debt or claim of the creditor or shareholder.

(3) A person who asserts an entitlement to any money paid to the Minister responsible for the *Unclaimed Personal Property and Vested Property Act* must submit a claim in accordance with that Act.

Property not disposed of

229(1) Subject to sections 227(2) and 228, property of a body corporate that has not been disposed of at the date of its dissolution under this Act vests in the Crown in right of Alberta.

(2) If a body corporate is revived as a corporation under section 208 or 210,

- (a) any property of the body corporate that has not been paid, transferred or delivered to the Minister responsible for the *Unclaimed Personal Property and Vested Property Act* remains the property of the corporation, and
- (b) the corporation may make a claim for any of the body corporate's property that has been paid, transferred or delivered to the Minister responsible for the *Unclaimed Personal Property and Vested Property Act* in accordance with that Act.

Sections referred to above

Shareholder proposals

136(1) A registered holder of shares entitled to vote at an annual meeting of shareholders, or a beneficial owner of shares, may

- (a) submit to the corporation notice of any matter related to the business or affairs of the corporation that the registered holder or beneficial owner of shares proposes to raise at the meeting, referred to in this section as a "proposal", and
- (b) discuss at the meeting any matter in respect of which the registered holder or beneficial owner of shares would have been entitled to submit a proposal.

(1.1) To be eligible to make a proposal a person must

- (a) be a registered holder or beneficial owner of the prescribed number of shares for the prescribed period,
- (b) have the prescribed level of support of other registered holders or beneficial owners of shares,
- (c) provide to the corporation his or her name and address and the names and addresses of those registered holders or beneficial owners of shares who support the proposal, and

- (d) continue to hold or own the prescribed number of shares up to and including the day of the meeting at which the proposal is to be made.
- (1.2)** The information provided under subsection (1.1)(c) does not form part of the proposal or the supporting statement referred to in subsection (3) and is not included for the purposes of the maximum word limit set out in subsection (3).
- (2)** A corporation that solicits proxies shall set out the proposal in the management proxy circular required by section 150 or attach the proposal to it.
- (3)** If so requested by the registered holder or beneficial owner of shares, the corporation shall include in the management proxy circular or attach to it a statement by the registered holder or beneficial owner of shares of not more than 200 words in support of the proposal, and the name and address of the registered holder or beneficial owner of shares.
- (4)** A proposal may include nominations for the election of directors if the proposal is signed by one or more registered holders of shares representing in the aggregate not less than 5% of the shares or 5% of the shares of a class of shares of the corporation entitled to vote at the meeting to which the proposal is to be presented, or by beneficial owners of shares representing in the aggregate the same percentage of shares, but this subsection does not preclude nominations made at a meeting of shareholders.
- (5)** A corporation is not required to comply with subsections (2) and (3) if
- (a) the proposal is not submitted to the corporation at least 90 days before the anniversary date of the previous annual meeting of shareholders,
 - (b) it clearly appears that the proposal has been submitted by the registered holder or beneficial owner of shares primarily for the purpose of enforcing a personal claim or redressing a personal grievance against the corporation, its directors, officers or security holders or any of them, or primarily for the purpose of promoting general economic, political, racial, religious, social or similar causes,
 - (c) the corporation, at the request of the registered holder or beneficial owner of shares, included a proposal in a management proxy circular relating to a meeting of shareholders held within 2 years preceding the receipt of the request, and the registered holder or beneficial owner of shares failed to present the proposal, in person or by proxy, at the meeting,
 - (d) substantially the same proposal was submitted to registered holders or beneficial owners of shares in a management proxy circular or a dissident's proxy circular relating to a meeting of shareholders held within 2 years preceding the receipt of the request of the registered holder or beneficial owner of shares and the proposal was defeated, or
 - (e) the rights being conferred by this section are being abused to secure publicity.
- (6)** No corporation or person acting on its behalf incurs any liability by reason only of circulating a proposal or statement in compliance with this section.
- (7)** If a corporation refuses to include a proposal in a management proxy circular, the corporation shall, within 10 days after receiving the proposal, notify the registered holder or beneficial owner of shares submitting the proposal of its intention to omit the proposal from the management proxy circular and send to the registered holder or beneficial owner of shares a statement of the reasons for the refusal.
- (8)** On the application of a registered holder or beneficial owner of shares claiming to be aggrieved by a corporation's refusal under subsection (7), the Court may restrain the holding of the meeting to which the proposal is sought to be presented and make any further order it thinks fit.

(9) The corporation or any person claiming to be aggrieved by a proposal may apply to the Court for an order permitting the corporation to omit the proposal from the management proxy circular, and the Court may, if it is satisfied that subsection (5) applies, make any order it thinks fit.

Issuing of certificates by Registrar

267(1) In this section, “statement” means a statement of intent to dissolve and a statement of revocation of intent to dissolve referred to in section 212.

(2) When this Act requires articles or a statement relating to a corporation to be sent to the Registrar, then, unless otherwise specifically provided,

- (a) the articles or statement shall be signed by a director or an officer of the corporation or, in the case of articles of incorporation, by an incorporator, and
- (b) on receiving articles or a statement that conforms to law, together with any other required documents and the prescribed fees, the Registrar shall
 - (i) endorse on the articles or statement the word “Filed” and the date of the filing,
 - (ii) issue the appropriate certificate and attach the articles or statement to the certificate,
 - (iii) enter the information from the certificate and attached articles or statement in the Registrar’s records, and
 - (iv) send to the corporation or its representative the certificate and attached articles or statement.

(3) A certificate referred to in subsection (2) issued by the Registrar may be dated as of the day the Registrar receives the articles, statement or Court order pursuant to which the certificate is issued or as of any later day specified by the Court or person who signed the articles or statement.

(4) A signature required on a certificate referred to in subsection (2) or section 268 may be printed or otherwise mechanically reproduced on the certificate.

(5) Notwithstanding subsection (3), a certificate of discontinuance may be dated as of the day a corporation is continued under the laws of another jurisdiction.

Schedule H - Programs and Services

Member Services Provided by CANADA BEEF in Comparison to Current Services by BIC and CBEF

I. BIC Current Services

A. Research and Intelligence

1. Consumer research
2. Market research and intelligence
3. Food safety research and intelligence
4. Beef cattle industry research and intelligence
5. Access to BIC Business Plan that includes background, goals, strategies, tactics and measures

B. Consumer Marketing Services

1. Brand management, nutrition, food safety and consumer culinary technical research and expertise
2. Recipe development assistance
3. Consumer education and promotion resources
4. "Make it Beef" consumer communication opportunities
5. Health professional education resources
6. Use of and linkage to BIC's consumer website
7. Consumer inquiry management support

C. Trade Marketing Services

1. "Canadian Beef Advantage" technical resources
2. Use of the Canadian Beef brand mark
3. Extensive Canadian beef marketing and merchandising expertise and technical support
4. Yield testing and profitability analysis for Canadian beef vs. competing beef products
5. Technical resources for processing, retail and foodservice sectors
6. Sales training programs and education resources
7. Product development expertise and technical support
8. Facilitate introduction of targeted customers to Canadian beef suppliers (U.S)
9. Collaborate with Canadian packers to optimize priority products by market
10. Use of and linkage to BIC's trade website
11. Participation in trade shows, seminars, customer training sessions and client desk side meetings
12. Host incoming customer VIP missions and participation in industry tours (U.S)
13. Industry inquiry management service
14. Demand building trade communications and liaison opportunities

D. Partner Market Development Program

1. Partner program funding and support for eligible initiatives (50% cost share)

E. Public Policy Services

1. Nutrition, food safety and trade policy monitoring and analysis

F. Communications Services

1. Issues management expertise and technical resources

2. Media monitoring and tracking
3. Media and public relations assistance
4. Crisis preparedness assistance including coordination of response plans
5. Market development updates and reports
6. Access to Calgary and Mississauga office facilities including meeting rooms

II. CBEF Current Services

- A.** Access to international offices in Japan, Korea, Taiwan, Hong Kong, China, and Mexico
- B.** Monthly competitive intelligence reports from Japan, Korea, Taiwan, China, and Mexico
- C.** Monthly pricing, investigation and product inspection reports from each international priority market
- D.** International statistics and Industry goals and strategies
- E.** Support to penetrate or access any export market outside of the United States including company specific corporate strategy development
- F.** Partner Market Development Program
- G.** Industry updates regarding BSE issues
- H.** Annual and semi annual general meetings including strategic planning session once per year
- I.** Beef inquiries and follow-up
- J.** Written newsletters as well as email information both domestic and international. International current event communication. Access and use of CBEF member's website.
- K.** VIP beef awareness missions – international trade missions to Canada
- L.** Participation in international food shows, technical seminars, food safety seminars, demand building and differentiation seminars, BSE seminars, promoting the "Canadian Beef Advantage"
- M.** Product development services, retail and foodservice promotions
- N.** Work with consulates, embassies, foreign governments and the Government of Canada on behalf of membership
- O.** Trade advocacy and trade policy, international market access issues and domestic protocol communication. Seek industry consensus and advocate policy issue adoption by all through government consultation and direct representation.
- P.** Market research studies – EU, Russia, GIRA meat study
- Q.** Promotional and technical material development (both international and Canada)
- R.** Individual member support of access issues, act as a liaison between members and CFIA. Provide regulatory support regarding incoming foreign technical missions with individual members.

III. CANADA BEEF Services

Services Provided by the New Organization		Reference to:	
		CBEF	BIC
A	Client access to international and domestic offices and staff	A	F6
B	Client access to business plans including background, goals, statistics, tactics, and measures. Attend general meetings and participate in strategic planning sessions. Collaborate with industry to determine priority products by market.	D,H	A5, C9
C	Partner Market Development Program	F	D1
D	International and domestic competitive intelligence reports and market updates including product inspections, yield testing and profitability analysis versus competitors. Access to market research studies (domestic and international e.g. GIRA).	B,C,P,G	C4,13,F5 A2
E	Promotional and technical material development and support including brand management in support and use of the CBA for all processing, retail, and foodservice	Q	C1,2,3,5, B1
F	Beef inquiries and follow-up. Product development support including retail and foodservice promotions.	I,M	C7,13
G	All trade and stakeholder communications (verbal, written, email) for both the domestic and international markets. Linkage to all industry websites.	J	C10,14
H	VIP awareness missions and participation in industry tours	K	C12
I	Participation in food shows, technical and food safety seminars, demand building and differentiation seminars, customer training sessions	L	C11
J	Support in accessing and selling Canadian beef to all markets including facilitating the introduction of targeted customers to suppliers. Help individual companies with strategic development, sales training programs and educational resources.	E	C6,C8
K	Maximize opportunities to work collaboratively with consulates, embassies, foreign governments and the various agencies of the federal and provincial governments on behalf of the industry for market facilitation efforts	N	
L	Individual member support of access issues, act as a liaison between members and CFIA. Provide regulatory support regarding incoming technical missions with individual members and provide domestic protocol communication of export requirements.	R,O	
M	Client access to Canadian consumer market research, communications, inquiries, education and promotion		A1,B1-7

N	Trade policy monitoring and analysis, market access intelligence gathering, identification of market access issues	O	E1
----------	--	---	----

Transfer of Services

It is recommended that the following services be transferred to other existing organizations that have comparable responsibilities or services. The transfers of these services have not been discussed with the recipient organizations and will be conducted only after the appropriate arrangements are in place. However they should occur within three months of the formation of CANADA BEEF.

IV. Client Services Moved to BCRC (Beef Cattle Research Council)

One individual will move from BIC to BCRC to cover the area of nutrition as this position is deemed more related to the research of the beef industry than marketing. The expenditures for this new position will have to be accounted for by moving the corresponding check-off dollars to the BCRC. Food safety initiatives should be handled by the existing staff within the BCRC, CCA and the CMC.

Services Provided by BCRC		Reference to:	
		CBEF	BIC
A	Client access to nutrition, food safety, and beef cattle industry research and intelligence		E1, A3,4

V. Client Services Moved to External Policy Organizations

It is recommended that the following client services functions become the responsibility of the existing policy organizations mainly the CCA, CMC and the NCFA. These functions should be integrated into existing staff responsibilities with no transfer of employees. The transfer of these services could occur immediately following the formation of CANADA BEEF.

Services Provided by External Policy Organizations		Reference to:	
		CBEF	BIC
A	Issues management expertise and media monitoring and tracking		F1,2
B	Media and public relations of beef industry policy and crisis issues		F3
C	Crisis preparedness and coordination of response plans		F4
D	Seek industry consensus of and development and advocacy of all trade and market access policy issues. Work directly with the industry and government representatives in adoption of these policies.	O	E1

Schedule I - Human Resource Policy

The CBWG recommends the following principles are adopted.

- To the greatest practical extent positions will be filled from within the current organizations
- Employees moving to the new organization will move at their current salaries. If the assigned pay level for the new position is below their current salary their pay will be frozen until it falls within the new salary range. If their current pay level is below the new salary range they will be moved into the new salary range.
- The new organization will assume the current year's holiday liability. Employees will be asked to have holiday entitlements beyond one year used up prior to the commencement of operations of the new organization.
- The benefits package of the new organization will be in aggregate no less beneficial than the current benefits programs.
- Employees who are not offered a position with the restructured NCOA "CANADA BEEF" will be compensated in accordance with the employment laws in place in the jurisdiction where they are employed. In addition they will be eligible for a minimum of an additional one month salary if they remain with the new organization until it commences operations.
- Affected employees will receive outplacement services as may be determined by their employer and approved by the Transition Team. The CBWG/Transition Team also suggests that methods be evaluated to assist affected employees in finding new employment.
- On the date that CANADA BEEF commences operations all of the employees of NCOA, BIC and CBEF being hired by the by CANADA BEEF will become employees of CANADA BEEF and be assigned years of service based on the length of their employment with BIC or CBEF respectively.

Schedule J - Summary of Recommendations

1. Create a single independent national beef cattle marketing, promotion and research organization by merging and integrating the assets, operations, liabilities and funding of the Canada Beef Export Federation, the Beef Information Centre and the Canadian Beef Cattle Research, Market Development and Promotion Agency. This single organization will be created by restructuring the Canadian Beef Cattle Research, Market Development and Promotion Agency which will then assume the responsibilities, programs and core functions of all three organizations. Research responsibilities will continue to be assigned to the Beef Cattle Research Council.
2. That all programs currently offered by CBEF and BIC be maintained. Companies apply for funding by submitting a proposal consistent with the process they would have used with either CBEF or BIC. There be no membership fees with funding open to all Canadian companies dealing with Canadian beef and veal and beef and veal products.
3. Initially the CCMDRC results report model be used to provide annual reports for the new CANADA BEEF organization. The evaluation framework should be regularly reviewed, incorporating new approaches or measurements that more effectively meet the needs of stakeholders.
4. Establish an International Beef Trade Policy Advisory Committee to gather intelligence on issues that affect beef, veal and related by-products (e.g. offal, tallow, meat and bone meal) market access and prepare policy recommendations for consideration by the industry policy generating organizations.
5. That GMAC be dissolved and CCMDRC retain the following responsibility:
 - The allocation of Legacy funds to the new CANADA BEEF organization, to the Canadian Beef Breeds Council and to fund the Alberta programs included in the terms of the Alberta agreement.

Schedule K - Canada Beef Working Group Member Endorsement

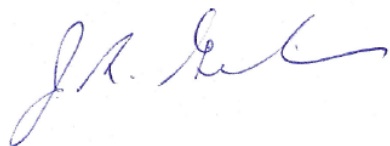
The undersigned, being members of the Canada Beef Working Group, are pleased to present their Report and Recommendations to CCA/BIC, CBEF and the NCOA and fully support the recommendations contained in this Report and the proposed plan to consolidate BIC, CBEF and NCOA into one national agency for domestic and international beef marketing and promotion.



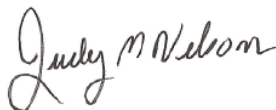
Brad Wildeman, Co-chair



Brian Ross, Co-chair



John Gillespie



Judy Nelson



John Newman



David Andrews



Chuck MacLean



Ben Thorlakson



Marlin Beever



Leighton Kolk



Dane Guignion



Brian Read



Rob Meijer