

Industry Governance Review: What we heard...Summary of Industry Consultations (Jan – April '07)



***Prepared by: Industry Governance Working Group
May 18, 2007***

NOTE: Each group received detailed notes from their individual consultation meeting: this document provides a high level synthesis of the input from all the groups

Overall purpose of the Alberta Agricultural Products Marketing Council (AAPMC) Industry Governance Review is:

1. Respond to needs and ideas expressed by industry (esp. Boards and Commissions).
2. Co-create with industry recommendations for improved performance for implementation by industry and government.
3. Translate the implications of these recommendations into clear strategies with concrete action steps.
4. Enhance the industry's ability to think and manage strategically.
5. Increase efficiency, effectiveness, collaboration and focus of efforts between the Boards and Commissions, industry, other stakeholders, Council and government.



The Industry Governance Working Group

Working Group

Marketing Council Members:

- Don Macyk (Council Chair)
- Kenton Ziegler
- Doris Ludlage

Marketing Council Staff:

- Jackson Gardner (GM)
- Clinton Dobson
- Mike Pearson
- Maryann Urbanowski
- Freda Molenkamp-Oudman (lead)

Agriculture & Food Staff:

- Bob Prather
- Martine Bolinger

Framework Partners Inc.:

- Donna Finley – process consultant

Operational Roles in Governance Review Process

- Listen to industry and work with industry to co-create recommendations for improvement
- Actively communicate and engage stakeholders
- Oversee the governance review process ensuring it is transparent, open, timely, action-oriented and confidential where appropriate

Source: AAPMC Industry Governance Review, Communications and Engagement Plan, March 2007.



The Industry Governance Group is a panel of industry experts with a broad perspective of the industry.

Industry Governance Group

Marketing Council Members:

- Kenton Ziegler (co-chair)
- Doris Ludlage (co-chair)

Industry Representatives:

- Darcy Fitzgerald
- Ellen Goddard
- Ron Axelson
- Doug Hooper
- Rick Istead
- Don Brookbank
- Mike Leslie
- Others - TBD

Facilitation

- Donna Finley – external process consultant
- Freda Molenkamp-Oudman

Operational Roles in Governance Review Process

- Provide advice on fostering a supportive, trusting and open environment with stakeholders
- Provide input from a broader industry-wide perspective
- Assist in co-creating recommendations for improvement

Source: AAPMC Industry Governance Review, Communications and Engagement Plan, March 2007.

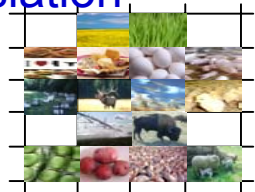


A successful industry governance review process will:

Intangible
Output

Aligned industry

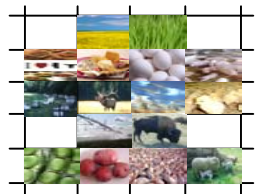
- Build a common fact base leading to shared understanding and informed decision making
- Include diverse views strengthening participatory consensus
- Evoke strongly held views as differences are exposed and alternatives discussed
- Broaden the industry's perspective of customer needs and determine how best to address those needs
- Develop commitment and buy-in across the value chain
- Build capacity and transfer skills across the industry
- Strengthen communication, cooperation, coordination and commitment
- Result in industry governance models and legislation that is based on industry input



Industry Governance Review - Background



Source: AAPMC Industry Governance Review



The process was designed to address key issues raised by stakeholders on November 16, 2006.

Industry Direction Setting Workshop

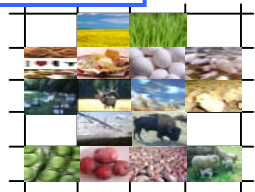
Discussion Questions

- *What are the key trends and issues that will drive significant change over the next 10 years?*
- *How does the agriculture industry (in Canada) need to respond to this changing environment?*
- *How do our agriculture marketing organizations need to change to be effective in this changing environment?*



Industry Key Themes for Industry Consultation

- Communication, cooperation and consolidation
- Value-added
- Government regulations and legislation
- Research and development
- Risk management
- Governance
- Service charges and levies



Following the November 16 stakeholder workshop, AAPMC committed to meet with each of the 20 Boards and Commissions...

January '07

- AB Sheep and Wool
- AB Barley
- AB Canola Producers
- Potato Growers of AB

February '07

- Bison Producers of AB
- AB Beekeepers
- AB Sugar Beet Growers
- AB Elk Producers
- AB Winter Wheat Producers
- AB Chicken Producers
- AB Turkey Producers
- AB Egg Producers
- AB Hatching Eggs Producers

March '07

- AB Milk
- AB Beef Producers
- AB Vegetable Growers (Processing)
- AB Soft Wheat Producers
- AB Pork Producers

April – May '07

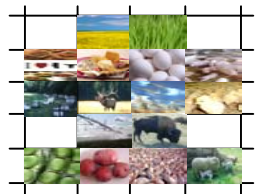
- AB Peace Region Forage Seed Growers
- AB Pulse Growers

...as well as other key stakeholder groups.

- Feed Grains
- Wild Rose Producers
- NRCB
- Producers

- Bio Products
- Youth (4 mtgs)
- R&D
- AF Executive

Source: AAPMC Industry Governance Review, Communications and Engagement Plan, March 2007.

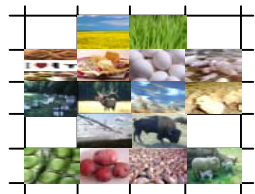


Several key questions guided this round of industry consultations.

Questions related to:

- Roles and responsibilities of organization(s)
- Responsiveness / adaptation
- Collaboration, partnerships and consolidation
- Industry governance needs specific to organization(s)
- Research and development
- Organization membership
- Funding/Revenue Generation

Source: AAPMC Industry Governance Review, Communications and Engagement Plan, March 2007.



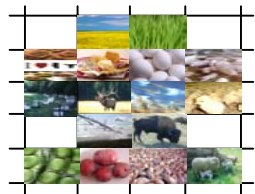
What we heard...Industry in 10 years (2017)

- “Bigger farms”, “Less farms”, “We will shrink as an industry”
- “Farming is a business...not just a lifestyle”
- “Industry is linked from gene to consumer”
- “Hope we’re still there – that we’ve survived”
- “Globally competitive – know who our customer is and who our competition is”
- “Significant opportunity for growth – nationally and internationally”
- “More diversified”
- “More viable...less reliant on government for ‘handouts’”
- “More competitive – especially through R&D”
- “More processors in the province”
- “Lots of opportunities – health, industrial, etc”
- “Responsive to the customer”



What we heard...Challenges/Opportunities

- “Regulatory framework – too rigid and restrictive”
- “Role of government (Provincial) not clear”
- “International competition – India, China, Brazil, Argentina to just name a few”
- “Negative perception of agriculture from the public” – “not connecting food and agriculture”
- “Need for interprovincial trade harmonization”
- “Transportation system is a mess – CN”
- “We can only do so much – too many things need to be looked after”
- “Bio-industrial offers a huge opportunity”... “need to survive the biofuels silliness”
- “Responding to the consumer – what do they want?”
- “How do we keep the rural economy alive?”
- “Need to increase the value of our products”



What we heard...global focus

Having a global focus is critical:

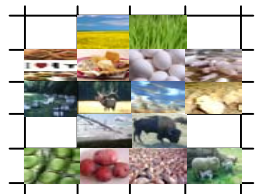
- ◆ “We are a national industry...not just an Alberta industry”
- ◆ “Need to enhance our global perspective and presence”
- ◆ “We know our competitors’ price point advantage”
- ◆ “We also need policy to expand domestic use of our product”
- ◆ “Accessing the European Union market is key to our success”
- ◆ “Need harmonization of regulations (including vaccines, pharmaceuticals, pesticides) across borders”
- ◆ “Include the industry when there are international trade missions”
- ◆ “Need to have membership in national and international organizations”
- ◆ “See tremendous value in working with international markets and companies”
- ◆ “Need better access to the global market”



What we heard...strategies to maximize resources

Most of the groups work very hard to maximize available resources:

- ◆ “Work with others where appropriate”
- ◆ “Creative advocacy”
- ◆ “Matchability of funding”
- ◆ “Be proactive – not just reactive”
- ◆ “Select strategies that are most effective”
- ◆ “Field days, annual meetings and farm tours are very important – get the word out there about the good things we are doing”
- ◆ “Limited resources are a big impediment to not being able to be more influential”
- ◆ “Have producer members on different committees – not just Board members”



What we heard...receiving input from membership

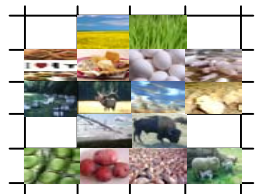
Receiving input from membership is critical:

- ◆ “Engage members in our (Board/Commission) planning processes”
- ◆ “Website, newsletters, field days, annual general meetings, farm tours”
- ◆ “We (Board/Commission) need more input from our members – how do we do a better job of this?”
- ◆ “Having a transparent organization is very important”
- ◆ “Need to engage the young people”
- ◆ “Need to keep the members informed”
- ◆ “Conduct a survey of our members every few years”



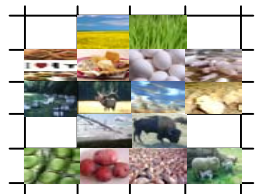
What we heard...leadership capacity

- “The pool of leaders is shrinking”
- “Hard to recruit new Board members each year”
- “Need to tap into the Youth pool”
- “For every other job you get training – why not for the job of being on a Board?”
- “Need to invite young producers to the Board to observe”
- “Need leadership courses”
- “Labor shortages make it difficult to dedicate time to the Board”
- “Need young people”
- “Having adjunct directors is a viable option”
- “Need a governance workshop for new entrants on the Board”



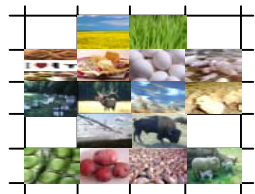
What we heard...provincial/national/international collaboration

- “Collaboration is key to our survival”
- “Need to be involved at the National level – our colleagues around the country”
- “Our group needs a National organization!”
- “Having a National voice would strengthen our industry and its influence”
- “Maybe need to set up a national or international Oilseeds Commission”
- “Need cross-commodity collaboration too”
- “Need to partner on common issues across the industry”
- “Need to be involved in trade missions”



What we heard...MAPA – building linkages and markets

- Overall, we heard that MAPA has not stood in the way of making this happen but at the same time, it has not been helpful.
- Was MAPA intended to enable building linkages and establishing markets?
- Perhaps legislation is not required to make this happen but MAPA can help to enable industry to do this better.



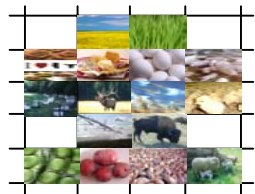
What we heard...MAPA – develop and implement policy

- Overall, we heard that MAPA has not stood in the way of making this happen but at the same time, it has not been particularly helpful to organizations in developing and implementing their policies.
- Was MAPA intended to enable the development and implementation of policy?
- Perhaps legislation is not required to make this happen but MAPA can help enable to do this better.



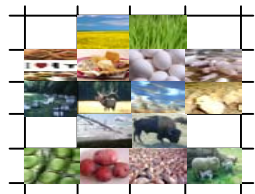
What we heard...MAPA – develop and enforce standards/regulations

- For those organizations to which this applies, MAPA has enabled this to happen and it has been relatively effective.
- Is there a role/opportunity/interest for the industry to be more self-regulated?



What we heard...MAPA – charging and collecting service charges

- For many of the Boards/Commissions, charging and collecting service charges is a significant challenge – but for others, there are no issues or limited issues.
- A number of producers do not comply even though they are legally required to and the Boards/Commissions have felt that they have little power to ‘force’ them to comply.
- Increased enforcement of the payment of service charges may be required.
- Some groups felt that having one body collect service charges would be very effective and may save significant resources (dollars and time). Some suggested that government might provide this role.



What we heard...refundability/non-refundability

- Many groups felt that members should determine whether fees are refundable or not.
 - ◆ Refundability is not an effective accountability mechanism, elections are
 - ◆ Refundability causes funding instability and is most often for economic reasons not for accountability
- Other views:
 - ◆ Several organizations proposed partial refundability as a compromise
 - ◆ May need a different policy for different levels of organizational/industry 'maturity'
- Varied views were offered about a single fee collection function:
 - ◆ No need for overarching group collecting fees
 - ◆ Value in having another body collecting fees.
 - ◆ A single collection function would work only if the government picked up the administration costs

The refund issue is a symptom of a broader governance issue:

Current governance model enables self-determination of refundability / non-refundability status but government intervention has modified this governance structure.



What we heard... Current version of MAPA working for next 10 years?

- Overall, most of the groups we spoke with said that MAPA generally works quite well.
 - ◆ “MAPA is a beautiful piece of legislation”
 - ◆ “We haven’t run into any barriers because of MAPA”
- In looking at whether or not changes are needed for the next 10 years, there was overall consensus that some changes are needed – some groups would like to see more changes than others.



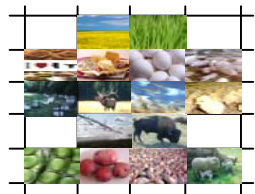
What we heard...names of MAPA and Marketing Council (MC)

The current names of MAPA and MC no longer seems to “fit”:

- ◆ The name for MAPA and Marketing Council are not reflective of what the Act or Marketing Council actually does.

Name suggestions:

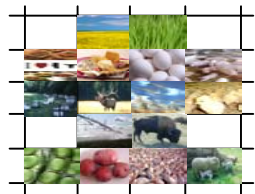
- ◆ Agriculture Association Act
- ◆ Agricultural Products Act (APA)
- ◆ Name should link to national organizations for consistency



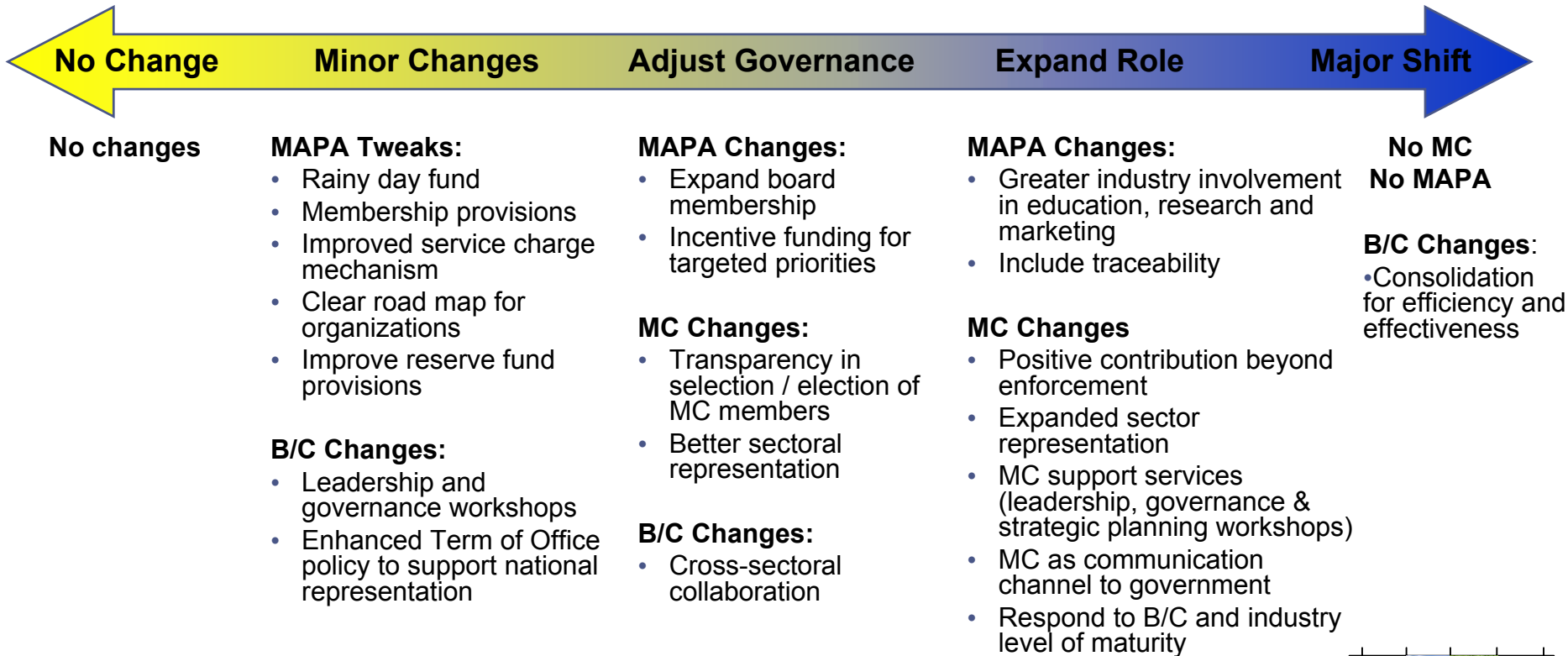
What we heard...role of Marketing Council (MC)

Marketing Council's role needs to change:

- ◆ “Marketing Council should only concern itself with making sure the Boards/Commissions live up to the regulations”
- ◆ “Be a liaison between government and the Boards/Commissions”
- ◆ “Help us deal with unhappy producers”
- ◆ “Provide facilitation, governance and education services”
- ◆ “Noses in...fingers out!”
- ◆ “Be a facilitator”
- ◆ “Should have the breadth and scope to help us with the issues that we face”
- ◆ “MC needs to focus...lots of old issues are still burning and new ones are coming”
- ◆ “Need to be enabling – but are you really? Need to be more proactive and work faster!”
- ◆ “You aren't the police anymore!”
- ◆ “Be there for us”



What we heard...Degree of Change Required

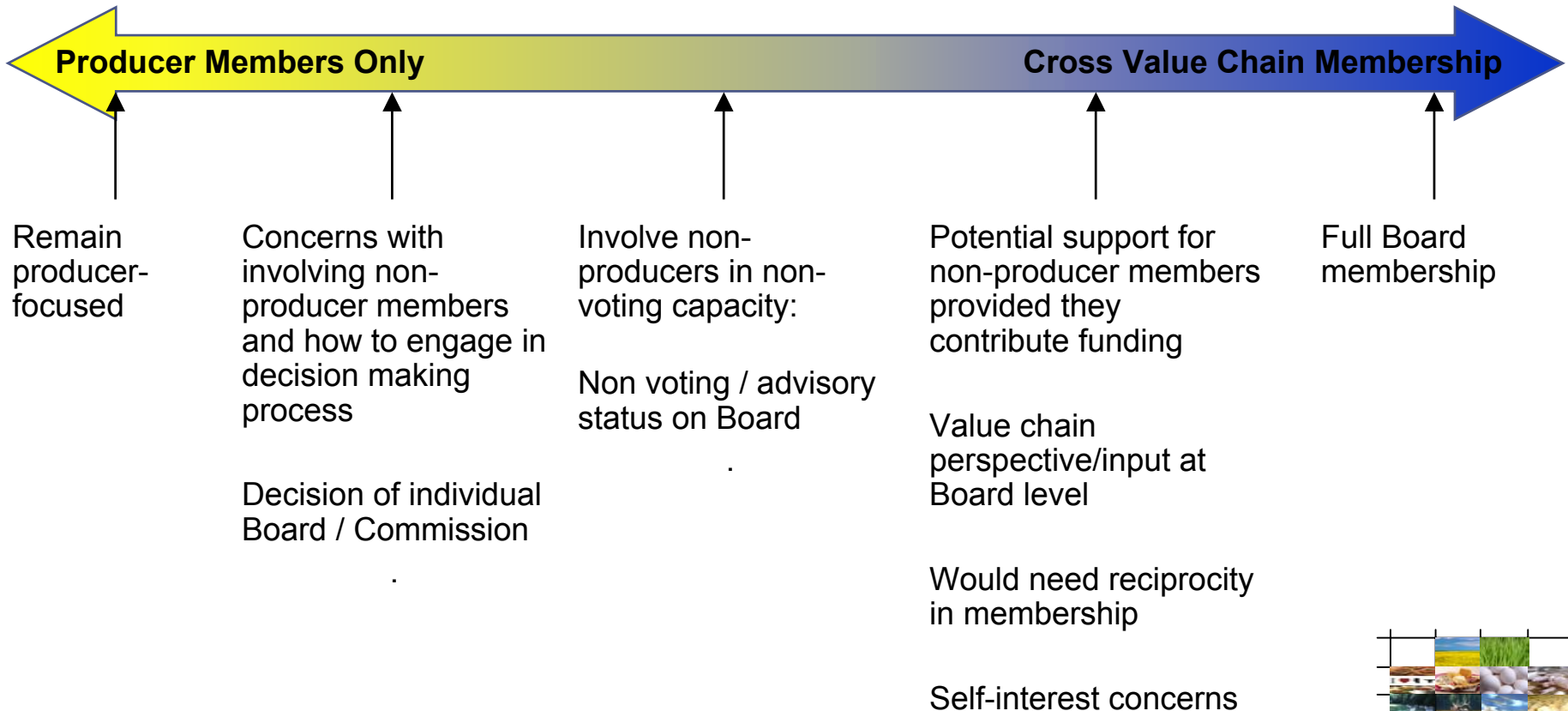


Source: AAPMC Industry Governance Review, Industry Consultations, January - April 2007



What we heard...Board/Commission Membership

A range of opinions was heard with no apparent consensus



Source: AAPMC Industry Governance Review, Industry Consultations, January - April 2007



What we heard...Terms of Office

- There was no consensus among the Boards and Commissions on the management of terms of office – who should determine this.
- Some would like to have the Boards/Commissions self-manage terms of office while others do not want to put that responsibility into the hands of the Boards/Commissions as it easily enables the creation of “the old boys club that stays for 25 years.”
- There was consensus on the need to increase the number of terms from 2 to 3 for those groups who have representatives on national organizations AND for those who wish to adopt this policy – not required by all!
NOTE: this policy change has been approved by Marketing Council (April 3, 2007)
- The length of term varies among each group – some have a 1 year term, others 2 years, and others 3 years.



What we heard... Overarching General Farm Organization

A range of opinions was heard with no apparent consensus:

- “We desperately need some mechanisms to have a united voice for our industry”
- “Need mechanisms to debate issues across commodity lines”
- “Need to enable the industry to succeed rather than create divisions in the industry”
- “Need a strong voice to address common issues and lobbying”
- “The Intensive Livestock Working Group is a great example of a model that works – need to build on models like that”
- “Need to build something like the UPA – Quebec model”
- “It is important but need to be very careful as to what issues they focus on”
- “Too easy to get focused on divisive issues”
- “Not realistic due to the many divisive issues”



All Boards and Commissions expressed strong support for R&D

Broad consensus that industry needs a stronger role in setting R&D priorities.

R&D Priorities

- ◆ Industry should help set overall direction / priorities and government should be more collaborative
 - Marketing Council could be a facilitator
 - Government voice in priority setting is welcomed
- ◆ Industry should focus on near term (1-2 year) applied research (production / application / value added / market and customer focused) while government and universities should focus on longer term basic research and serving the public interest (e.g. food safety)
- ◆ Also need market research about demand to support research investment priorities

R&D Funding

- ◆ Industry should fund with government leverage / support
- ◆ Industry Board of Director leadership and participation is KEY
- ◆ Need government to increase funding while respecting industry need to drive priorities where they are involved in funding
- ◆ A more stable, longer term approach with endowments / foundations is required
- ◆ Need value chain partners contributing to R&D with funds

Ideal R&D Structure

- ◆ Vision and plan is required to define and manage R&D priorities
- ◆ Current R&D efforts are unclear; more coordination, oversight and reporting required
- ◆ Need better transfer of R&D results to stakeholders

Intellectual Property

- ◆ Boards / Commissions should be able to hold IP and earn royalties; remove limits on research investment / ownership

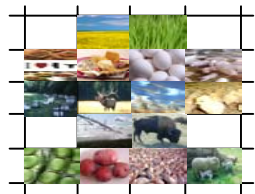


What we heard...Next Generation Producers (18 – 35 yrs)

Consulted with 40 “next generation producers” (youth)

- ◆ Edmonton – 10
- ◆ Vermillion – 11
- ◆ Olds – 12
- ◆ Lethbridge – 7

KEY MESSAGE: “Involve us more!”



Next Generation Producers (NGP) Feedback

- **General Key Messages**

- ◆ Succession planning is a big issue
- ◆ Money is the biggest barrier to NGP entering a career in agriculture
- ◆ There is a lack of awareness about opportunities in agriculture
- ◆ Transportation/Railways are a big issue
- ◆ Love farming because of the lifestyle – being your own boss
- ◆ The future of agriculture in Alberta will have fewer, bigger farms with specialized skill sets
- ◆ Our cheap food policy is a huge impediment – we don't value quality food
- ◆ Need an united voice for agriculture in Alberta/Canada
- ◆ Public education about agriculture is critical to improving the public's perception of agriculture



Next Generation Producers (NGP) Feedback

- **Key Messages re: Boards and Commissions**
 - ◆ Overall – limited understanding of the existence/roles of Boards and Commissions
 - ◆ Uncertain as to the usage of service charge
 - ◆ No to virtually no communication to/from the Boards and Commissions
 - ◆ Perceived to be ‘an old boys’ club’
 - ◆ Uncertain as to whether or not their input would be heard if they spoke up – one who was involved said that it does get better with time
 - ◆ Perceived lack of time to be on Boards and Commissions – seen as a huge time commitment
 - ◆ The producers who are involved are generally not representative of what most producers are like
 - ◆ Perception that the current structure is not working – the Boards and Commissions are not representing their membership



New Generation Producers (NGP) Feedback

- **Suggested Changes**

- ◆ Need help with ensuring effective farm transfers
- ◆ Need to increase level of education and awareness (K-12, post secondary) regarding agriculture and the opportunities in agriculture
- ◆ Need to have 1 or 2 spots on each Board/Commission dedicated for NGP
- ◆ Need to work with colleges/universities to create awareness of the opportunities to sit on Boards and Commissions
- ◆ Need to have a united voice of producers (includes NGP) in Alberta



Your Continued Input is Valued

“Thank you for your input to date and we look forward to continuing to work with you throughout the rest of this process”

- For further information, please do not hesitate to contact any of the following individuals:
 - ◆ Don Macyk, Board Chair - Marketing Council
 - (780) 427-2164
 - ◆ Jackson Gardner, General Manager - Marketing Council
 - (780) 422-1243 or Jackson.Gardner@gov.ab.ca
 - ◆ Freda Molenkamp-Oudman, Manager – Marketing Council
 - (780) 644-1507 or Freda.Molenkamp-Oudman@gov.ab.ca

