

**CANADIAN BEEF CHECK-OFF AGENCY**

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2019 Governance Committee Report

Committee Members: Larry Weatherby (Chair), Charles Dyer, Doug Sawyer, Chad Ross.

This year the Governance Committee's priorities were developing policies and procedures to facilitate the separation of the Agency and the Marketing Committee, responsible for the oversight of Canada Beef.

The change in structure to the Marketing Committee in 2018 resulted in additional policy and process development, and by-law amendments that helped guide us through the fiscal year. The Committee reviewed all policies to ensure consistent management and administration of nominations, elections, voting delegates and resolutions, and worked closely with the Marketing Committee to ensure they had the flexibility to operate while still ensuring governance oversight from the Agency.

A new training program was developed and delivered to clarify the roles and reporting structure of the Agency and its committees. This proved especially helpful for new Agency Members and for the elected Members at Large for the Marketing Committee. It was an effective training also for returning Agency Members to clarify their roles and responsibilities.

The Committee reviewed the reporting guidelines for service providers, which ensure that the programs and activities proposed in business plans are aligned with federal regulations, and that reports show benefits to the Canadian beef industry within those regulations. These guidelines included an internal import levy program eligibility document to ensure Agency Members can confidently review and approve the plans annually.

The Governance Committee continued to support hosting the AGM in conjunction with the Canadian Beef Industry Conference (CBIC). This decision was supported by AGM attendees, with over 80 per cent of those in attendance in 2018 indicating that they support the AGM being held in conjunction with CBIC. In taking direction from our stakeholders from last year's AGM, the Agency's annual report provides a more clear picture of the programs of the six provincial cattle associations to allocate funds to Provincial Investment.

Our stakeholders should see a more defined, transparent role for Agency Members going forward, with more focused objectives and a clear reporting structure.

Submitted,
Larry Weatherby
Governance Committee Chair



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2019 Finance Committee Report

Committee Members: Lonnie Lake (Chair), Kirk Jackson, Russ Mallard, Terry Wiebe

In 2018/19, the Finance Committee continued to develop strong financial policies and processes to ensure transparent separation of the Agency and Canada Beef through the Marketing Committee.

The Agency's restricted reserve held for emergency wind-down purposes was reviewed, and deemed to be of an appropriate value. Of the reserve, \$3 million in cash was moved to a restricted premium investment account, and \$1 million remains held as restricted net assets.

With the addition of a contract finance staff, the Agency was able to dedicate additional resources to administration and financial reporting. The Finance Committee is pleased with the reporting and level of separation between Agency and Marketing from a financial perspective, and are confident that the requests of stakeholders are being fulfilled. In addition, the audited financial statements include a detailed account of inter-company transfers from the Agency to marketing programs, and for the import levy.

A more robust collection process was implemented this year regarding the import levy. The Agency initiated new controls and protocols, as well as opening additional channels of communication for importers. The Committee also reviewed and implemented procedures relating to bad debts and de minimus values regarding import levy invoices and accounts.

The Agency was able to confirm the repayment of the \$150,000 operating loan from Canada Beef, along with the interest, shortly after the close of the fiscal year. The Agency operated below budget by \$324,994, and was able to operate successfully with the loaned funds. The Committee also recommended that the Agency have the ability to transfer up to \$100,000 from Canada Beef for operating capital for the 2019/20 year.

With eight of nine provinces officially working with an increased check-off through much of 2019, the Committee was focused on developing a well-rounded picture of cash-flow and budget projections for the 2019/20 year ahead. Refined financial reports and statements will continue to show a clear picture of separation between the Agency and the Marketing Committee.

I am pleased to report that cooperation and communication between the Agency and Marketing Committee is ongoing and positive. There have at times been steep learning curves and hurdles to navigate to ensure the clear and separate management of finances, but I am confident that our stakeholders will appreciate that we are moving efficiently in the right direction.

The Agency's auditors, KPMG, have provided this years audited financials presented in the Annual Report.

Submitted,
Lonnie Lake
Finance Committee Chair



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Marketing Committee Report

Committee Members: Mike Kennedy (Chair), Coral Manastersky (Vice Chair), Russ Mallard (Finance Chair), Becky Bevacqua Jack Chaffe, Alex Fontaine, David Francis, Mike Guest, Helen Langford, Hubert Lau, Jeff Smith

This past year has been a year of change for Canada Beef, the Canada Beef Market Development and Promotion (Marketing) Committee and the Canadian Beef Check-Off Agency as we have moved forward with our commitment to bring clear distinction between the governance, oversight and operation of the Agency and the marketing division.

Our Committee is responsible for oversight of Canada Beef business plan and budget, working with the President to ensure the business strategy is correct, oversee its implementation and evaluation of its results. The Committee has truly operated as the sole authority over Canada Beef this past year and has adopted updated by-laws to reflect this new structure. The Committee has primarily held its meetings in Toronto as it is the most central city to the bulk of Committee members.

As part of the new governance structure, the Committee has welcomed four new members-at-large elected at the 2018 AGM. These four members were elected under a separate process from the Agency Board members and bring additional skill sets and industry insights to the Committee. We welcomed Becky Bevacqua and Helen Langford from the food service sector, Mike Guest as an independent processor, and Hubert Lau as an entrepreneur in the information tracking and exchange sector.

To take advantage of the broad skill sets and experience on the Committee, three Committee/staff working groups were been created to facilitate strategic engagement between Committee members and staff in program planning and strategy. The three working groups are: a consumer beef marketing group, an international business development group, and a stakeholder engagement group that will address increased collaboration with national and regional partners.

This past year also saw a change at the senior staff level with the hiring of Michael Young as the new Canada Beef President in April. Michael brings broad experience in domestic and global business development, branding and strategic leadership. We are excited to have Michael on board and look forward to the changes he will bring as he pursues his vision for market programs and services that deliver value with sound metrics for the benefit of all cattle producers.

Earlier this year, Canada Beef signed an important funding agreement with the Federal Government that will help bring fiscal stability to the organization and allow Canada Beef to further leverage producer check-off investment in important export markets. The three year, \$5.3 million agreement under the Canadian Agricultural Partnership program extends from 2018 to 2021. It is a 50:50 cost match program worth approximately \$1.8 million annually. The agreement covers Canadian beef and veal market development programs primarily in international markets including Japan, China, South Korea, Taiwan, Southeast Asia, Mexico, Latin America, EU, and the Middle East.

It has been my pleasure to once again Chair the Canada Beef Market Development and Promotion Committee this past year. I am thankful for the support of Vice Chair Coral Manastersky, Finance Chair Russ Mallard and the rest of the Committee who have enthusiastically contributed to the strategic direction and overall success of Canada Beef.

Submitted,
Mike Kennedy
Chair, Marketing Committee