



| | |
|-----------------------|--|
| Date Approved | |
| President's Signature | |
| Reviewed On | |

Actively Engaged Policy

Policy Statement:

The purpose of this policy is to provide clear parameters around the definition and verification of the actively engaged status for quota administration that the ASBG Board and staff can use.

Policy:

The Alberta Sugar Beet Growers Marketing Board requires all growers to be actively engaged in the production of their quota. Actively engaged has been defined in the Marketing Board regulations (Sugar Beet Production and Marketing Regulations Section 2.b.1.1) and is summarized as follows;

- An individual or in the case of a corporation, a partnership, an unincorporated association, or a group of individuals carrying on an activity for a common purpose, of which the Controlling Person, participates on a regular, continuous, and substantial basis to a farming operation situated in Alberta through a combination of contributions related to capital, land, equipment, but must include direct and regular personal labor and direct and regular personal management and does not include an individual or Controlling person whose farming operation is that of a landlord.
- Furthermore, a Controlling Person is defined as;
 - When applied to a corporation, means the individual or individuals who own or control greater than 50% of the shares in the corporation;
 - When applied to a partnership, means the individual or individuals who own or control greater than 50% of the ownership interests of the partnership;
 - When applied to an unincorporated association, means the individual or individuals who comprise more than 50% of the membership;
 - When applied to a group of individuals carrying on an activity for a common purpose, means the individual or individuals who comprise more than 50% of the membership.

The ASBG Board understands that there are a variety of different business models and roles that a farmer can assume within operations which means there is variance in how a farmer manages his/her operations. It is acceptable for farmers to custom contract out their seeding, spraying, and harvesting as the financial risk is still on the quota holder. However, it must be a true custom contract situation where a bill is received by the farmer and payment is made to the custom contractor. It can not be a crop share arrangement. Businesses (corporations, investment firms, etc.) that own the land and only act as the landlord are not defined as actively engaged and would not be eligible for quota. (In cases like this, the quota could be transferred to the individual or business who rents the land and is actively engaged in the growing of the beet crop.)

To help ensure that growers are actively engaged, the board may from time to time ask for proof of active engagement from quota holders. When asked, each producer must provide the following information to the board for verification;

- Description of how the individual is responsible for managing or operating the day-to-day work of farming operations including but not limited to;
 - Describing the types of decisions, the individual makes daily for the farming operations
 - Proof of active personal labour and/or active personal management to the farming operation daily through:
 - Proof of wages, dividends, or corporate minutes,
 - Providing contact information for any employees, partners, or other shareholders for the board to follow up with that can verify the managing of day-to-day operations,
 - Proof of farmer status through the income tax act.
- Financial Statements and/or loan documents and/or crop insurance statements that provide financial risk is assumed by the quota holder.
- List of equipment used in the seeding and/or harvesting of the quota, or copy of an invoice for custom contracting the seeding/harvest of the quota.
- List of any additional addresses of residence outside of Alberta.

Growers who rent out or lease all their quota are not considered actively engaged and will have their quota cancelled by the board if they cannot provide proof of active engagement. There are currently no regulations that support 100% of quota being leased whether the license that the quota is attached to states historical rights or historical quota as those were discontinued in previous regulations. **All quota must be grown by actively engaged producers.**

Registered Producers will be asked to declare their status on an annual basis. Producers will be asked to verify their actively engaged status in the following circumstances:

- if reported through written communication from another registered producer,
- if a Board member is aware of a change in status
- if the producer identifies themselves during the annual status check as not being actively engaged.

If a producer's status is questioned, the Board will follow up with the grower and request information to verify active engagement. This will be done without prejudice and be confidential.

Procedure:

Annual Declaration of Status Procedure

1. Producers will be asked to sign a declaration of actively engaged on an annual basis as part of the Production Intention Forms.
2. The office will receive these forms and review them for any errors or omissions. If a grower has not signed the declaration, the producer will be contacted via electronic means and by phone to find out why the form has not been signed.
3. If the grower cannot declare themselves as actively engaged, the office will refer the producer to the Board of Directors.
4. The Board of Directors will review the growers file and decide whether to ask for verification of the growers actively engaged status.

Actively Engaged Verification Procedure

If the ASBG Board of Directors decides to ask for verification the following process will be implemented;

1. The grower will receive notice of the request via electronic means first and a request to acknowledge the receipt of the email. If no acknowledgement occurs within 5 business days, the notice will be sent via registered mail.
 - i. The notice will include a letter from the Board asking for additional information including the actively engaged form which will need to be completed and returned within 20 business days.
2. Upon receiving the information back from the producer, the ASBG Board of Directors will review the situation at the next regularly scheduled board meeting and render a decision on the grower's status.
 - i. If the grower has proved active engagement, a letter acknowledging and thanking them will be sent to the grower from the President of the ASBG Board.
 - ii. If the grower has not proved active engagement to the Boards satisfaction, a letter acknowledging the board's decision will be sent to the grower and request them to attend the next regularly scheduled ASBG Board meeting for further discussion.
3. The board will discuss with the grower at the Board meeting, the definition of active engagement and probe for further clarification. After this, the board will review all information provided and render a decision on the status of the grower.
 - i. If the grower has proved active engagement, a letter acknowledging and thanking them will be sent to the grower from the President of the ASBG Board.
 - ii. If the grower has not proved active engagement to the Boards satisfaction, a letter acknowledging the board's decision will be sent to the grower notifying them that their quota has been cancelled. They will also be informed about the appeal process by the office. (see appeal process policy for further information)
4. Upon the Board cancelling the quota, the office will follow the office procedures for cancelling quota which at minimum will include;
 - i. update all company records including software of the quota change
 - ii. notify the processor of the cancelled quota.