

Get Up and Running with a Manitoba Livestock Associations Loan Guarantee



Kristina Unruh, Clayton Unruh and daughter

Manitoba livestock producers are independent, but they're also open to co-operating with their neighbours so all may benefit. It was this spirit of collaboration that gave rise to Manitoba's livestock associations.

"We started in 1999," said Sherry Rozecki, President of the Association of Manitoba Feeder Co-operatives, an umbrella organization that represents the mutual interests of feeder and breeder associations in Manitoba.

With six feeder and two breeder associations now operating, Rozecki is optimistic about the growth of these associations in Manitoba.

"People who use the program continue using it over and over," she said.

The Manitoba Agricultural Services Corporation (MASC) proudly supports the efforts of livestock association members through the Manitoba Livestock Associations Loan Guarantee Program (MLALG). The program provides the participating lender with a guarantee that the funds will be repaid.

Associations borrow money from a participating lender, and then lend funds directly to their members to purchase livestock. The MLALG gives members the benefit of lower costs associated with more favorable financing terms than they would be able to access

individually. Members also benefit from reduced handling costs because of the association's higher sales volume.

Clayton Unruh, a member of the A-1 Cattle Co-Op since January 2017, understands the benefits of association membership.

"The feeder association fits in well, because it doesn't tie up all your collateral," said Unruh.

Unruh prefers financing directly through his association. As a beginning farmer with limited capital, he receives financing through the association that is more favourable than what he'd receive elsewhere.

"The association isn't focused on making a profit, it's more about supporting my success" – Clayton Unruh

"[Association members] deal directly with the association, not the lender, and they can borrow up to \$500,000 from their association, using the livestock they purchase as collateral," said Rozecki. The maximum lending limit for an individual association is \$8 million.

Members can finance 100 per cent of their purchases, with feeder associations requiring members to deposit five per cent in the association's assurance fund. Breeder associations require a 10 per cent deposit.

New members like Unruh soon find that livestock associations, by their nature, promote camaraderie and mentorship.

"They're a friendly fraternity. There's trust involved," said Rozecki. "You're dealing with people on common ground. Shared ownership means that members want each other to succeed."

"The association adds experience and safeguards into the process," said Unruh.

Unruh noted that he could rely on the mentorship of existing members, who have a vested interest in his success.

"I had help with buying cattle – a check [by more experienced members] to see if they were worth what I was paying," he said.

Unruh calls it an 'appreciating' loan.

"The animals gain value faster than costs occur, and as long as the market is good, you should make money."

When a member's feeder livestock mature, they can be sold for profit (minus what's owing on the association loan), but feeder association members can also roll heifers over to a breeder association. In this situation, the breeder association lends money to the producer to pay off the feeder association contract.

Livestock associations in Manitoba are small, but growing in size and number.

"If we get more awareness about this program, membership will only go up," said Rozecki.

For more information about Manitoba's feeder and breeder associations, visit the website for the Association of Manitoba Feeders Co-operatives at www.amfc.biz.

For more information about the Manitoba Livestock Associations Loan Guarantee Program, visit the MASC website at www.masc.mb.ca or contact MASC's Guarantee Program Specialist at 204-239-3244.

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