

Table Talk about Manitoba Livestock Associations

Recently, cattle ranchers Hugh Blair and daughter Kristine Tapley gathered around their family's kitchen table with Paul Gobin, Manitoba Agricultural Services Corporation's (MASC) Guarantee Program Specialist, and Rob Smith, Supervisor of the Green Tree Cattle Feeders Co-Op, for some insightful conversation about Manitoba livestock associations.

Manitoba's livestock associations give members the benefits of lower costs associated with financing and higher volume cattle transactions. Feeder associations cater to farmers raising feeder calves, while breeder associations serve producers replenishing or building their herds.

MASC introduced the Manitoba Livestock Associations Loan Guarantee Program in 1991. The program guarantees loans to Manitoba's livestock associations, which then lend money to members to buy cattle on the association's behalf. Cooperatives are also a valuable source of information, where new members can learn from the vast experience of other members, who are always willing to offer advice.

"It's a little hard to get your head around the idea [of cooperative financing]" – Hugh Blair

"It's a little hard to get your head around the idea [of cooperative financing]," said Blair, who grazes about 1,300 cattle in the Woodside/Langruth area. "Lots of young people out there don't know how it works."

"Livestock associations take advantage of high-volume transactions and financing," said Gobin. "The association retains ownership of livestock, but the net sales proceeds belong to the producer."

Tapley certainly understands the benefits of membership. She and her husband took full advantage to get their operation going with minimal investment and maximum support.

"We wanted to get into grain farming, but the initial investment was huge," said Tapley. "The cooperative made it much more attractive to buy feeder calves and get started. They were approachable and the financing was really reasonable."

Typically, a member requests a loan to buy feeder calves, and if the member's plan is viable, the money is disbursed. The member then purchases the calves, and when the member chooses to sell, the association deducts the loan repayment and any sale costs, before forwarding the net proceeds to the member.

Some feeder association members are also breeder association members, and may choose to roll over their previous feeders to a breeder association loan. This allows the member to retain their cattle.

Tapley and her husband found advantages to being members of both feeder and breeder associations. "You can build equity quicker when you're a member of both," said Tapley. By rolling over calves to a breeder contract, Tapley and her husband could take on new feeder calves and retain their previous calves as replacement heifers, without making a principal payment until the sale of their first calf.

"The associations lend money to buy calves, so when prices are low, you can simply retain your cattle to sell when prices improve," said Smith. "You aren't forced to sell into a bad market, just because you need the money right then."

Smith was asked about the effect that economies of scale have on a livestock operation. "You have to be pretty big to be economically sustainable," Smith said.

"And when you're trying to buy land or a tractor," Blair added, "the associations are a way to become sustainable quicker, without taking on any extra load."

Tapley is no stranger to the concepts of sustainability and viability. Fresh from the Global Roundtable for



Left to Right: Kristine Tapley, Hugh Blair, Rob Smith, Paul Gobin

Sustainable Beef in Ireland, and an active participant in McDonald's Sustainable

Beef Pilot, Tapley said that 'sustainable' also refers to the sustainability of viable farm operations within the environment. Manitoba's feeder and breeder associations are quite compatible with the goal to create sustainable, economically viable livestock operations.

The Green Tree Cattle Feeders Co-Op Inc. is one of six regional feeder associations that serve Manitoba, alongside two breeder associations. All are autonomous, but they are represented collectively by the Association of Manitoba Feeder Cooperatives (AMFC).

For more information about feeder and breeder cooperatives, visit www.amfz.biz or call **204-745-8720**. To learn more about the Manitoba Livestock Associations Loan Guarantee Program, visit www.masc.mb.ca or call **MASC's Guarantee Program Specialist at 204-239-3244**.

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