



CATTLE NEWS

THE MCPA BI-WEEKLY NEWSLETTER

March 15, 2008



CHANGES TO ADVANCE PAYMENTS PROGRAM

by Ryder Lee

On February 28, 2008, Bill C-44 received Royal Assent. This Bill introduces changes to the Agriculture Marketing Program Act which covers the Advance Payments Program (APP). This program has only been available to livestock producers since the passage of Bill C-15 last summer.

The APP has been available for years for grain producers but the conversion to a livestock program was not straight-forward.

Producers consider the main limitation to the program to be its linkage to CAIS/AgriStability reference margins.

Changes Include

Before these changes, grain inventories could be used as security in order to access the advance, livestock could not. This meant some other form of security was needed and government business risk management (BRM) programs were the required security under C-15.

This requirement has been removed and inventory values will instead be used. This results in (1) producers not being limited

by the value of their CAIS/AgriStability reference margin for the advance and (2) producers not having to use payments from these programs (such as interims, targeted advances or final CAIS/AgriStability payments) to repay the loans, unless in a default position. It must be noted however that producers will still have to be participants in AgriStability in order to participate.

Regular advances can now be made based on current inventory. This means live cattle owned regardless of whether they were born on the same operation.

In order to eligible to participate in the program, producers must demonstrate they participate in a business risk management program and agree to assign payments from the program if they go into default.

Further clarification is being sought as to which of the BRM programs the producer must be in.

A further change under C-44 is to the emergency advance provisions. In the past this was only available for situations related to weather or natural disaster. The limits are \$25,000 or 50 per cent of the expected

advance.

The Minister of Agriculture and Agri-Food can operate on his/her own to make this declaration. This provision still remains.

Now a new trigger has been added called "severe economic hardship." For this new trigger the limits of the program are the same as without the emergency - \$400,000 per farm with the first \$100,000 being interest-free.

The industry in need (or industry in a certain region, or group of producers, but not an individual producer) makes a case to the Minister of Agriculture and Agri-Food. If the Minister deems the request is warranted, he/she will seek the concurrence of the Minister of Finance. The two ministers together make a recommendation to the Governor in Council that the severe economic hardship provision for a certain sector be implemented and this needs to be passed by an Order in Council.

An emergency order was passed on February 29, 2008 that allows for emergency advances to be issued to the hog and cattle sector up until March 31, 2009.

Emergency advances are different from the regular APP.

Continued on next page

EMERGENCY ADVANCES SOON AVAILABLE FOR CANADIAN CATTLE PRODUCERS

Continued from previous page

Where regular APP advances were based on current inventory, emergency advances can be granted against expected production in the emergency period (until March 31, 2009).

This expected production will need to be demonstrated to your local administrator. Whether it is CAIS returns from past years, pregnancy test results or something else remains to be determined and will likely differ by operation type and administrator.

The agreements between Agriculture and Agri-Food Canada (AAFC) and administrators are still being finalized with hopes of having them in place in March. The final repayment period details are also still developing.

AAFC has the ability (and is utilizing it this time) to waive the need for 1st security of emergency advances. This will mean that these advances will not just replace credit already in place.

Program Administrators have been contacted by AAFC and made aware of the changes. AAFC is currently re-working the Advance Guarantee Agreement (AGA) with the expectation that they will be sent to Administrators

early in March.

The Agreements must be finalized by the Administrator and the Lender before advances can be issued. The expectation is for the improved access to cash advances to be available to producers later in March.

The amendments are not retroactive and do not apply to outstanding advances. They will apply to the new Advance Guarantee Agreements with Administrators going forward.

AAFC has started discussions with lenders, including the Canadian Bankers Association and Credit Union Central of Canada to inform them of the changes.

Other Notes Regarding the Advance Payments Program
The cattle business takes on many different forms in Canada. This provides two challenges to this program from a timing standpoint, short keep and long-term of ownership.

Short keep feeding operations can benefit more from regular APP advances as long as an operation has the proper amount of cattle to provide security for the advance issued (they need not be the same cattle). Otherwise they will need to repay as they sell their animals below the inventory level needed to secure the advance.

This allows turnover operations like short keep feedlots to access the program and to benefit from it the same way grain producers can. This is basically a rolling inventory use of the program.

AAFC is examining instituting a short time frame where producers in all-in/all-out operations (mainly veal and hogs) can be without security for the clean out period only. This clean out period will likely be based on Canadian Food Inspection Agency (CFIA) clean-out standards.

The other time challenge is producers who want to access the program as a means to moving further along the value chain.

Although the program is 18 months long, many cattle are not finished in that time frame. AAFC is examining this situation to see if it can be addressed.

The \$400,000/\$100,000 caps are per farm entity rather than per shareholder.

Some provincial feeder finance co-ops are administering the APP in conjunction with their own loan program. The rules of these setups differ in some aspects from APP administered on its own. Consult your administrator to discuss your own specific operational needs.

AGRICULTURE HEALTH AND SAFETY WEEK

Producers who are getting ready for another growing season are being encouraged by the provincial government to take safety precautions in order to reduce serious injuries.

'Manage more than just your back!' is the theme of this year's

Canadian Agricultural Safety campaign with a focus on sprains, strains and falls.

"Agriculture Safety and Health Week is a good opportunity to remind Manitobans that overexertion, sprains and strains are the leading types of farm-related in-

juries," said Agriculture, Food and Rural Initiatives Minister Rosann Wowchuk.

See OVEREXHERTION on next page

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Upcoming events

- March 17-18: MRAC Value Chain Initiative workshop Super 8 Hotel, Dauphin, 9 a.m. to 5 p.m.
- March 19-20: MRAC Value Chain Initiative workshop, Royal Oak Inn, Brandon, 9 a.m.
- March 25-26: Integrated Brush Management workshop, Dauphin Recreation Complex, Dauphin.
- March 31-April 6: Royal Manitoba Winter Fair, Keystone Centre, Brandon.

What's the MCPA been up to?

March 4,5 - The GM attended the CCA Emergency Planning meeting in Ottawa.

March 5,6: - The MCPA Board of Directors meetings in Winnipeg.

March 7 -MCPA staff attended the Growing Local Food Security conference at the University of Maitoba.

March 11-14 - M. Unrau, D. Winnicky, B. Sterling and GM attended the CCA AGM in Ottawa.

March 11 - MCPA director A. Jonasson attended the BIC meeting in Ottawa.

March 11 - MCPA director J. Fox attended NCO meeting in Ottawa.

March 11 - The MCPA executive met with Mark Wawara, MP and Parliamentary Secretary to Minister John Baird concerning TB problem in RMEA.

March 11 - D. Guignon attended CBEF meeting in Ottawa.

OVEREXHERTION MAIN CAUSE OF INJURY

Continued from page 2

Wowchuk, Healthy Living Minister Kerri Irvin-Ross and Labour and Immigration Minister Nancy Allan noted the agriculture sector accounts for more fatalities and serious injuries than most other industries in the province.

They also referenced a pilot study with five physician clinics in Manitoba that showed approximately 11 per cent of the agriculture-related clinic visits were diagnosed as muscoskeletal (muscles, tendons, ligaments, joints, nerves, blood vessels or related soft tissue including a sprain, strain and inflammation). About three per cent of agriculture-related hospitalizations were attributed to overexertion. Agriculture Health and Safety Week runs until March 18.