

FAA Newsletter

September 11, 2024



We hope this Newsletter finds you well!

Fall is upon us, and harvest is well underway. There is real action on Livestock prices, and we are hearing the impacts of this growing season and the effect that will have on feed costs. We continue to focus on streamlining process and improving policies to improve efficiency and deliver a strong product line. It is our intention to keep you informed of relevant information through your Zone Directors, priority emails and periodic publications, like this one. Later in this publication you will see exciting enhancements to **ABFI** including a Youth program, a Bull program and higher limits.

Upcoming Dates to be aware of:

AGM: Save the Date! January 30th, 31st and February 1st, 2025. More details to follow!

WeCAP:

- 2023 Stored/Post-Production Advances for Crops must be repaid no later than September 30th, 2024, WITH proof of sale.
- Post-Production Reports are due December 31, 2024 (2024 Production Year) but producers can roll-over their In-Production crop advances to Stored/Post-Production at any time. Crop repayments DO NOT require Proof of Sale. Stored/Post-Production Advance Worksheets are available on our website or email wecap@feederassoc.com to request forms.
- Livestock Additional Advance Worksheets (either Agri-Stability or LPI) are also available on our website or email wecap@feederassoc.com to request forms.

ABFI:

- June 15/December 15 payments: Please be aware of your options for your annual payments in relation to branding calves. For example, you have the option to make the December payment by the June 15th prepayment date to avoid branding the calves.
- Reminder notices for the December 15th payments will go out this month.
- Heifer roll over reminders were recently mailed out to those producers with Heifer calf contracts.



Provincial Board News

- Earlier this year we worked with LIS on their new policy surrounding Private Treaty and Non - Arm's Length transactions. More recently we have been assisting in formalizing the practice of using identifiers along with feeder brands which can provide clear benefits to producers and aid in the brand inspection process.
- Several Board and Staff members attended the National Feeders Association Conference to represent Alberta and share ideas and opportunities with other provinces.
- We had representation at ABIC in Calgary as well as CBIC in Saskatoon.

Program Updates

ABFI - We have some very exciting advancements to our product line effective immediately!

- **Bull Program**
 - o We will require the producer to have at least 20 cows on contract for each bull financed.
 - o Maximum 2-year amortization.
 - o 20% deposit required.
 - o Per head limit set and adjusted with market in mind. Current limit at \$7,000 per head.
 - o Bulls are required to be branded and semen tested.
 - o Full repayment not to exceed the 2-year maximum amortization and no later than the final payment on the last remaining cow contract.
- **Youth Program**
 - o Available to youths 14-18 years old.
 - o 20 cow cap on financing.
 - o If they take advantage of the full 20 cow purchase option they are eligible for the Bull Program
 - o Requires co-signature from an adult. Cosigner does not have to be a previous member, nor do they have to be related to the youth.
 - o Normal program individual and yard maximums will apply to the cosigner which is to include the Youth Program financed amount.



- **Cull Sales**
 - o Proceeds from cull sales will be made available to the producer provided that the balance outstanding is under 40% of the originally contracted loan amount on active contracts.
 - o Release of funds is subject to the approval of the Supervisor and inventory numbers are to be verified by inspection that is no older than 6 months.

- **Replacements**
 - o ABFI financed cows can be culled and replaced with purchased or existing owned cows.
 - o The cost of the replacement is the producer's expense.
 - o The replacement is to be ABFI branded.
 - o Cull sale proceeds are to be paid to producer if the original cow is replaced.
 - o We will hold cull sales proceeds for a maximum of 3 weeks prior to applying to the outstanding principal. This allows time for replacements to be put in place.
 - o In the case of a Self-Purchase to replace a cull cow, updated waivers and searches are required.

- **Program Limits increased from the current \$250K/\$500K up to \$500K/\$1,000K.**

- **ABFI Reminders**
 - o For those LFA's that are not currently using ABFI or those that would like to use it to a greater degree please feel free to reach out to us anytime to learn more.
 - o With the December 15th payment deadline looming, remember that you may utilize a WeCAP advance to make that payment allowing you to hold on to the calves to sell when the market is in your favour.
 - o Earlier this year we were very pleased to add Alberta Choice Feeder Cooperative to the list of LFA's offering ABFI. Just this month Barrhead Feeder Association Ltd also joined the family of LFA's that provide financing under the ABFI umbrella. Congratulations and Welcome to both!

- **WeCAP Cash Advance**
 - o WeCAP delivers cash advances on livestock using either LPI or Agri-Stability as security, but we ALSO can advance on a variety of crops including hay and alfalfa using either Production Insurance or Agri-Stability. By bundling all your commodity cash advances with WeCAP you can deal with one dedicated administrator and use sale proceeds from one agricultural product to pay off a different agricultural product without penalty.
 - o We continue to see strong interest in the program primarily up to the \$250,000 Interest free limit set for this program year.
 - o Producers are also taking advantage of the exceptional rate of **P-.5%** which is a market leader on the Interest Bearing portion available. It is unlikely that your operation has access to lower priced cash flow financing, so we encourage you to take advantage of this opportunity.
 - o LFA's can earn \$75 for each application they assist their members with!
 - o We continue to work on refining the Statements in the program and hope you see the value going forward.
 - o For the 2024 program year we have seen advances totaling \$36,361,272.



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- **Interest Rebate**

- The Rebates are very valuable to members as this years high cattle prices and interest rates impact producers. Year over year we see significant increase in producers taking advantage of this excellent program. 2022 there were 389 applications increasing to 471 in 2023. 2024 is currently open for applications to March 31, 2025.
- For an indicator in 2022 we were able to rebate \$988,000 over 289 producers with more to be paid out.
- LFA's please have your eligible members sign an Interest Rebate application at the start of their Feeder Loans to ensure eligibility for maximum benefit.
- We have been diligently working on refinement of our internal processes to see improvement on the timelines for submissions and we expect these improvements to make a real difference over the upcoming year.

- **FAA**

- 23/24 Fiscal Year there were 412,247 head of Cattle financed vs. 395,918 the previous year.
- For Sheep we had 5,929 head financed this year vs. 2,154 head last year.
- The Provincial Guarantee continues to be fully allocated and we look forward to being able to open discussions with the province surrounding this soon. We anticipate the current hearings the province has undertaken to culminate shortly, and this will allow us to resume the work we do on your behalf with respect to policy, governance and access to guaranteed funds.

- **LIT**

- Death loss last year was .694% and had an increase this year to .795%. We feel that this is a manageable number given the type of year it has been.
- As of September 1, 2024, we have 15 associations participating in LIT.



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Zone 3 Update:



- Reg Schmidt has resigned from his position as Zone 3 Director. Reg has been involved in FAA for a period spanning 23 years and has filled many roles for the organization. We send our thanks to Reg and our appreciation for all he has done for FAA over his many years of service.
- The Board welcomes Bruce Downey as the interim Director for Zone 3. While Bruce has big shoes to fill we are confident that his history of industry involvement and livestock production will serve our producers well.



Industry Partners

- Over the year FAA has renewed efforts with fellow industry organizations to support a cohesive industry where all the sectors can work more closely together.
- Our directors have attended meetings with Alberta Beef Producers, Alberta Cattle Feeders, and Western Stock Growers.
- We have also had directors from industry groups consistently attend our board meetings as guests.
- We want to continue to mutually share knowledge for the benefit of the industry as a whole and see support of our industry partners as a meaningful way to achieve this.

General Comments

As always we serve you the membership and feel honoured to do so. This year's AGM/Convention planning is well underway, and we look forward to putting together a valuable event. While there have been big strides made in the last couple of years we certainly have not taken our eyes off the improvement we expect in our family of companies so that we can deliver the best products we can to our membership.

George L'Heureux
Chairman FAA