



**Ontario
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Association**

Committed to Cattlemen

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The Ontario Cattlemen's Association (OCA) appreciates the opportunity to provide input on the Forage Insurance Rainfall Plan review. The following document outlines priority recommendations for revisions that we believe to be feasible for implementation for the 2014 program year. While we recognize that a complete program overhaul is not achievable for 2014, we do expect substantial revisions to the current rainfall plan to be implemented for the 2014 program year.

1) THE FORAGE YIELD-RAINFALL RELATIONSHIP

The current forage rainfall plan, which assumes a linear 1:1 relationship between forage yield and rainfall, is flawed and does not accurately reflect the increasing loss in yield and quality as rainfall decreases, nor does it reflect the complexity of other variables which factor in to this relationship such as temperature, humidity, and soil moisture.

While OCA is encouraged by the interest to revise the yield-rainfall relationship, we cannot support the most recent proposal by Agricorp to move from 1:1 to 1:1.5 (yield-rainfall) as this assumption does not accurately reflect the relationship between lack of rainfall and forage yield and assumes all other variables (heat, humidity etc.) have been accounted for and substantiated.

If you use the 2012 drought in Renfrew County as an example, Agricorp's statistics show Renfrew received 57% of normal rainfall across the county. Using the 1:1.5 factor as a model would assume that total forage yields would have been approximately 45% when we know that yield's throughout Renfrew County were much lower on average. OCA's 2012 producer survey indicated that first cut hay in Renfrew alone was less than 60% while second and third cuts were substantially less and in many areas were non-existent.

- ❖ **OCA recommends that the yield-rainfall proposal presented at the April 19th forage advisory committee meeting be used as the basis to replace the current 1:1 linear model as it would better reflect the complexity of other variables involved in the relationship between rainfall and forage growth. This should be seen as the number one priority for enhancement to the current program for the 2014 program year.**

Furthermore...

- ❖ **Insurable forage values under the current forage rainfall plan only cover a portion of the replacement cost of forages. The inclusion of an accurate price index that could adjust to the increasing cost of forages as rainfall and yield decrease would help alleviate this concern.**

Suggested Yield-Rainfall Relationship Model (presented April 19th)

Rainfall %	Current Yield Assumption	Proposed yield
100	100	100
90	90	90
85	85	80
80	80	70
70	70	40
60	60	20
50	50	0
40	40	0
30	30	0
20	20	0
10	10	0

2) MINIMUM DAILY RAINFALL THRESHOLDS

Small amounts of precipitation (<3mm) have little impact on forage growth, particularly during hot and humid conditions, yet currently count toward monthly rainfall totals.

- ❖ **A minimum daily rainfall threshold should be established to prevent insignificant rainfalls from counting toward precipitation totals. The minimum “cap” could be indexed based on time of year (1-3mm: spring-peak summer) to account for the variability that exists between temperature and humidity during the spring and summer months.**

3) RAIN STATION SELECTION OPTIONS

Many producers produce forage crops that are geographically dispersed across county and concession lines and countless other operations are located somewhere between two or three different stations. To improve coverage, revisions to the 2014 program need to include options for producers to select multiple rain stations and coverage levels. The forage advisory committee explored two options in this regard: averaging rainfall between multiple stations and splitting the liability between two or more stations. Both options offer the potential for improvement to the current system and would give forage producers more choice in coverage.

- ❖ **The 2014 forage rainfall plan should include options for producers to select multiple rainfall stations and/or coverage levels.**

4) EXTENDED DRY PERIOD COVERAGE

The option to include a feature for extended dry periods is something that should be implemented for the 2014 program year.

- ❖ **Reducing forage yields by an extra 10% during periods of extended dry weather (e.g. 15 days with less than <15mm of rain) is a good starting point and should be prioritized for 2014. This feature should be offered under the standard rainfall coverage plan with no additional costs to producers.**

5) REAL TIME DATA REPORTING

The current program is often criticized for its lack of transparency in the timely reporting of rainfall which has led to a system of distrust by users of the program.

- ❖ **Daily rainfall data by rain station should be made available to users online in real time.**

6) MONTHLY RAINFALL CALCULATION

The timing of rainfall plays a key role in forage growth yet rainfall calculations work on a monthly basis. Monthly rainfall totals simply cannot provide accurate assumptions on the growth of forages. This is one of the single biggest criticisms of the current program.

- ❖ **Implementing rolling coverage (e.g. 10 day windows) throughout the growing season would help alleviate concerns with untimely rain.**

The perceived “lack of historical data” needed to make this revision is baseless. Daily rainfall data on the 350 Ontario stations is available from 2005. Beyond this, daily rainfall data can be obtained from Environment Canada which dates back more than 60 years, albeit with fewer locations than today’s 350 sites.

While we feel the recommendations contained in this document are feasible, the impact on producer premiums must be evaluated carefully in order to properly assess the merit of any program revision. OCA looks forward to the continued dialogue on changes to the 2014 program and on the development of alternative forage insurance models—be that yield or simulated yield, moving forward.

Yours truly,



Dan Darling
President