



Ontario Federation of Agriculture

Ontario AgriCentre

100 Stone Road West, Suite 206, Guelph, Ontario N1G 5L3
Tel: (519) 821-8883 • Fax: (519) 821-8810 • www.ofa.on.ca

June 25, 2012

Hon. Ted McMeekin
Minister of Agriculture, Food and Rural Affairs
77 Grenville Street, 11th Floor
Toronto, ON
M7A 1B3

Dear Minister McMeekin:

Re: Compensation for Army Worm Devastation

As you know, armyworms have devastated many crops in Ontario. The main crops affected are forages, corn and cereals. Unlike the crop insurance plans for corn and cereal crops, the forage rainfall crop insurance plan for existing forage stands does not provide coverage for this type of crop damage.

The forage rainfall crop insurance plan offered to Ontario farmers provides protection against a shortfall of moisture during the growing season. A pilot program is also currently available under this plan that provides protection against excessive rainfall during a harvest period. A moisture shortfall can result in a lower harvested volume of forage. Therefore a forage insurance payout provides farmers with needed financial assistance to purchase substitute feed. Similarly, excessive rainfall during the harvest period can lessen the feed value of the crop and result in the need to purchase substitute feed.

The damage caused by armyworms will also result in a shortage of good quality hay/silage available. We have a report of one farmer losing a forty-acre field to armyworms. Forty acres at four 900 lb. bales to the acre at \$0.13 per lb computes to a total loss of \$18,720 for this farmer. We understand that first cut hay yields in south-western Ontario are about 2/3 of the normal yields in part caused by armyworms.

The Ontario Federation of Agriculture (OFA) requests that your ministry advise AgriCorp to explore and consult with farmers to enhance forage insurance to insure against yield losses in forage. The OFA is committed to working with OMAFRA and other concerned groups to establish a permanent crop insurance program to assist with pest damage in existing stands of forages.

Realistically implementing such improvements to the forage insurance plan will not occur in time to provide financial relief to the armyworm situation facing farmers this year. Therefore, the OFA requests that OMAFRA provide compensation to affected farmers through Agri-Recovery or other compensation programs for armyworm damage to forage stands in the 2012 growing season.

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With respect to Agri-Recovery, this letter serves to notify you that a disastrous event has occurred. Having been made aware of this disastrous event, the process outlined in Section 7 of the Growing Forward framework agreement's Annex C: Agri-Recovery (enclosed) will come into effect.

We appreciate your attention to this matter.

Sincerely,



Mark Wales
President

Encl (1)

cc: Mr. Fareed Amin, Deputy Minister, Ontario Ministry of Agriculture, Food and Rural Affairs
Mr. Randy Jackiw, CEO Agricorp
Mr. Ray Robertson, Manager, Ontario Forage Council
Haldimand Federation of Agriculture
OFA Board of Directors

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ANNEX C: AGRIRECOVERY

Description

1. AgriRecovery provides a process to enable governments to respond quickly when a natural disaster hits and addresses gaps not provided by existing programming. AgriRecovery is designed to: provide a rapid financial response to assist with immediate recovery from a disaster situation; help producers quickly resume business operations after a disaster; and enable short-term actions to minimize/contain the impacts of the disaster on producers. AgriRecovery is not intended to replace the need for multi-year strategies required to assist industries to adjust to the long term realities of a disaster.

Scope

2. AgriRecovery is a disaster relief framework which is designed to provide rapid response for producers affected by events such as the following:

2.1 Disease or Pest-Related Viruses (e.g., Avian Influenza), Infestations (e.g., grasshoppers), Fungus (e.g. Ring Rot), Diseases (e.g., Bovine Spongiform Encephalopathy), etc.

2.2 Natural or Weather-related Drought, Flooding, Hailstorms, Ice Storms, Earthquakes, Wildfires, Tornadoes, etc.

2.3 Contamination of the Natural Environment, Threats to Food Security, Chemical Spills (e.g., Oil), etc.

3. Criteria for determining disasters include events that:

3.1 Are a collective experience with significant negative impacts;

3.2 Are individual events with potential for significant impact on a sector;

3.3 Are associated with a disease, pest, natural event, contamination of the natural environment and/or threats to food security;

3.4 Are not cyclical or long-term trends; and,

3.5 Are beyond existing programs and the capacity of individual producers.

4. Events that will not meet the definition of a "Disaster" under AgriRecovery include:

4.1 Destruction of an individual's property where there is no impact on the sector;

4.2 Long-term market trends;

4.3 Income declines due to cyclical nature of markets;

- 4.4 Cancellation of a contract or market loss not related to a natural event;
- 4.5 Market loss due to changing consumer preferences;
- 4.6 Trade actions that are not directly related to a disease event.
- 4.7 Situations that are market-driven (e.g., the closing of a processing plant in an area); and
- 4.8 Events that can be managed by existing programming (e.g., damage to crops due to hail).

Principles and Guidelines

5. The response developed under AgriRecovery is based on principles and coverage guidelines. The following principles guide each specific event/response in achieving the overall objectives of AgriRecovery:

- 5.1 Assess each disaster response individually;
- 5.2 Provide a timely response to disaster situations.
- 5.3 Establish authorized disaster responses in collaboration with industry;
- 5.4 Encourage mitigating actions;
- 5.5 Ensure general availability of programming in designated area;
- 5.6 Complement, but not substitute, existing suite of programming or private sector tools;
- 5.7 Ensure that producers share in the cost/loss and are not indemnified twice for the same cost/loss;
- 5.8 Not mask long-term market and industry signals; and
- 5.9 Minimize trade implications while recognizing the need for a rapid and effective response.

Coverage Guidelines

6. The coverage guidelines would be applied to address gaps in existing business risk management and disaster relief programming. The coverage will be limited to payments that will assist producers to re-establish their income stream and contain the long-term impacts after a natural disaster. AgriRecovery is intended to assist with the immediate implications of the disaster and will not serve as a long-term recovery strategy for an industry where one is required. Coverage will focus on:

- 6.1 Extraordinary costs associated with recovery from the disaster and returning producers to operation (e.g. clean-up, disinfection);
- 6.2 Costs associated with actions taken by producers to mitigate the impacts of the disaster (e.g. moving stock, vaccinating);
- 6.3 Damage to assets not covered under the Disaster Financial Assistance Arrangement;
- 6.4 Repackaging for consumption or disposing of unmarketable supplies;
- 6.5 Payments to assist with cashflow for producers who continue to have operating expenses while their sales are limited due to a quarantine or border closure situation and where timely assistance under other programs is not available;
- 6.6 Measures to assist an industry or producers manage the transition to new production where long-term restrictions are placed on a property due to a disease situation; and/or

6.7 Measures to encourage or discourage marketing of product during a market disruption caused by a disaster (e.g., set-aside programs to encourage producers to hold product from market while the industry re-establishes marketing infrastructure).

Implementation

7. Upon being made aware of a disastrous event, the Federal Minister of Agriculture and the Provincial/Territorial Ministers in the implicated area will convene a FPT task team. This team would be tasked with:

7.1 Evaluating the consistency of the event with the disaster definition;

7.2 Determining assistance available under ongoing disaster and related programming (e.g. AgriStability, AgriInsurance, targeted advances, Cover Crop Protection Program, etc) and any programming gaps;

7.3 Consulting with industry representatives and disaster agency representatives (such as the Canadian Food Inspection Agency (CFIA) and Disaster Financial Assistance Arrangement (DFA)) on whether further government response is needed; and

7.4 Recommending coverage options to ministers based on gaps, AgriRecovery principles and guidelines.

8 Task Team members will bring developed options and recommendations to their respective Ministers and these federal / provincial / territorial Ministers will work together to decide on the appropriate course of action.

8.1 In an effort to preserve the availability of funding under AgriRecovery, Task Teams will consider all available funding, funding sources and funding limits in developing options and recommendations for governments under the framework. Task Teams will seek to ensure that funding allocated for a specific AgriRecovery initiative is the least amount possible to efficiently and effectively meet the objectives of the disaster response.

8.2 Where federal / provincial / territorial Ministers determine, based on Task Team recommendations and options, that the event fits the criteria for a "Disaster" under AgriRecovery and agree on an event-specific disaster program, Ministers will then seek appropriate authorities to secure funding for the agreed upon AgriRecovery disaster response initiative.

Funding

9. Funding arrangements for AgriRecovery shall be handled on the following basis.

9.1 Small natural disasters will be cost-shared on a 60:40 basis (federal: provincial/territorial). Small natural disasters are those that are regional in scope, have a relatively small impact on the Canadian industry, can be easily contained, and/or have few trade implications. The participation of provinces and territories is voluntary.

9.2 A province or territory may contribute its 40 percent share for disaster responses under AgriRecovery by either paying for eligible expenditures, including administrative costs, for an initiative or, where agreed to by participating governments, by assuming responsibility for costs associated with provincial or territorial programming related to the specific Disaster.

9.3 In the case of large natural disasters, governments will assess the cost-sharing arrangement on a case-by-case basis. Large natural disasters result in relatively large costs to governments, are national in scope, significantly affect the competitiveness of the Canadian agriculture sector, result in potential health risks to Canadians and/or have significant trade implications.

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Growing Forward, a federal-provincial-territorial initiative

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