

Project 9029 Final Report
November 15, 2007

Project Title: An Economic Impact Study of the Forage Industry in Ontario

Principal Researcher

Jim W. Fisher (613-258-8336 ext.447, fax 613-258-8401)
University of Guelph, Kemptville Campus
830 Prescott St.
Kemptville, Ontario KOG 1J0

Executive Summary

Forage is defined here as grasses and legumes; harvested dry, wet, or as pasture. Ontario produced approximately 4,563,000 tons of tame hay as of 2005 (Agriculture and Agri-food Canada, 2007). The total economic value of hay production is difficult to measure because monetary returns of the crops are measured directly from the sale of hay, which are generally local markets that are hard to monitor, and indirectly through the sales of animal products. Natural or tamed pastures can not be ignored because studies have found that they indeed have economic values. In a study on the price of grazing permits:

“The fact that permits have market value proves that the fee is less than the value of the forage. The permit’s value represents the capitalized value of expected future difference between the fee and the value of the forage.” (Torell et al, 2006).

There are increased opportunities to produce forage for sale, export, for value added products and particularly in the near future for bio-fuel production. Whereas forage production is encouraged for feeds, green-spaces, environmental factors; forages must be seen as a viable agronomic enterprise. Market information is needed to assess such viability.

Other surveys tend to identify forage sales as a group, and will include only off-farm sales, seriously underestimating the value of forage production. This will lower the stature of the industry and its associations in contrast to others who have higher reported production values. Other surveys do not identify the importance of each type of forage (silage, hay, pasture and plant variety). Other surveys do not identify inputs directly to forage production, for example fertilizer, seed and chemicals.

Project Results and Milestones

The objective of the study is to quantify the value of forage production in Ontario, identify certain costs-of-production, and to identify where forage is consumed.

Data pertaining to the following will be collected and analyzed from a cross section of Ontario Farmers.

- ◆ Quantify (acreage, yield and value) forage production by type.
- ◆ Storage method by volume (silage, dry hay or pastured).
- ◆ Value of forage sold off-arm within the province, outside the province and outside Canada. This will provide the cash contribution of hay sales to Ontario farmers.
- ◆ Value of the seed, fertilizer, herbicides, plastics, and inoculants used in the production of each forage crop. (Capital costs associated with fencing and equipment complicate the scope of the survey to the point where a mail, email, telephone survey is not possible. On-site visits are probably required for this data).
- ◆ Value of forage purchased.

We feel this project is progressing well and that the survey is well prepared and ready to go. The next component of the project is to distribute the survey and analyze the amalgamated data. We will take the survey data and the nutrient analysis and use these to put a value to forage. By taking several different mathematical approaches we can determine which formula is most correct and use this to determine the value of forage.

The survey is to be launched by February 2008, through participating organizations. The survey will be available for participants for approximately one week, after which the data will be amalgamated and analyzed using the provided nutrient analysis. The launch and analysis of the survey require no funds.

Milestones

Literature Review, Survey Design, and Questions completed September 2007

Nutrient Analysis of Forages completed October 2007

Awareness Article completed October 2007

Organizations contacted, Email Lists secured, and Survey ready to launch November 2007

Survey Launched by February 2008

Data Collected and Analyzed by September 2008

Project Expenditures

Type of expense	Total Cash	Total In Kind	Total Project Cost	
			Year 1*	Year 2
Salaries				
- Researcher				
- Graduate Students – Statistician consultation			500	
- Technicians – 1 Coop Student for 3 semesters @ 16 weeks each @ \$375 per week			18,000	
- Summer Students				
Supplies/Laboratory				
- Lab fees				
- Field supplies for surveys and acquisition of mailing lists		10,000	500	
- Samples				
- Misc/Other supplies			200	
Travel				
- Travel to research sites and meetings with OFC in Guelph			600	
- Conferences and communications			200	
- Rentals & leases				
Capital (e.g. computer, equipment)				
Total project cost		10,000	20,000	

* All funds used in first fiscal year. Year two activities require no funds.

Communications Plan

November 2007 – The survey is tested with 10 volunteer farmers to be sure the answers to questions are readily known. (Ethics consent forms signed by each volunteer.)

Winter 2007 – An article will be published within the magazines/newsletters/etc. of the organizations sending out the survey.

February 2008 – The survey will be sent randomly to participants on the email lists of the organizations involved.

CANADA -ONTARIO RESEARCH & DEVELOPMENT PROGRAM (CORDP) PROJECT REPORTS

AAC staff need to be informed on a regular basis about how your CORDP project is progressing according to your signed contract.

Projects are usually funded in two ways: 40/40/20 for multi year projects and 60/40 for one year projects. With multi year projects your interim report and documentation to demonstrate that your first advance of 40% has been spent must be received and approved before the second 40% advance is released. In addition, we must receive a final report and commodities must demonstrate expenditures equal to Total Project Costs before the release of the final 20% payment. With one year projects a 60% advance will be issued, a final report must be received and the applicant must demonstrate expenditures equal to total project costs before the release of the final 40% payment.

*A sample interim report is provided in this package. As well Schedule “C” page 10 of your agreement outlines the interim & final report requirements. The key points are outlined below

1) Executive Summary

Please provide an Executive Summary of your project in **layman’s terms**, detailing progress to date, accomplishments, challenges, hurdles etc. as well as reach or impact of the project and its results to date.

2) Schedule C Update

Milestones are outlined in Schedule C of your contract, and are activities linked to completion dates.

In this section of your report please indicate the status of your project according to the specified milestones. If any milestones have not been achieved or have been achieved after the date indicated, please give reasons.

Addressing project milestones as well as resources, reach and results are necessary for AAC, on behalf of OACC and the commodity groups, to demonstrate to Agriculture and Agri-Food Canada the benefits of producer-driven research priorities.

3) Promotional Activities

Provide an update on promotional activities undertaken to acknowledge Ontario Ministry of Agriculture, Food & Rural Affairs, Agriculture and Agri-Food Canada and the Agricultural Adaptation Council for funding your project. Please include copies of any news releases, news articles, promotional material etc., and let AAC know of any future events related to your project.

This information is used to provide updates on your project to the AAC Board of Directors. It is also used when reporting to Agriculture and Agri-Food Canada.

If you have any questions, please contact your AAC Program Coordinator at (519)822-7554.

Request For Funds

Please complete the **Request for Funds** template when you submit your claim. Signatures from two authorized officials are required.

Please ensure that you provide your business registration number when you submit your first claim. It is not required on subsequent claim submissions.

Please also clearly indicate if your project has received any funding from any other Provincial/Federal Programs.

As stated in Schedule B Part IV of your contract, you will be reimbursed for a percentage of your expenses up to a specified maximum amount. Where applicable, claims will then be adjusted to recover advanced funds and for holdback conditions.

Agricultural Adaptation Council

REQUEST FOR FUNDS

Applicant Name: _____ Business Number: _____

Project Name: _____ Project # _____

For the period: _____ to _____ Date: _____

TOTAL ELIGIBLE PROJECT EXPENDITURES:

Cash Expenditure Amount being claimed for reporting period (A) \$ _____
(As calculated on Listing of Project Expenditures Report)

Less GST Rebate 0% _____ 50% _____ 100% _____ Other _____ % (B) \$ _____

Plus In Kind Contributions during reporting period (C) \$ _____
(As calculated on Listing of In Kind Contributions Report)

Total Project Expenditures incurred during reporting period (A)-(B) +(C) \$ _____

Any other funding received from other provincial/federal sources. \$ _____
during reporting period *Please identify cash or in-kind contributions that your project has received from other provincial/federal sources).*

I hereby certify that the Listing of Project Expenditures, Listing of In Kind Contributions and Request for Funds are accurate, relate to the eligible costs of the project, and are in compliance with the terms and conditions of the grant agreement. I understand that this information is being relied upon by the Agricultural Adaptation Council to advance funds.

Authorized Project Representative Signature Title Date

Authorized Project Representative Signature Title Date

Please provide two authorized signatures.

LISTING OF PROJECT EXPENDITURES

AAC requires a listing of all project expenditures and copies of all invoices/receipts for expenses incurred during the reporting period. This includes all costs that were recorded in your project budget. A listing of all project expenditures is required since CanAdapt funding is based on your total project costs (refer to Schedule B in your contract). AAC must be able to audit all project costs to justify payment of your project's expenditures. You may use the attached template, or you may use your own format provided that it contains the same information.

Please note the following when completing the **Listing of Project Expenditures** template:

- If your contract (Schedule B Part II) itemizes your expenses by category (i.e. marketing, administration, etc.) record your expenses using the same categories. Please complete a separate page for each category. If your contract does not itemize by category, report your expenses by milestone.
- List your invoices/receipts according to their issue date. This format will help you to avoid missing or duplicating invoices/receipts when you file your next claim.
- Record the cheque number and the date paid on each invoice/receipt you submit. (Note: ACC will only reimburse you for invoices that have been paid. AAC may request copies of cancelled cheques to verify that invoices have been paid.)
- Record the phone/fax number of the supplier on each of your invoices/receipts. Suppliers may be contacted by AAC to verify invoices.
- A brief description of the invoice as it relates to the category or milestone.
- The Total Amount of the invoice including all taxes is recorded under the Total Invoice Amount column.
- Record (A) your business/organization's refundable GST amount for each invoice/receipt in the refundable GST Amount column. (B) Only the non-refundable portion of the GST is an eligible expense. Thus, for most businesses GST is not eligible for reimbursement and the entire amount should be reflected in the Refundable GST Amount Column (B).
- Clearly identify the amount being claimed on each invoice. If an invoice contains eligible and ineligible items, please identify the eligible amount and record it on the invoice and on the Amount Being Claimed column.

LISTING OF IN KIND CONTRIBUTIONS - SALARIES/LABOUR

The **Listing of In Kind Contributions** template for salaries and labour is to be completed only if your contract includes an allowance for in kind salaries and labour contributions. In Kind contributions are services for which your organization did not incur a cash expenditure.

Please note the following when completing this template.

- Signatures are required from those individuals, including volunteers, who have worked on a project. The signature confirms the number of hours/days worked the rate per hour and the nature of the work. In kind salaries must also be countersigned by an authorized official of your organization.
- Document how the labour rates were determined. Labour rates may be questioned if they do not fall within reasonable market ranges.

LISTING OF IN KIND CONTRIBUTIONS - GOODS & SERVICES

The **Listing of In Kind Contributions** template for goods and services is to be completed only if your contract includes an allowance for in kind goods and services contributions. In Kind Goods and Services are those received for your project for which you did not incur a cash expenditure.

Please note the following when completing this template.

- Documentation to support the value of in kind donations of goods and services is required. Materials/ supplies should be costed at the fair market value for the purchase. Where possible, actual receipts should be included. Existing equipment should be costed at the standard rental rate. When a rental rate is not available, assume that the equipment's depreciation over the project's life is the cost of the service.

MILEAGE REPORTING

Mileage should be reported with the following information.

- Date of the trip.
- The Destination of the Trip
- The Purpose of the trip as it relates to the project.
- The total number of kilometer the trip required
- The rate of reimbursement in ¢ per km