LEGISLATIVE REPORT

SAN DIEGO COUNTY COWBELLES

JUNE 2022

INCREASING COSTS ARE PRESSURING COW-CALF COST OF PRODUCTION

In working with cow-calf producers and discussing unit cost of production, labor and equipment costs are often the second largest expense category identified after grazed and harvested feed. Expenses related to labor & equipment have increased dramatically over the last several years & especially in the last 18 months. Competition for labor is high & those with the necessary work ethic and skills frequently find industries outside of ag offering wages & benefits difficult to compete with & be profitable. New & used equipment costs have skyrocketed along with repair and maintenance costs. Fuel & oil prices have increased dramatically as well, significantly increasing the costs for daily operations of equipment. These circumstances are challenging many ranch owners & managers to evaluate their production systems. Commercial cow-calf production systems that require significant inputs of labor & equipment per cow are increasingly unprofitable. Either more cows need to be run per unit of labor & equipment or total labor and equipment costs must be reduced for the current number of cows on the ranch. Both scenarios may require a significant shift in the type of production system that is in place.

As you think about your ranch's current cow-calf production system, if the existing trend for labor and equipment costs should continue, how will your system fair? As equipment needs to be replaced to support the existing system, will you be able to afford it? What changes to the existing cow-calf production system would be required to position the ranch to not only survive, but thrive in an environment where equipment and labor costs are high?

There is not a recipe or prescription for operating a profitable commercial cow-calf operation. Frequently a cow-calf operation's resources are quite unique along with the goals and skills of the owners and operators. However, there are business principles that apply universally across all ranch operations. Labor and equipment costs per cow unit must be managed and controlled if a cow-calf operation is to be profitable.

Source: University of Nebraska-Lincoln

FARM BUREAU GETS SIGNIFICANT AMENDMENTS TO WILD PIG DEPREDATION BILL - REMOVES OPPOSITION

Farm Bureau is pleased to remove our opposition to Senator Dodd's SB 856. This bill creates a new management approach for wild pigs by revising & recasting provisions applicable to wild pigs, replacing the existing wild pig tag requirement with a wild pig validation that would authorize taking any # of wild pigs specified by the Fish & Game Commission. CAFB had major concerns with the bill, as introduced. As introduced, SB 856 would have added restrictions on night-time depredation of wild pigs. Under current law, a property owner may take a wild pig "immediately" when that pig is encountered in the act of damaging or destroying property, which is typically at night given that wild pigs are predominantly nocturnal. Under a previous version of SB 856, nighttime depredation take by a property owner would have only been allowed after providing at least 24 hours' notice to CDFW. This would have required ranchers either to guess when feral pigs may cause property damage, or to wait until after property damage has taken place. SB 856 also sought to eliminate wild pig hunting on contained hunting preserves. Despite arguments from proponents, there is no evidence that hunting preserves contribute to CA's wild pig population. These preserves follow strict guidelines for fencing, tagging, and tracking of their animals, and submit those animals to CDFA inspection. Most importantly, there is no evidence that supports the theory that these tagged-and-tracked pigs escape preserves & contribute in any way to CA's feral pig problem. Moreover, hunting preserves are a vital part of CA's hunting community and provide access to 100's of disabled & beginning hunters. Farm Bureau is pleased to support SB 856 if amended to clarify that individuals who operated enclosed hunting preserves prior to Jan 1, 2022 will be permitted to continue those business operations subsequent to SB 856 becoming law.

FMD OUTBREAK IN INDONESIA

Indonesia has an outbreak of foot-and-mouth disease & it has Australian cattle producers on edge. The outbreak occurred during Lebaran, a national holiday during which many Indonesians travel. Ross Ainsworth a vet in northern Australia says it could arrive in Bali very soon. If FMD was found in Bali, the risk of Australian tourists encountering infected animals was very high. "It would be very easy for tourists to come across cattle & to become infected simply by walking around tourist areas,". "If they then go home with some infected material, say some saliva on their shoes, then they are risking the disease entering Australia, so it's pretty scary."**An FMD outbreak in Australia could cost the livestock sector $100 billion, according to the Cattle Council.**

If Australian tourism to Bali bounced back to its pre-COVID average of 1.3 million people per year the risk of Australian tourists bringing the disease back was severe. "We don't want an FMD highway created here between our major airports & Bali,". Bali has about 2.5 million head of cattle & 900,000 pigs. Pigs are of particular concern. "Pigs produce millions of spores that basically spread the virus & they become viral factories," he said. FMD is believed to have entered Indonesia via goats smuggled in from Malaysia.The UN's Food and Agriculture Organization's Meat Price Index hit a record high in April after climbing by 16% in the last 12 months. "With that comes desperation," Mr Quilty said."There's no doubt that there were sickly animals in a surrounding country – at this stage it looks like it was Malaysia – that obviously have been sold into a market at a discount [where people are] desperate for cheaper protein. "I think we can draw a strong line between the fact of global record food prices and the spreading of certain diseases."

CREATED BY: ROWLYNDA MORETTI

DROUGHT

USDA DESIGNATES ALL CA COUNTIES PRIMARY NATURAL DISASTER AREAS - DROUGHT

The U.S. Secretary of Ag Tom Vilsack designated all 58 counties within the state as primary natural disaster areas due to drought. The designation allows USDA's Farm Service Agency "to extend much-needed emergency credit to producers recovering from natural disasters through emergency loans." Ranchers must apply for such emergency loans by December 8.

USDA TO PROVIDE APPROXIMATELY $6 BILLION TO COMMODITY AND SPECIALTY CROP PRODUCERS IMPACTED BY 2020 AND 2021 NATURAL DISASTERS

The USDA announced that commodity and specialty crop producers impacted by natural disaster events in 2020 and 2021 will soon begin receiving emergency relief payments totaling approximately $6 billion through the Farm Service Agency's (FSA) new Emergency Relief Program (ERP) to offset crop yield and value losses. "For over 2 years, farmers & ranchers across the country have been hard hit by an ongoing pandemic coupled with more frequent * catastrophic natural disasters," said Ag Secretary Tom Vilsack. "As the ag industry deals with new challenges and stressors, we at USDA look for opportunities to inject financial support back into the rural economy through direct payments to producers who bear the brunt of circumstances beyond their control. These emergency relief payments will help offset the significant crop losses due to major weather events in 2020 & 2021 and help ensure farming operations are viable this crop year, into the next growing season and beyond."

Background On Sept 30, 2021, President Biden signed into law the Extending Government Funding & Delivering Emergency Assistance Act (P.L. 117-43), which includes $10 billion in assistance to ag producers impacted by wildfires, droughts, hurricanes, winter storms, & other eligible disasters experienced during calendar years 2020 & 2021. FSA recently made payments to ranchers impacted by drought and wildfire through the first phase of the Emergency Livestock Relief Program (ELRP). ERP is another relief component of the Act. For impacted producers, existing Federal Crop Insurance or Noninsured Crop Disaster Assistance Program (NAP) data is the basis for calculating initial payments. USDA estimates that phase one ERP benefits will reach more than 220,000 producers who received indemnities for losses covered by federal crop insurance and more than 4,000 producers who obtained NAP coverage for 2020 and 2021 crop losses.

ERP Eligibility – Phase One ERP covers losses to crops, trees, bushes, and vines due to a qualifying natural disaster event in calendar years 2020 and 2021. Eligible crops include all crops for which crop insurance or NAP coverage was available, except for crops intended for grazing. Qualifying natural disaster events include wildfires, hurricanes, floods, derechos, excessive heat, winter storms, freeze (including a polar vortex), smoke exposure, excessive moisture, qualifying drought, and related conditions.

For drought, ERP assistance is available if any area within the county in which the loss occurred was rated by the U.S. Drought Monitor as having a:

- D2 (severe drought) for eight consecutive weeks; or
- D3 (extreme drought) or higher level of drought intensity.

To streamline and simplify the delivery of ERP phase one benefits, FSA will send pre-filled application forms to producers where crop insurance and NAP data are already on file. This form includes eligibility requirements, outlines the application process and provides ERP payment calculations. Producers will receive a separate application form for each program year in which an eligible loss occurred. Receipt of a pre-filled application is not confirmation that a producer is eligible to receive an ERP phase one payment.

ERP Payment Calculations – Phase One For crops covered by crop insurance, the ERP phase one payment calculation for a crop and unit will depend on the type and level of coverage obtained by the producer. Each calculation will use an ERP factor based on the producer's level of crop insurance or NAP coverage.

- Crop Insurance – the ERP factor is 75% to 95% depending on the level of coverage ranging from catastrophic to at least 80% coverage.
- NAP – the ERP factor is 75%-95% depending on the level of coverage ranging from catastrophic-65% coverage.

Emergency Relief – Phase Two (Crop and Livestock Producers) The second phase of both ERP and ELRP programs will fill gaps and cover producers who did not participate in or receive payments through the existing programs that are being leveraged for phase one implementation. When phase one payment processing is complete, the remaining funds will be used to cover gaps identified under phase two.Through proactive communication and outreach, USDA will keep producers and stakeholders informed as program details are made available. Full Article Here

CattleFax May 27, 2022

Fed Cattle – There was moderate to active fed cattle cash trade in the North in a full range of $137 to $144, with most sales at $141 live and $224 dressed. That is mostly $2 lower compared to last week. Light to moderate volumes traded in the South at mostly $136 to $137 live – mostly $1 to $2 softer than the previous week.

Boxed Beef – The Choice cutout increased $2.27 this week, while Select increased $1.63 as warm weather across most of the country really increases grilling demands.

Feeder Cattle – Traded mixed at mostly $3 lower to $2 higher.

Calves – Traded mostly steady to $4 softer.

Market Cows – Traded mostly steady to $2 higher.

Corn – July futures ended the week steady with last week.

FARM BUREAU - FARMER OF THE YEAR NOMINATIONS

The San Diego County Farm Bureauis now seeking nominations for the 2021 Farmer of the Year. Consideration will be made for individuals who fulfill the following prerequisites: at least 35 years of age, show dedication & devotion to the agricultural industry, and have proven contributions that made positive impacts on agriculture within San Diego County.

Please email your 2021 Farmer of the Year nomination by June 2nd to Hannah at hannah@sdfarmbureau.org. Please include a brief explanation and reasoning for your recommendation.

CATTLEMEN FIGHT MANDATORY REPORTING OF GHG EMISSIONS

The Securities & Exchange Commission (SEC) proposed a rule requiring publicly traded companies to disclose their direct greenhouse gas (GHG) emissions, GHG emissions resulting from the companies' energy consumption & supply-chain GHG emissions which "are a consequence of the company's activities." Cattle producers will not be subject to direct reporting requirements, but publicly traded companies which sell beef may be required to disclose emissions data from their supply chains if those emissions are "material" or if the company has set a GHG emissions reduction target regarding these supply chain emissions.

Because these reporting requirements for publicly traded companies could potentially impact several segments of the cattle and beef supply chain directly or indirectly, CCA's national partner the National Cattlemen's Beef Association (NCBA) last week launched a grassroots campaign for cattle ranchers to urge the SEC not to require reporting of these 'supply-chain' emissions.

HOURS OF SERVICE EXEMPTIONS FOR LIVESTOCK HAULERS EXTENDED THROUGH AUGUST 31

On March 18, 2020, the Federal Motor Carrier Safety Administration (FMCSA) issued an Expanded Emergency Declaration exempting livestock haulers from compliance with the federal Hours of Service rules that limit drive time. Under the Emergency Declaration, Hours of Service rest requirements remain in effect, meaning that once a driver returns to his or her "normal reporting location," that individual must still receive a minimum of 10 hours of off-duty rest.

The Emergency Declaration has been extended on eight prior occasions,
The current Emergency Declaration applies to a limited class of freight, including livestock and finished livestock feed.

In response to FMCSA's initial March 2020 action, Governor Gavin Newsom issued an Executive Order also exempting haulers engaged in intrastate or interstate transportation from California's Hours of Service regulations. California's exemption remains in effect as long as FMCSA's Declaration remains in effect.