



June 25, 2024

Honourable Rob Flack  
Minister  
Ontario Ministry of Agriculture, Food and Agribusiness  
77 Grenville Street Toronto, Ontario M7A 1B3

Dear Minister Flack,

Re: *Beef Farmers of Ontario Pre-FPT Comments*

The Beef Farmers of Ontario (BFO) appreciates the opportunity to provide our thoughts and advice in advance of the upcoming Federal, Provincial and Territorial (FPT) Ministers of Agriculture Annual Conference in Whitehorse, Yukon.

The following is a list of priority issues of importance to the Ontario beef industry that you and your colleagues may find useful in upcoming discussions with FPT ministers, senior staff, and other officials:

### **Advanced Payment Program (APP)**

BFO welcomed the APP interest-free limit of \$250,000 in the most recent federal budget instead of reverting back to \$100,000. Our preference would have been for it to remain at the 2023-24 program year interest-free limit of \$350,000.

APP is a critically important tool that many farmers have come to increasingly rely on to help manage business cash flow needs, which has become even more important with the cost of farm inputs and debt servicing costs.

While interest rates may slowly decrease, the need to maintain elevated support for APP in the wake of the new operating realities and risks is critical. The cost to produce food in Canada today is simply no longer aligned with the APP limits that were initially established, which is why associations like BFO are requesting that the government maintain or better yet, increase the temporary interest-free portion of APP that farmers are benefitting from today. By extending the increase to the interest-free portion of APP, we can ensure that our farmers have access to financial resources throughout the year, enabling them to plan ahead, invest in their operations, and make informed business decisions.

APP works very symbiotically with the Ontario Feeder Cattle Loan Guarantee Program.

### **Capital Gains**

We are deeply concerned over the proposed increase to the capital gains inclusion rate. Specifically, the potential impacts of Budget 2024's proposed increase to the capital gains

inclusion rate from one-half to two-thirds for corporations and from one-half to two-thirds of capital gains realized in the year that exceed \$250,000 on or after June 25, 2024.

The proposed changes are counter intuitive to changes Parliamentarians previously made under Bill C-208 and amendments in Budget 2023, where parliamentarians recognized and aimed to address the significant costs of farm transfers and other small businesses between generations. Bill C-208 significantly contributed to the sustainability of family farming and family-owned small businesses by addressing the provisions that previously made it more costly to pass a family farm on to a family member than to a stranger. However, by increasing the capital gains inclusion rate, the federal government risks weakening the provisions under C-208 and its amendments and hampering the possible success of intergenerational farm transfers to young producers.

Beef cattle producers often use diverse operating structures for business planning purposes, such as through holding companies and employee trusts. Land is considered an asset which is core to the business of farming and should not be considered under the lens of capital gains taxes. Should implementation of the capital gains increases go through without meaningful consultation, then our sector risks losing not only a significant portion of its workforce as many farmers retire without viable succession plans, but also Canada's rural economy as a whole is at risk of declining.

We urge the federal government to exempt beef cattle producers and other farmers from the increase to capital gains and ensure that these measures do not jeopardize the transfer of assets from generation to another. Between Budget 2024 and the coming into force date (June 25, 2024), there has not been enough time to properly consult farmers and learn all the impacts, which will have unintended negative consequences for Canada's farm families. We support the Ontario Federation of Agriculture (OFA), in collaboration with the Canadian Federation of Agriculture (CFA), that have been actively advocating for the government to pause these proposed changes and extend the consultation period until at least January 1, 2025 to fully understand the impacts these proposed changes could have on our members, and to consider alternative options.

## **International Trade**

Canadian beef has one of the lowest greenhouse gases (GHG footprints) per unit of production in the world, roughly half the global average.

Canada is a world leader in the production of high-quality beef, with 50 per cent of Canadian beef exported into over 58 countries. The Canadian beef industry reached its eighth year in a row of hitting record export values. In 2023 Canada exported C\$5.4 billion in beef and live cattle exports. International trade continues to add significant value to the industry as producers gain C\$1,426 per animal through selling in international markets in comparison to if producers were only able to sell into the Canadian market. The U.S. is our largest beef export market, approximately 80 per cent of our exports go south of the border which represented C\$4 billion in 2023.

Canadian beef producers, especially Ontario beef producers, are negatively impacted by the segregation requirements in the U.S. for Canadian cattle at slaughter facilities due to differences in Canadian and American requirements for shipping to South Korea based on BSE era regulations.

### Trade Priorities:

1. Resolve the BSE-era export certificate issue with South Korea. There is no reason to have this very dated, unnecessary and costly requirement remain. Lawmakers in Canada need to push for an amendment of the agreement between Canada and South Korea to have the BSE requirement removed or request that South Korea formally inform the U.S. that it does not require the USDA to certify the segregation of Canadian cattle.
2. Immediately address remaining BSE issues and expedite the harmonization of Canada's SRM Removal Requirements with the U.S.
3. Free and open trade are cornerstones of the North American beef supply chain, any trade barriers and disruptions threaten the profitability and sustainability of the sector in North America. This includes any country-of-origin labelling that discriminates against Canadian beef and/or cattle being exported to the U.S.

### Interprovincial Trade

BFO supports the advancement of internal commerce with respect to meat products by reducing barriers to interprovincial trade. While we are encouraged by the commitment to reduce interprovincial trade barriers through implementation of pilot projects for border regions and ready to grow provincial plants, we also recognize that interprovincial trade is a complex issue, with many players and stakeholders.

On the issue of border regions, there is no significant justifiable reason why a producer cannot cross a provincial border, access a neighboring provincial abattoir, and then bring the product back to their home province to be marketed locally. The border issue, in our view, is low hanging fruit and should be resolved by FPT governments immediately.

On the issue of provincial abattoirs that wish to export outside of their province into neighboring provinces, we recognize this is a more complicated issue but one that has the potential to add value to the sector.

In general, we support the continued investigation into what a common food safety and inspection standard would look like for provincial abattoirs across Canada that maintain no interest in international markets, but who wish to market outside of their provincial borders, recognizing that every provincial meat inspection system is different.

For Ontario, home to one of the more stringent provincial meat inspection systems in Canada, we would also like to emphasize that we do not support the importation of meat from other provincially inspected meat systems that are not consistent with the inspection standards employed in Ontario.

### Transport Regulations

The Electronic Logging Device (ELD) was mandated in January of 2023 by the federal government for the purposes of tracking hours-of-service for long haul trucking. The ELD automatically tracks hours-of-service drive time. Once the driver reaches the legal maximum of 13 hours-of-service, the driver is required to pause for the minimum required consecutive off-duty time.

Canada's Electronic Logging Device mandate for long haul transportation creates a serious challenge for livestock drivers. Live haul drivers, unlike freight transporters, cannot simply pull into a rest area and go off-duty. If due to unforeseen circumstances, they are not able to make it to the intended destination within the hours-of-service, Livestock transporters are then put in the difficult position of either complying with hours-of-service regulations by going off-duty or doing what is best for the animals in their care which is getting them to their intended destination.

We are not seeking a blanket exemption from ELDs or hours-of-service for animal transportation. We are asking for flexibility in enforcement in unforeseen circumstances and communication of said flexibility where drivers are put in the difficult position of either complying with hours-of-service regulations or doing what they know is best for the welfare of the animals in their care which is getting them to their destination as quickly and safely as possible.

We have met with Transport Canada officials multiple times but, with all respect, there does not seem to be an understanding of the urgency and seriousness of the concerns we are raising. Officials have requested statistics and information from the sector that are not available. We should address this concern immediately to prevent any deterioration of animal welfare outcomes for livestock in transit due to the current transport regulations.

Private Members Bill C-385, introduced by MP Martin Shields on March 19, 2024, is structured to give livestock transporters more flexibility during trips by implementing a 240 km air radius from both the start and end of the trip that would not count towards the driver's hours during unforeseen circumstances. The added flexibility in this bill takes both driver safety and animal welfare into consideration alongside aligning us with the U.S. The bill has concluded first reading in the House and BFO have supplied MP Shields with a letter of support. BFO strongly supports this bill and will be sending out a letter to Ontario MPs highlighting our support and calling on them to support the bill throughout the process.

## **Business Risk Management**

### AgriStability

While AgriStability has historically provided limited benefits for beef producers across Canada, it remains the primary business risk management program available to livestock producers that is supported federally. The current framework is inherently unresponsive and cannot accommodate risks associated with foreign animal disease (FAD) events, severe weather events, and other market disruptions. Limitations aside, BFO is intrigued by the work taking place in Alberta through the Agriculture Financial Services Corp. (AFSC) seeking to improve AgriStability's responsiveness for livestock grazing sectors, particularly cattle producers. We urge you and your FPT counterparts to monitor developments coming out of this project.

Regarding the AgriStability operational cap that has not been changed in decades, we strongly support an increase in the cap from \$3 million to \$15 million. Ten years ago, the cap covered 24 per cent of allowable expenses, but it now only covers 8 per cent. We also recommend eliminating the cap in the case of a catastrophic market impact such as FAD. This could help improve producer uptake of AgriStability while ensuring the program remains tenable in the long-term.

## U.S. BRM Programs

BFO would strongly encourage FPT governments to seriously evaluate and consider the programs being offered to our competitors in the U.S. The Livestock Risk Program (LRP) and Livestock Gross Margin Program (LRG) have seen a dramatic uptick in enrollment supported by increased subsidized government premiums. The U.S. approach would be far superior in terms of responsiveness and support to livestock producers than the Canadian approach via AgriStability. Producers like these programs, and governments reduce the need for ad-hoc disaster programming.

The **Livestock Gross Margin** is a federal risk-management program designed to protect against a decrease in margin caused by a drop in livestock prices or an increase in feed costs. Similarly, producers can also choose to enroll in the **Livestock Risk Protection**, which is designed to insure against declining market prices.

## Livestock Price Insurance (LPI)

We were pleased to see the Livestock Price Insurance (LPI) Pilot officially launched in the Maritimes. The new program will provide producers from New Brunswick and Prince Edward Island - and soon Nova Scotia - the ability to purchase insurance on price protection for their beef cattle in the case of an unforeseen market disruption.

We support flexibility in BRM programs that work regionally (i.e., LPI in the western and maritime provinces, RMP in Ontario, ASRA in Quebec). The administration of LPI is cost-shared on a 60:40 basis between the federal government and provinces.

For a province like Ontario that maintains its own provincially administered program through the Ontario RMP, we strongly support a federal contribution to the administration, similar to what the other provinces receive for the administration of LPI for the beef and pork sectors.

On behalf of the Beef Farmers of Ontario, we thank you for the opportunity to provide comments in advance of the upcoming FPT Ministers of Agriculture Annual Conference.

Sincerely,



Craig McLaughlin  
President

cc: BFO Board of Directors  
Janette Leask, OMAFA