



BEEF FARMERS OF ONTARIO NEXT POLICY FRAMEWORK

Priorities and Recommendations



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Beef Farmers of Ontario (BFO) welcome the opportunity to provide feedback on both current and potential challenges and opportunities facing the sector and on prospective priorities and vision for the Next Policy Framework (NPF) - 2023-2028. This document outlines BFO's priorities including ways to build on and improve programming offered under the Canadian Agricultural Partnership (CAP) and previous NFP's.

BACKGROUND

ONTARIO BEEF INDUSTRY OVERVIEW

Agriculture is the backbone of our rural communities and is important to the quality of life of all Canadians and Ontarians. There are approximately 19,000 beef farmers in Ontario, representing 13.7 per cent of all farms in the province, most of which are multi-generational family-run operations. Beef farms and the broader beef cattle sector have a presence and economic impact in every county and district in Ontario.

ECONOMY

The beef industry is an important economic driver of Ontario's agri-food sector. Combining the revenue from primary production, processing and retail, the beef industry contributes \$2.69 billion to Ontario's GDP on an annual basis. Gross sales from Ontario beef production, processing and retail exceed \$13 billion, with revenue from farm gate sales reaching \$1.4 billion, processing at \$3.5 billion and retail surpassing \$9 billion. The income derived from the beef industry helps support a broad range of rural infrastructure such as hospitals, schools and community centres.

EMPLOYMENT

Ontario's beef industry is vitally important to the well-being and growth of families, businesses and communities, both rural and urban. As a significant job creator, Ontario's beef industry sustains more than 61,000 jobs in primary production, processing, and retail. Beef farms provide a wide variety of jobs between on-farm (equipment operation, breeding and feeding) and off-farm (farm machinery sales, grocer sales, meat packaging and processing, and transportation).



BACKGROUND

ENVIRONMENT

Grasslands used in beef production help store approximately 1.5 billion tonnes of carbon in Canada. We're proud to say that due to improved production practices, producing 1 kilogram of beef in Canada today emits 15 per cent fewer greenhouse gases than it did in 1981. The Canadian beef sector maintains one of the lowest GHG footprints of all beef production systems in the world –less than half of the global average. In addition, when Ontario farmers feed cattle surplus food, hailed-out crops, and food processing by-products such as distillers' grains, they are reducing food loss and diverting food waste from going to landfills where it produces methane emissions that intensify climate change.

ONTARIO BEEF SECTOR PRIORITIES AND RECOMMENDATIONS

BUSINESS RISK MANAGEMENT PROGRAMS

The current suite of BRM programs plays a critical role in managing market and weather-related risks beyond farmer's control. However, while farmers are taking on much of the risk of growing food for Canadians, the current suite of BRM programs remain in need of critical updates. Currently, AAFC is working with the sector to explore beef specific revenue and margin programs. This is extremely important work that BFO fully supports. For low margin businesses like the beef sector, and the frequent and volatile shifts in global commodity markets becoming more normalized, it is more important than ever to modernize BRM programming on a sector-specific level to help farmers manage the risks of today and tomorrow.

RECOMMENDATIONS:

1. Continue to place high priority on the development and evaluation of new revenue and/or margin-based insurance programs for the beef sector.
2. Implement a yield-based forage insurance program.
3. Increase the AgriStability trigger to 85 per cent.
4. Increase/remove AgriStability operational cap.
5. Increase AgriInvest funding back to pre-Growing Forward 2 levels.



PRIORITIES AND RECOMMENDATIONS

6. Increase the interest-free portion and cash advance limit under the Advance Payments Program (APP).
7. Make Set-Aside programs a permanent tool that can be triggered under AgriRecovery to help address processing bottlenecks caused by labour disruptions, natural disasters, and other black-swan events.

In addition, BFO strongly encourages policymakers to assess and implement the recommendations stemming from the 2020 study released by the Standing Committee on Agriculture and Agri-Food entitled *Facing the Unexpected: Enhancing Business Risk Management Programs for Agriculture and Agri-food Businesses*.

MEAT PROCESSING CAPACITY

In Eastern Canada, federal beef processing plant utilization has increased from 85 per cent in 2016 to 100 per cent in 2021, while provincially inspected slaughter volumes have averaged 20 per cent above the five-year average, resulting in limited processing availability for farmers and an uncompetitive market. Many processing plants are operating at or above capacity for significant portions of the year due to increased beef demand, production, and changes in the dairy sector.

Since the beginning of the pandemic this problem has intensified, resulting in depressed prices for beef producers, and long wait times to get animals processed, particularly at the provincial level.

RECOMMENDATIONS:

1. Increase strategic investment in the sector
 - Simplifying programming and ensuring a sufficient funding window to allow businesses the ability to plan, build and execute growth strategies.
 - Prioritizing funding on projects with the greatest ability to expand production capacity.
 - A combination of cost-share funding, no-interest, and non-repayable loans to spur capital investments in production and improve efficiencies.
 - Finally, the development of an Industry Export Development Fund which, would assist in export diversification efforts and help address international trade barriers.
2. Address labour shortages and skills training gaps
 - Develop and implement a domestic strategy to attract, train and retain high skill workers by providing investments and supports in training and education.
 - Refocus foreign worker programs into permanent worker programs.



PRIORITIES AND RECOMMENDATIONS

- Develop and implement a strategy that would create a pathway to allow workers from countries with an ample supply of labour to come here and vacant fill jobs.
3. Revise slaughter regulations related to bovine spongiform encephalopathy (BSE), including harmonization of Canada's specified risk material (SRM) removal policies with the United States, so that they do not weaken the competitiveness of the Canadian beef industry.
 4. Invest in trade infrastructure, such as transportation systems, to improve access to markets and support a modern supply chain.
 5. Modernize regulations and implement targeted programs, in collaboration with the provinces and territories, to encourage the development of local processing businesses and regional small-scale abattoirs.
 6. Consider food insecurity a priority, looking more precisely to northern and indigenous issues, and take the necessary measures to support Canadians in need.
 7. In collaboration with the provinces and territories, seek further harmony between federal and provincial processing standards, so as to reduce barriers to inter-provincial and international trade, and encourage innovation through a focus on outcomes rather than prescriptive measures.
 8. Support innovative approaches to skills development and encourage training and reskilling programs to meet the current and future labour requirements of agri-food businesses, and also help to promote and to raise awareness of career opportunities in the agri-food sector with a focus on future generations, while respecting agreements signed with provincial and territorial governments and their jurisdiction.

In addition, BFO strongly encourages policymakers to assess and implement the recommendations stemming from the 2021 study released by the Standing Committee on Agriculture and Food entitled *Room to Grow: Strengthening Food Processing Capacity in Canada for Food Security and Exports*.

ENVIRONMENT & CLIMATE CHANGE SOLUTIONS

Stewardship of natural resources is imperative to the success of beef farmers. Canada's beef industry is the single largest Canadian protector of grasslands, pastures, and hayfields which sequester carbon, and provide refuge for insects, pollinators, and many species at risk all the while providing feed and grazing space that produces some of the best beef in the world.

Canada's beef industry has recently set very significant and ambitious environmental goals including:

- Safeguarding the existing 1.5 billion tonnes of carbon stored on lands managed with beef cattle.
- Sequestering an additional 3.4 million tonnes of carbon every year.
- Reducing primary production GHG emission intensity by 33 per cent by 2030.
- Reducing food loss and waste (from secondary processing to consumer) by 50 per cent by 2030.
- Fulfilling the Global Methane Pledge by reducing methane emissions by 30 per cent below 2020 levels by 2030.



PRIORITIES AND RECOMMENDATIONS

Carbon offset markets are an important tool to achieve the goals. However, it will also be imperative that the implementation of the carbon offset markets doesn't unintentionally drive grassland loss which would be devastating to climate change efforts, biodiversity within the agriculture ecosystem and the communities the grasslands support.

The ability to safeguard the existing 1.5 billion tonnes of carbon stored on lands managed with cattle is threatened by competing uses and the economic returns to annual crops versus beef production. With the significant crop prices increases, it will be difficult to prevent further land conversion and anecdotally we have heard from Canada's beef farmers of significant conversion of grasslands in 2021.

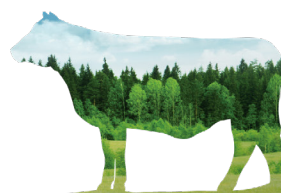
RECOMMENDATIONS:

1. Include in the regulations and subsequent protocols that any grasslands/pastures/hayfields recently converted cannot receive offset payments.
2. Develop offset protocols that reward producers for maintaining long-term carbon stocks.
3. Undertake a holistic policy analysis of how carbon markets and other federal policies will drive land use change.
4. Prioritize the development of beef sector relevant carbon offset protocols.
5. Reduce and simplify the annual monitoring reports for biological sequestration projects, recommend reducing to monitoring reports every two years and supporting largely automated reporting unless changes in the project require changes to the reporting.
6. Reduce requirements for on-site visits through enabling the use of technology (video, satellite monitoring) and/or enabling randomized audit processes.
7. Include the Canadian beef industry in policy and investment discussions as the Government of Canada works towards its goals of supporting the Global Methane Pledge to reduce methane emissions by at least 30 per cent below 2020 levels by 2030 and implementation of related domestic actions.



ON-FARM STRATEGIC INVESTMENTS

Cost-shared strategic investment initiatives funded under Canadian agricultural policy frameworks has provided significant benefits to Canadian farmers. Funding to help facilitate on-farm improvements through targeted programming should continue to receive high priority under the NPF.



PRIORITIES AND RECOMMENDATIONS

RECOMMENDATIONS:

1. Allow manure storage and perimeter fencing projects to be deemed eligible for cost-share funding.
2. Allow business expansion activities to be included as part of eligible activities or projects.
3. Create a technical industry-government working group to develop solutions to reduce the administrative burden for producers that apply for CAP funding, while ensuring the evaluation process supports the types of projects deemed valuable by producers, industry and government.
4. Remove the requirement for producers to have an approved Nutrient Management Strategy (NMS) before applying for manure storage and runoff cost-share funding, and allow producers to apply for a NMS and NPF funding for manure storage or runoff projects simultaneously.
5. Reinstate cost-share funding for the decommissioning of old facilities experiencing run off issues and for building new livestock facilities.
6. Increase investment in rural infrastructure such as irrigation, schools, health care, roads, bridges, broadband, and flood mitigation.

RESEARCH AND INNOVATION

The ability of Canadian agriculture to address the threats posed by animal pathogens, and emerging antimicrobial resistance will have major implications for the short and long-term health of Canadian agriculture, both domestically and internationally.

RECOMMENDATIONS:

1. Ensure the development of a stable, long-term funding framework for national animal health, disease, and antimicrobial surveillance.
2. Increase funding into partnerships including the Ontario Agri-Food Innovation Alliance to ensure agri-food research being conducted at new Ontario dairy, beef, swine and poultry research centres are maximized.
3. Continue to support the National Science Cluster model.
4. Continue to ensure investments are directed to long-term, high-risk areas of research including plant breeding and variety development, genetic improvement, and other areas to take advantage of new opportunities presented by emerging technologies.
5. Continue to support initiatives that improve the speed, reliability, accuracy, and cost-effectiveness of traceability solutions that advance both business and regulatory objectives.
6. Continue to invest in technological solutions that reduce costs, improve competitiveness and enable regulatory approvals and business functions that support trade and commerce.



PRIORITIES AND RECOMMENDATIONS

YOUNG FARMERS AND NEW ENTRANTS

Cost of entry remains one of the largest barriers for young farmers and new entrants. Herd building assistance programs, or loan program, are also in very limited supply which challenges new entrants and young producers from establishing or growing their operations. In 2020, the Young Cattlemen's Council (YCC) conducted a nationwide analysis on what programs were available in Canada to support young producers. The results indicated a limited number of support programs are available to support the startup or expansion costs for new, young or expanding farmers.

The cost of land is also a significant barrier to entry or expansion. The number one capital asset for most farmers is farmland which has significantly increased in value over the past 15 years. The increase in value will cause retiring farmers to face a sizeable up-front tax bill upon retirement. According to an MNP study facilitated by Beef Farmers of Ontario facilitated in 2015, one-third of farmers expected their farm to change ownership over the next few years, and 78 per cent of those farmers expect to be transferring ownership to a family member or business partner.

RECOMMENDATIONS:

1. Enhance government supported grant and loan programs for young, beginning and expanding farmers.
2. Investigate the creation of a Capital Gains Deferral Fund which would allow for funds that usually get moved out of the agriculture sector via taxes and traditional retirement saving plans, to remain within the agriculture industry and provide help for the next generation of farmers.
 - The proposed Fund would allow farmers to deposit all or a portion of the proceeds from the sale of their land at retirement and receive a tax deferral on the capital gains.
 - The Fund would then be used to support beginning farmers as a pool of capital to acquire farmland.
 - The Fund would be set-up to provide favourable terms to beginning farmers compared to other financial institutions.
 - The Fund would act as an investment instrument for farmers that contribute the proceeds of their land sales as they would receive a return from the interest paid by beginning farmers on the loans granted by the Fund.
 - The Fund's goal would be to lower down-payment requirements compared to traditional farmland loans, which would free up capital for the young producers to enter elsewhere in their operation.

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