



BEEF FARMERS OF ONTARIO ELECTION TOOLKIT FOR PRODUCERS

Canada's 2021 Federal Election



With the 2021 Canadian federal election quickly approaching, we need to build awareness of the current challenges and opportunities facing the Ontario/Canadian beef industry. This toolkit has been put together to assist Ontario's beef producers with engaging and participating in discussions with local Member of Parliament (MP) candidates on industry priorities prior to the election.

Every conversation between a producer and their local MP candidate increases the level of awareness surrounding the beef and broader agri-food industries and our associated opportunities and challenges.

Producers are encouraged to take the time to reach out to local MP candidates through attendance at all-candidate meetings and/or one-on-one meetings. Additionally, producers can engage MP candidates through social media, email, written letters or phone calls. Reaching out and building a connection with local MP candidates will provide us a better understanding of each political party's plans and commitments for agriculture in the future.

A contact list for MP candidates in Ontario's rural ridings is available through the BFO website and office. To assist in sparking discussion with local MP candidates, a list of questions and conversation-starters have been included in this package. There is also a list of tips for communicating and meeting with candidates.

If you are pressed for time during a discussion with a candidate, consider posing one of the following priority questions:

- 1. The current suite of Business Risk Management Programs (BRM) are unresponsive to current market challenges and produce inequitable distribution of support across sectors. If elected, what immediate steps would your party take to ensure that equity and sufficient funding is restored to these critically important programs?**
- 2. If elected, will your party support and deliver a federal beef processing infrastructure fund for Ontario to assist the beef industry in adding the needed processing capacity to service domestic and international markets?**

If you speak with an MP candidate, please contact the BFO office and let us know how it went. We are keenly interested in the outcomes of your conversations with local candidates during the 2021 federal election campaign.

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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% 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 is responsible for 9,500 jobs in primary production, 9,000 jobs in processing and 43,900 jobs in retail. In total, Ontario's beef industry sustains more than 61,000 jobs. 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).

ENVIRONMENT

As long-term partners with the environment, more than 70% of Ontario farmers have taken an environmental course, evaluated their farm's environmental footprint, and made improvements to protect soil, water and ecosystems. In addition, 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% fewer greenhouse gases than it did in 1981. The Ontario beef sector maintains one of the lowest GHG footprints of all beef production systems in the world – less than half of the global average.



PRIORITY ISSUES AND BACKGROUND

1. ADDRESS THE SHORTAGE OF BEEF PROCESSING CAPACITY IN EASTERN CANADA

In Eastern Canada, federal beef processing plant utilization has increased from 85% in 2016 to 100% in 2020, while provincially inspected slaughter volumes have averaged 20% above the 5-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. CanFax estimates that beef processing capacity shortages equated to \$129 million in lost revenue in 2020 for farmers in Eastern Canada.

In the spring of 2021, the Standing Committee on Agriculture and Food released a study on Food Processing Capacity to find solutions to this problem, focusing primarily on the beef and broader meat sector in Eastern Canada. Key recommendations included the following, which BFO strongly supports:

- * Invest in trade infrastructure, such as transportation systems, to improve access to markets and support a modern supply chain.
- * 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.
- * Consider food insecurity a priority, looking more precisely to northern and indigenous issues, and take the necessary measures to support Canadians in need.
- * 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. Furthermore, the committee recommends that the federal government make available supports for those processors specifically seeking compliance with international trading standards, where these standards place a significant additional burden beyond provincial measures.
- * Revise the slaughtering regulations related to bovine spongiform encephalopathy (BSE), including those respecting specified risk material (SRM), so that they do not weaken the competitiveness of the Canadian beef industry.
- * 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



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2. IMPROVE ACCESS TO, AND FUNDING SUPPORT FROM BUSINESS RISK MANAGEMENT (BRM) PROGRAMS ACROSS SECTORS IN AN EQUITABLE MANNER

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, such as AgriStability, remain in need of critical updates. 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 to help farmers manage the risks of today and tomorrow.

In November of 2020, the Standing Committee on Agriculture and Food released a study entitled Facing the Unexpected: Enhancing Business Risk Management Programs for Agriculture and Agri-food Businesses to address concerns and gaps within the current BRM suite. Key recommendations included the following, which BFO strongly supports:

- * Immediately improve AgriStability by adjusting the program to cover losses below 85% of the historical reference margin, in order to return this margin to its pre-2013 level, and that it work to bring long-term enhancements to make the program more effective, agile, timely and equitable, recognizing that different sectors have different needs.
- * Improve and enhance AgriInvest to make it more effective, agile, timely and equitable.
- * Identifying and addressing gaps in access to AgriInsurance by sector or region to mitigate the financial impact of production losses (particularly with respect to forage insurance).
- * Enhance the Advance Payments Program (APP) to better address cash flow risk in agricultural businesses with the following measures:
 - a) Increasing the interest-free portion; and
 - b) Increasing the overall cash advance limit.

3. PROTECT THE ENVIRONMENT AND ENSURE BEEF FARMERS HAVE ACCESS TO CARBON OFFSET MARKETS

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.

Global meat demand is expected to grow, and the global livestock industry needs to meet this demand while optimizing the use of limited natural resources. The ongoing work of the Canadian Roundtable for Sustainable Beef and the ambitious beef industry goal setting initiative demonstrates our sector's commitment to sustainable production.



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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% by 2030;
- * reducing food loss and waste (from secondary processing to consumer) by 50% by 2030



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 producers of significant conversion of grasslands in 2021.

To avoid driving further loss we need to make sure that Canada's current federal policy direction, including the Clean Fuels Standard, supercluster funding, and the development of the carbon market, doesn't unintentionally put further pressure on the grassland ecosystem. To do so, the beef sector recommends the following:

- * include in the regulations and subsequent protocols that lands recently converted cannot receive offset payments,
- * develop offset protocols that reward producers for maintaining long-term carbon stocks,
- * undertake a holistic policy analysis of how carbon markets and other federal policies will drive land use change and
- * prioritize the development of beef sector relevant carbon offset protocols.
- * 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,
- * cap the total reporting requirements to 100 years
- * reduce requirements for on-site visits through enabling the use of technology (video, satellite monitoring) and/or enabling randomized audit processes, and



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- * through flexible regulations allow for the integration of new technologies into all verification procedures
- * in partnership with industry and NGOs support awareness of and thus participation in the offset protocols,
- * through other funding channels support research, innovation or large upfront costs that may limit participation in the offset protocols,
- * increase the length of time to register (currently at 18 months) recognizing that significant amounts of work and awareness building will be required to enable participation in the carbon market,
- * ensure that receiving government incentives does not render a project type ineligible for offsets,
- * support smooth transitions between existing voluntary carbon markets and the federal offset system, and
- * allow the Environmental Integrity Account to also cover voluntary reversals

4. ADDRESS TRADE BARRIERS AND MARKET ACCESS CONCERNS

Canadian beef and livestock genetics are sold into 58 markets around the world and about 50 per cent of what we produce is exported. While COVID was very difficult for the beef industry in the spring of 2020 we were able to recover, and the value of trade was up 1.4% in 2020 over 2019. Having a record year, despite difficult conditions, demonstrates the value of having robust and ambitious trade agreements in place.

CETA/UNITED KINGDOM

We are significantly concerned with how beef trade with the EU and UK has progressed. The growing trade deficit has increased more than 1.3 and 2.3 times since 2019 for the UK and EU respectively. We are now importing close to 4 times more beef per tonne than we are exporting to the UK, and more than 9 times with respect to the EU. The vast majority of these exports (90+%) end up in grocery stores in Ontario and Quebec.

BFO and our counterparts in the Canadian cattle sector are requesting the following:

- * Provide direct compensation to Canadian beef producers due to loss of market share, similar to what was provided to supply-managed sectors, in light of the ongoing trade deficit and barriers in the UK and EU preventing meaningful access to Canadian beef.
- * Recognize that CETA will not provide benefits to the Canadian beef industry until all technical barriers are resolved, and work to address said barriers immediately.
- * Promote the inclusion of the UK into the CPTPP. We cannot afford to replicate the CETA agreement in a permanent FTA that is negotiated between Canada and the EU.



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SOUTH KOREA

A major factor in Ontario/Eastern Canada's processing capacity challenges stems from an ongoing trade rule with South Korea. Canada's free trade agreement with South Korea requires shipments of beef from Canada be halted if another case of BSE (mad cow) is found in Canada.

Because the U.S. does not have this same requirement, processing plants in the northeastern United States that would otherwise bid on eastern Canadian cattle are hesitant to do so unless the price drops far enough to justify the costs, or won't buy Canadian cattle at all because of the risk to their own shipments of beef to South Korea (or for Canadian cattle that they processed in the U.S.).

Processing plants in the U.S. that do buy Canadian cattle must segregate Canadian animals and process them during dedicated shifts so that Canadian and American shipments can be easily distinguished. This is a cost most U.S. plants are not willing to incur.

BFO and our counterparts in the Canadian cattle sector are requesting the following:

- * Lawmakers in Canada need to push for an amendment of the agreement between Canada and South Korea to have the BSE requirement removed. Doing so will provide additional outlets and increased competition for Canadian cattle at processing plants south of the border.

UNITED STATES

Continued segregation policies at some U.S. beef processing plants reduces the competition and value of Canadian cattle. U.S. segregation policies also hurt the red meat industry in the U.S. by adding costs given the high level of integration between our two countries. Any movement to reinstate mandatory Country of Origin Labelling (M-COOL) or implement a modified mandatory program will have mutually detrimental effects on the red meat sector and would ultimately detract from the spirit of the Canada-United States Regulatory Cooperation Council's mandate.

- * BFO recommends that the Canadian Government resist any movement to re-instate mandatory country of origin labelling in the U.S. or a modified mandatory program, and be prepared implement retaliatory tariffs as authorized by the WTO if new mandatory COOL is legislated.
- * More broadly, Canada should continue to focus on regulatory cooperation between Canada and the United States in an effort to help increase the competitiveness of our sector by reducing barriers to trade and better aligning our regulatory systems. Where possible, our countries should pursue regulatory harmonization similar to what has been done in Australia and New Zealand with respect to the meat and livestock sectors.



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5. REDUCE THE COST OF ENTRY FOR YOUNG FARMERS AND NEW ENTRANTS

In Ontario, the average age of a beef farmer is 55 years. Unfortunately, the biggest factor in establishing a farm in Ontario is the cost associated with purchasing land, which discourages young people from entering the industry because of prohibitively high start-up and debt servicing costs.

To address these issues, BFO recommends the following:

- * Enhance government supported financing programs for young farmers/new entrants including a combination of start-up or expansion grants and no-interest loans with a BUFO non-repayable portion.
- * Investigate the creation of a capital gains tax deferral fund to provide financial incentives to young farmers or new entrants to increase entry into the sector
- * Fulfill the recommendations from the Standing Committee on Agriculture and Food's study on BRM programming with respect to young farmers/new entrants, including:
 - a) Reducing AgriInsurance premiums
 - b) Waiving AgriStability fees
 - c) Providing educational support to bolster a better understanding of Business Risk Management programs and best practices
 - d) Making the AgriInvest program more accessible to young farmers.

6. ENSURE ANIMAL TRANSPORTATION REGULATIONS ARE SCIENCE-BASED

Ensuring the highest level of animal care and welfare for transported animals is the paramount priority for beef farmers and their families. Minimizing stress and preventing injury of animals during transport is always the goal. Ontario beef farmers and their families continually work to make demonstrable improvements in animal health and welfare outcomes within all aspects of the industry, and we support new approaches that help us build on that success.

Welfare outcomes for beef cattle transported under current regulations are very positive. Agriculture and Agri-Food Canada research on cattle transport in Canada confirms that over 99% of all cattle arrive at their destination safely without injury.

However, regulations updated in 2020 ignored these positive outcomes by decreasing the maximum amount of allowable time in transit from 48 to 36



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hours, in addition to a number of other changes that have added increased burden and costs to producers and transporters. However, a two-year enforcement delay on the time in transit regulations was implemented by Minister Bibeau, which will expire in February of 2023.

BFO and other Canadian beef industry stakeholders are requesting a one-year extension on this enforcement delay to allow for science-based research to be completed and reviewed to ensure the best outcomes in humane transportation are achieved.

Research funded by Agriculture and Agri-Food Canada and the Beef Cattle Research Council is currently underway to build upon the research that has already been completed in better understanding the effects of unloading and reloading cattle, rest stop duration and the associated animal welfare outcomes. At this point, two research trials under the project have been published and the evidence has shown that rest stops have not provided any significant health or welfare benefits to transported calves. The project's final trial that investigates longer transport intervals and effect of rest stops is ongoing and expected to be completed in the spring of 2022.

We strongly believe the completion and review of this research is needed prior to the conclusion of the enforcement delay to ensure this component of the regulations is science based and will not unintendedly create negative animal welfare outcomes that do not exist under the current transportation regulations. Extending the enforcement delay period to February of 2023 will allow sufficient time to review the completed research findings and if warranted, update this section of the regulations.

Government must ensure that any rules that increase the frequency and length of rest stops actually bring us closer to 100%, not take us further away.



PRIORITY ISSUE QUESTIONS FOR MEMBER OF PARLIAMENT (MP) CANDIDATES

ADDRESS THE SHORTAGE OF BEEF PROCESSING CAPACITY IN EASTERN CANADA

1. If elected, will your party support and deliver a federal beef processing infrastructure fund for Ontario to assist the beef industry in adding the needed capacity to service domestic and international markets?
2. If elected, what is your party's plan to address worker shortages in key industries such as the agri-food sector?

IMPROVE ACCESS TO, AND FUNDING SUPPORT FROM BUSINESS RISK MANAGEMENT (BRM) PROGRAMS ACROSS SECTORS IN AN EQUITABLE MANNER

1. What will you do to ensure your party corrects the inequity in BRM insurance programs that currently places farmers in some sectors, such as those in the beef sector, at a competitive disadvantage to farmers in other sectors with greater levels of risk management insurance support?
2. With the Federal Agriculture Committee Report being released last fall, with a total of 15 recommendations on how the BRM programs can be updated to meet the need of today's farmers. Will you commit to promoting and supporting the recommendations contained in the report??
3. Will your party support provincially designed BRM programs, such as the Ontario Risk Management Program?

PROTECT THE ENVIRONMENT AND ENSURE BEEF FARMERS HAVE ACCESS TO CARBON OFFSET MARKETS

1. What will your party do to ensure carbon credits are simple and accessible for agriculture, including offsets for carbon sequestration on pasture and hay land, improvements in feed efficiency?
2. If elected, what will your party do to recognize the beef sector as a key part of the solution in fighting climate change and maintaining biodiversity and consider the beef industry goals for future government environmental policies, including conserving grasslands?



PRIORITY ISSUE QUESTIONS FOR MEMBER OF PARLIAMENT (MP) CANDIDATES

ADDRESS TRADE BARRIERS AND MARKET ACCESS CONCERNS

1. What is your party's plan to encourage export market development and increase the market access for Canadian Beef?

REDUCE THE COST OF ENTRY FOR YOUNG FARMERS AND NEW ENTRANTS

1. How does your party intend to support young farmers and new entrants?

ENSURE ANIMAL TRANSPORTATION REGULATIONS ARE SCIENCE-BASED

1. Will you support an immediate extension on the time in transit enforcement delay for transported livestock to allow for current research to be completed and reviewed?
2. If your party is elected, will you promote and support science-based decision-making and review the changes to transport regulations, keeping in mind the results obtained from current and future AAFC research?

ADDITIONAL QUESTIONS

1. As land prices in Canada continue to soar, what is your party's plan to level purchasing costs and control the associated high interest rates?
2. Inflation will increase the cost of equipment and critical infrastructure which in turn make it more costly for Beef farmers to operate their business. What is your party's plan to maintain inflation rates a manageable level?
3. How does your view research and what is your party's strategy support and invest in key sector such as the beef industry?
4. Would your party support investment in a domestic market development fund to help grow and defend Canadian beef in the domestic market?
5. How does your party plan to support beef research, innovation and access to new technology?
6. Will your party continue to support the successful National Science Cluster Model for research?



TIPS ON COMMUNICATING WITH ELECTION CANDIDATES

BE AWARE OF TIME. You may only have a few minutes to get your point across.

BE ASSERTIVE. Know what you want in advance and ask for it.

BE DIRECT. State the purpose of your meeting clearly and highlight our industry's key issues.

BE INFORMATIVE. Refer to information in this toolkit and stick to the facts.

BE POLITICAL. Explain your hometown's relevance to the beef industry i.e. how Ontario's beef industry contributes to the local economy.

PERSONALIZE YOUR MESSAGE. Relate our industry priorities to your own story as a beef producer and support it with BFO's speaking points. Your personal story and how the challenges facing the beef industry affects your operation will be more highly regarded than speaking points alone.

BE INQUIRING. Ask your candidate if he/she is familiar with your issues. Ask for the candidate's view on the subject and how he/she will act to address these issues, if elected.

BE COURTEOUS. Be tolerant of differing views and don't speak badly of other politicians or organizations. Keep in mind that there may be other occasions when BFO will lobby this candidate or MP, and a cordial relationship keeps the door open.

BE RESPONSIVE. Try to answer questions. When you can't, offer to get back to the candidate with the information. You can always ask BFO for help in getting the necessary information to the candidate.

BE AVAILABLE. Make sure your candidate knows how to reach you. Feel free to offer to have the BFO office follow up with additional information.

