



Beef Farmers of Ontario 2022 Pre-Budget Consultation Submission

Beef Farmers of Ontario (BFO) is pleased to participate in the Standing Committee on Finance and Economic Affairs pre-budget consultations.

Why the Ontario beef sector?

- ✓ We are a leader in **global sustainable beef efforts**
- ✓ We maintain one of the **lowest GHG footprints** of all beef systems in the world
- ✓ We contribute **\$2.69 billion** to Ontario's GDP on an annual basis
- ✓ We sustain more than **61,000 jobs** through primary production, processing and retail

2022 Budget Request

Join Ontario farmers by increasing the province's investment in the **Ontario Risk Management Program (RMP)** by raising the program cap from \$150 million to \$250 million annually to ensure our farms have the tools to manage today's food production risks.

Why the Risk Management Program (RMP)?

RMP is a cost-shared insurance program designed to help stabilize the grains, horticulture and livestock sectors by providing partial financial protection for Ontario farmers against market volatility and production risks. RMP fills a critical gap for agricultural commodities in Ontario that are not protected by the supply management system.

RMP Supports Ontario Farmers

- ✓ *Beef*
- ✓ *Pork*
- ✓ *Lamb*
- ✓ *Fruits & Vegetables*
- ✓ *Grains*
- ✓ *Oilseeds*
- ✓ *Veal*

Why is increased investment in this program needed?

Farmers, like many sectors, now face unprecedented levels of risk and uncertainty. These risks cannot be sufficiently managed by good management alone due to significant inflationary cost of production increases, trade and supply chain disruptions, and a level of market volatility we

have never experienced. The best remedy for these risks, which will help sustain and grow our economic output, is to increase Ontario's investment in the RMP.

The program remains critically underfunded with many sector insurance plans covered under RMP unable to pay out calculated insurance benefits given the current funding cap, even with the \$50 million dollar program increase that was delivered in 2020, for which we were very grateful for.

Beef farmers enrolled in RMP receive an average of 58% of insurance benefits due to funding limitations

Committing to a program increase of a \$100 million is a commitment to partner with Ontario farmers, who contribute 35 per cent of the costs through annual insurance premiums. Any program increase provided by the province will be matched at the current cost-share ratio by Ontario farmers themselves.

Why is this a good investment for the province?

Partnering with Ontario farmers means more than just an added expense for the province, it represents an investment with a proven return for the Ontario economy.

Two separate studies conducted on the economic return of RMP demonstrated significant ROI for the province.

\$224 million ROI by increasing the program cap by \$100 million

- ✓ **every \$1 dollar invested into the RMP results in \$2.24 in net positive economic activity¹**
- ✓ **2 out of 3 participating farmers indicate RMP has a positive impact on their decisions to hire and maintain employees**

Why an increase of \$100 million dollars?

Funding the program at \$250 million annually would help ensure the program is adequately resourced and responsive to changing market demands. This will help us weather the pandemic and post-pandemic storm that has crippled our supply chains and increased production costs and market risks.

Ensuring this program is sustainable will allow farmers to better manage risk and focus on greater innovation, their farms' sustainability, farm job creation, and new market growth opportunities.

¹ Cummings, H.F., Murray, D., and Lane, D. (2015). Measuring the Economic Impacts of RMP. <https://bit.ly/3n4aboA>