



**2016 Pre-budget Consultation Submission to  
The Honourable Charles Sousa, Minister of Finance**

**Submitted: 22<sup>nd</sup> of January, 2016**



Dear Minister,

On behalf of the Beef Farmers of Ontario (BFO), we appreciate the opportunity to participate in the 2016 pre-budget consultations. The Beef Farmers of Ontario is a grassroots organization that provides leadership to 19,000 beef farmers from all sectors of the industry.

We believe we are in a unique position as we put forward our recommendations for the 2016 budget, in that fulfillment of our recommendations will spur growth in Ontario's economy and preserve and grow jobs in the province with limited demand on the budget.

### **Risk Management Program**

Firstly, thank you for your continued support of the Risk Management Program. Ontario's RMP program is helping farmers grow Ontario's economy and protect good farm and agri-food jobs through volatile and unpredictable markets. While the \$100 million dollar program cap imposed by the provincial government removes some of the predictability and stability the program was designed to provide, RMP is still an excellent tool that is enabling farmers across the province to sustain and grow their operations. The RMP program is extremely important to the Ontario beef industry and we thank the Ontario government for its continued support of it.

### **Ontario Feeder Cattle Loan Guarantee Program – Increase to Provincial Government Guarantee**

Beef production is declining in Ontario, and we are getting dangerously close to a tipping point as processing plants are having a difficult time sourcing cattle. Ontario's three federally inspected beef processing plants spend over \$1 billion combined annually on cattle raised by Ontario farmers and contribute close to \$200 million per year on direct payroll. In addition, the Ontario Corn Fed Beef premium brand has been very successful at fulfilling consumers' desire for local quality beef, and demand for the product is growing rapidly. The brand manager anticipates needing another 100,000 head in 2016 to meet this demand. The province needs to send a strong signal to our farmers and processors to let them know that Ontario values the beef industry and the people it employs.

Access to competitive financing is one way Ontario can help address this need. The Feeder Cattle Loan Guarantee Program has provided young, beginning and expanding farmers with a reliable source of credit for more than 25 years, and is backed by a 25% provincial guarantee. There has never been a claim on the guarantee. However, the program is fully subscribed due to the significant escalation of cattle prices and the widespread popularity of the program, which is preventing the local co-operatives from increasing loan amounts to farmers and from taking on new members – in particular, young farmers under the age of 40, who account for 41% of the program's participants.

Ontario can help address this shortfall and improve the sustainability of cattle supply that our processing partners in Toronto and Guelph so desperately rely upon and need by increasing the government guarantee from \$32.5 million to \$65 million, at no direct cost to taxpayers. We understand the program is a minimal line item in the budget and we believe the program's history invites the provincial government to confidently invest more. Doubling the government guarantee will allow the program lending cap to increase to \$260 million, double the current capacity.

### **Breeder Loan Program – Introduction of a Provincial Government Guarantee**

Another action Ontario can take to spur growth and create new jobs in the beef industry is to provide a similar 25% loan guarantee for cow-calf producers, through the Breeder Loan Program. The Ontario Breeder Loan Program currently operates in regions across the province in a similar fashion to the Feeder Cattle Loan Guarantee Program but is not backed by a provincial guarantee. Without the government backstop, financing is offered at considerably less attractive terms to farmers by private lenders. If the



province were to provide a \$7.5 million loan guarantee for the Breeder Loan Program, up to \$30 million in more competitive financing for cow-calf farmers could be made available for industry expansion and growth activities, again at no direct cost to the government. This would provide more Ontario born and raised animals that could be used to capitalize on current demand for local food.

### **Industry Growth Supported By Access to Crown Land**

We are paving over 1 million acres of farmland every decade in Southern Ontario. We need to begin replacing it. This combined with the onset effects of climate change underscores the need to open Crown land in Northern Ontario to agricultural production to ensure a stable and secure supply of food is available for the next generation of Ontarians.

An intensive feasibility study undertaken by Beef Farmers of Ontario confirms that developing farms in Northern Ontario, in the Great Northern Clay Belt area specifically, is the most economically promising and sustainable plan for the region. This will contribute substantial economic base activity for decades. To do this, farmers require access to Crown land. Following up on the commitment made in September 2014 to bring Crown and northern private land into agricultural development, we urge the Ontario government to initiate the first phase of expansion in the North by releasing 60,000 acres of Crown land in the Great Northern Clay Belt to facilitate the development of 30 new economically viable beef farms.

If we as a province take on this challenge to begin developing some of the Great Northern Clay Belt, the establishment of new farms could go on for more than 20 years. Over that period of time, it is expected that the province would receive revenues of greater than \$600 million from the transfer of Crown land to productive farmers. Over those same 20 years, the established farm operations would also contribute more than \$6 billion in value-added GDP to the province.

There are almost 200 million acres of land in Northern Ontario, and 16 million acres of Great Northern Clay Belt land. Establishing sustainable beef farming operations on just a small fraction of these acres will reduce the threat of Ontario processing plants closing, plus the increased production can be used to access new and growing markets in Ontario and around the globe.

### **Premier's Agri-Food Growth Challenge**

Increasing the government guarantee for the Feeder Cattle Loan Guarantee Program, initiating a similar 25% guarantee for the Breeder Loan Program, and releasing Crown land in the Great Northern Clay Belt for agricultural expansion are low-cost asks of government that will help the province meet the Premier's Agri-Food Challenge of doubling growth and creating 120,000 jobs in the agricultural sector by 2020.

Combined with the continued security provided by the Risk Management Program (RMP) we *can* spur new economic activity that will support Ontario's economy at a minimal cost to government.

On behalf of the Beef Farmers of Ontario, we thank you for the opportunity to help form Budget 2016. We would welcome any opportunity to discuss the recommendations contained in this submission in further detail at your convenience.

Yours sincerely,



Bob Gordanier  
President

Cc: Hon. Jeff Leal, Minister of Agriculture, Food and Rural Affairs

