



June 29, 2016

Barb Alves
Senior Policy Adviser
Ministry of Agriculture, Food and Rural Affairs
Policy Division
Economic Development Policy Branch
1 Stone Road West
Guelph, Ontario N1G 4Y2

Dear Ms. Alves,

Re: EBR #012-7458 – Northern Ontario Agriculture, Aquaculture and Food Processing Strategy

The Beef Farmers of Ontario (BFO) appreciates the opportunity to comment on EBR #012-7458, *Northern Ontario Agriculture, Aquaculture and Food Processing Strategy*. BFO represents 19,000 beef producers in Ontario by advocating in the areas of policy planning, industry development and research, and domestic and export market development.

1. What opportunities are there to grow the agriculture, aquaculture and food processing sector in the North?

There are almost 200 million acres of land in Northern Ontario, and 16 million acres of Great Clay Belt land alone. Having sustainable beef farming operations on just a fraction of these acres will reduce the threat of processing plants closing, and the increased production can be used to access new and growing markets in Ontario and around the globe. Ontario's flagship beef brand, Ontario Corn Fed Beef, has been very successful at fulfilling consumer desire for local quality beef, and demand for the product is growing rapidly. The brand manager anticipates needing another 100,000 head to meet current demand.

Capitalizing on this demand has been challenging given the aging producer population and the significant reduction in the amount of productive and affordable land available in Southern and Eastern Ontario. Between 1951 and 2006 more than 7.4 million acres of agricultural land was lost to development and other land uses, the result of which has been a significant escalation in land prices. Experts estimate that we are losing 350 acres of farmland per day to development. That's a million acres a decade. Northern Ontario remains one of the few areas in the province with an abundance of relatively affordable land. Given that land is the single largest cost in the establishment or expansion of a farm, the opportunity to access affordable and abundant lands in Northern Ontario provides great promise for the beef industry and other agricultural sectors.

Advances in technology and improvements in best management practices that have been developed in the past few decades – such as pasture calving, rotational grazing, wrapping hay bales and improved genetics and crop varieties – have created more viable opportunities to establish profitable and

130 Malcolm Road, Guelph, ON N1K 1B1
P/ 519.824.0334 TF/ 1.866.370.2333 F/ 519.824.9101

www.ontariobeef.com



sustainable farms in Northern Ontario. Furthermore, crop heat units have risen in the north by roughly 117 points per decade. From 1965 to 2005, seasonal crop head units increased in the Kapuskasing area from approximately 1650 to 2150. A continued trend in this direction will soon allow other non-traditional crops to be grown successfully in the north, which will foster the development of more diversified farming operations.

Under moderate climate change scenarios, Canada is one of few nations poised to take advantage of a warming climate given our abundance of natural capital – namely healthy soil, an abundance of land and clean water. Northern Ontario is a perfect location to do this. With the right policy supports in place, such as an improved system for accessing Crown lands quickly and in sufficiently sized blocks that allow economies of scale to be achieved, Ontario’s food security can be strengthened for generations to come.

2. Who is best positioned to develop these opportunities?

BFO committed significant resources to establish an economic model for beef production in the north by bringing together some of the best minds in the province. The pathway that industry created for young and new farmers to begin farming at an economically viable scale now requires government involvement to ensure success. The Premier challenged the sector to come forward with plans to create new jobs, and pledged in the Ontario Liberal platform to make Crown land available for new farming opportunities in the north. This commitment needs to be acted on in short order. There simply isn’t enough private land in plots sizeable enough to allow economies of scale to be achieved or enough in close proximity to one another to establish critical mass.

BFO is ready and eager to assist the government in the development of an improved process for accessing Crown land for agricultural expansion in the north. In addition, BFO is committed to assisting in the marketing and promotion of the opportunities that Northern Ontario offers prospective farmers. BFO’s creation of the beefnorth.com website is a reflection of our commitment in this area.

3. What are the advantages to growth of this sector?

Beef industry growth in Northern Ontario will have a direct impact on jobs and income for the province, and will provide needed stability for Ontario’s processing and auction market infrastructure. With the right government supports and commitment from producers who choose to embrace the opportunity, we can help create 30 new economically viable farms every year for the next 20 years. Achieving this goal will contribute an estimated \$318 million in additional value-added GDP per year and 4,500 permanent jobs.

BFO’s exciting regional economic development proposal would:

- significantly grow Ontario’s domestic cow-calf production;
- provide new supply of cattle to help stabilize Ontario processing facilities;
- establish a new, non-seasonal and less cyclical industry and jobs in Northern Ontario; and
- secure local beef production and allow Ontario farmers to take advantage of emerging growth markets for export.

Moreover, agricultural growth in the north will ensure that Ontario is well positioned to address the food security concerns being driven by a rising global population and an increased demand for food, as well as the increasing effects of climate change. Northern Ontario is well-suited to tackle this challenge.



4. What are the barriers to the growth of this sector?

The single largest barrier to beef expansion in Northern Ontario is a lack of sufficient access to Crown land, which constitute close to 95% of all land in the north. While we respect the due diligence that must be exercised by the province in consideration of an enhanced Crown land disposition program, industry needs an improved process to be established quickly, in order to ensure stability for our processing partners.

Sufficient access to start-up and expansion capital is another barrier to growth. While the Northern Ontario Heritage Fund Corporation's "Business Expansion" and "Small Business Start-up" streams are helpful, funding caps need to be increased to better reflect actual farm initiation costs, and allowances for the purchase of breeding stock need to be included as an eligible expense. This will better incentivize individuals to start new operations or expand existing ones in the north.

Partnering with industry on the creation of a Breeder Loan Guarantee Program, similar to the 25% government guarantee provided to the Ontario Feeder Cattle Loan Guarantee Program, is one way the province can help address the access to capital barrier. 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. It has been a great success story for the province and there has never been a claim on the guarantee. Providing a similar government guarantee for the cow-calf sector and other livestock sectors, such as sheep and veal, would provide more Ontario-born and raised animals that could be used to capitalize on current demand for local food, at no direct cost to government.

5. What actions does industry need to take to drive growth while ensuring it happens in a sustainable manner (e.g. social and environmentally responsible)?

An independent economic study commissioned by BFO found that agricultural growth in Northern Ontario is the most significant economically sustainable plan for the region, and will contribute substantial economic activity for decades.

Our economic model uses a grass-based and low-animal-density production model that will provide important environmental benefits for the new farms and surrounding ecosystems. BFO would happily take part in and contribute to further research on methods to increase the environmental benefits of grassland-focused agricultural operations.

Grasslands that are managed by Ontario beef farmers do more than produce beef. They support ecosystem services such as wildlife habitat, biodiversity conservation, carbon storage, moderating of nutrient run-off, and preservation of wetlands that otherwise may be subject to cultivation. As the World Wildlife Federation notes on their own website, "keeping ranchers in business leaves grasslands intact, creates habitat for a broad diversity of birds and other grassland species, moderates run-off and secures carbon in the soil."¹

Ontario's beef sector utilizes managed grazing systems and makes efficient use of inputs, such as feed, to have one of the lowest greenhouse gas (GHG) footprints for beef in the world. The GHG intensity per kg of beef produced in Canada has decreased by 15% from 1981-2011. There have been other improvements in those same 30 years, with 24% less land and 27% fewer cattle required to produce an equivalent amount of beef.

¹ <http://www.worldwildlife.org/places/northern-great-plains>



A large percentage of land being targeted for beef expansion in the north is too hilly, rocky, cold or wet to effectively grow most traditional crops, but it can support grazing livestock and many forage-based crops. Grazing livestock provides important environmental benefits by converting grasses and otherwise indigestible plant matter into nutrient- and protein-rich food, while returning organic matter (manure) to the soil.

Ontario beef farmers are motivated to be more efficient. They work to reduce their use of expensive resources like land, feed, energy and water, and to reduce nutrient and GHG losses. Improved production efficiencies have economic, social and environmental benefits. Climate change will compromise food security globally, but Ontario can look to its own land base to secure healthy and sustainably produced food, provided that the right government supports are in place to incentivize continued production and growth in the agri-food economy.

It is also worth noting that the beef industry has been working hard on new tools that will help demonstrate and promote social and environmental responsibility. The recent launch of the national and auditable Verified Beef Production Plus (VBP+) program expands on the former on-farm food safety program, Verified Beef Production (VBP), to include training and auditable requirements for animal care, biosecurity and environmental stewardship, as well as other previously identified on-farm food safety practices. It is our hope that VBP+ will provide retailers, consumers and the general public with information on key production practices that demonstrate how Canadian beef is produced with the highest level of oversight and care.

In addition, the Ontario beef industry has been working with national and international partners on sustainability initiatives with the Canadian Roundtable for Sustainable Beef (CRSB). Through the CRSB, Deloitte LLP and CanFax Research Services were commissioned to conduct a strategic assessment of the social, environmental and economic impacts of the Canadian beef industry. This comprehensive farm-to-fork sustainability assessment will identify national key performance indicators to monitor and measure the industry's sustainability progress over time. A multi-stakeholder steering committee comprised of scientific and industry experts is providing oversight to the project, and a third-party scientific panel will also review the assessment. The estimated completion date for the assessment is Fall 2016.

The CRSB is also in the midst of developing a framework to verify the sustainability of individual beef operations. This framework consists of indicators, which reflect how sustainability will be measured, and verification protocols, which will outline the necessary components for verifying the indicators.

BFO's involvement in VBP+ and the CRSB highlights our recognition of our social and environmental responsibilities, and also demonstrates the Ontario beef industry's commitment to continually advancing the sustainability of beef production in this province.

6. What can industry and government do to support growth opportunities that meet the objectives of the Sector Strategy?

Building on the points raised in our response to question #4, without improvements to the existing Crown land disposition process, there simply isn't enough available land in plots sizeable enough to establish new farm enterprises that can quickly achieve economies of scale. A critical mass of farms will also be difficult to achieve without an improved Crown land disposition process.

The current process for accessing Crown land is onerous and limiting. Application reviews can take up to two years and the disposition of land in excess of 160 acres is discouraged and difficult to obtain. This is



a major growth limiting factor. As our economic model suggests, farmers need access to a minimum 1,800 workable acres for farms to be put in a position that will allow them to become economically viable quickly. What industry needs is a process for pre-approval or enhanced screening that makes Crown land available for prospective farmers to bid on, and at a scale that will position these enterprises for long-term viability.

7. What can industry and government do to support the involvement of First Nation and Métis communities, in this sector of the economy?

Engaging First Nation and Métis communities will be a critical component of the province's Sector Strategy. BFO is fully committed to engaging these communities and their affiliated organizations in discussions regarding our sector's plan to expand beef production in Northern Ontario, including how First Nation and Métis communities can utilize the economic pathway that BFO has identified for entry into the beef business. Support from these groups will be absolutely critical and the government must commit to dedicated engagement sessions with all interested parties throughout the strategy development and implementation process. Involvement of First Nation and Métis communities in the discussions regarding an enhanced and improved Crown land disposition process will be particularly important.

In addition, the government could consider developing and implementing a northern agricultural training and education program targeted to First Nation and Métis communities, in collaboration with industry partners.

Concluding Comments

Maintaining momentum during the implementation phase of the Sector Strategy is absolutely key and will require collaboration among all contributing government ministries, endorsement by local municipalities and First Nations and Métis communities, promotion by industry leaders, and improved access to capital and Crown land. It is encouraging to see that the government has begun to think about ways to secure our food supply for the next generation of Ontarians, and about how we can collectively address the existing land acquisition barriers that challenge current growth efforts. More focused attention must be placed on Ontario's land acquisition barriers and solutions, to ensure the Sector Strategy is successful.

BFO is extremely pleased by Premier Wynne's platform commitment to provide increased access to Crown land for agricultural expansion. We are also pleased by the reference to northern expansion in the Minister's most recent mandate letter. Government must now act on these commitments in order to address the objectives set out in the Sector Strategy.

BFO would like to thank the Ministry of Agriculture, Food and Rural Affairs for supporting our vision to expand beef production and the broader agri-food economy in Northern Ontario. We look forward to continued collaboration between our organizations in the development of policy supports needed to incentivize growth in the north.

Sincerely,



Matt Bowman
President

cc: BFO Board of Directors

