



January 31, 2019

Nathaniel Aguda
Environmental Policy Branch
Ministry of the Environment, Conservation and Parks
40 St. Clair Avenue West
10th Floor
Toronto, Ontario M4V 1M2

Dear Mr. Aguda,

Re: EBR Registry Number 013-4208: Preserving and Protecting our Environment for Future Generations: A Made-in-Ontario Environment Plan

The Beef Farmers of Ontario (BFO) appreciates the opportunity to provide comments as part of the Ontario Ministry of the Environment, Conservation and Parks (MECP) consultation on the Made-in-Ontario Environment Plan. BFO represents the 19,000 beef farmers across Ontario by advocating in the areas of policy planning, industry development and research, environment, animal health and welfare, and domestic and export market development.

Beef production and the agricultural grasslands (pastures and perennial forages) managed and maintained by Ontario's beef farmers do more than produce beef – they provide critically important ecosystem goods and services and have inherent environmental value, without which Ontario's natural environment would suffer. These ecosystem goods and services include:

- **Wildlife habitat**, including for multiple species at risk. Conservation groups highly value pasture and forage land used for beef production because they provide hard-to-find habitat for bird species at risk like the bobolink and eastern meadowlark.
- **Biodiversity**, with over 1,000 plant, animal and insect species making their home on land used for cattle grazing in Canada.¹ Further to this, plant communities depend on grazing livestock for removal of plant aftermath, the distribution of seeds, and the provision of open niches that can increase sward biodiversity.
- **Carbon sequestration services**, with perennial forages and grasses storing large amounts of carbon in a manner similar to trees. Land used for beef cattle production in Canada is

¹ Canadian Roundtable for Sustainable Beef. (2016). National Beef Sustainability Assessment - Environmental and Social Life Cycle Assessments. Calgary, AB: Deloitte



currently storing about 1.5 billion tonnes of carbon, and globally, grasslands store nearly 30% of the world's soil carbon.²

- **Soil health improvements**, with the presence of cattle and other grazing livestock on agricultural land improving soil fertility and structure through manure deposits, providing erosion control from fencerows and windbreaks, and promoting soil ecosystem health through the production of perennial forage crops that minimize tilling and soil disruption. Forage and beef production systems, by nature and by default, support the key principles of soil health. Even when compared to no-till cropping systems that include cover crops and crop rotation, land with livestock on it will typically provide better soil health outcomes due to improved soil ecosystems, fertility and structure.
- **Moderation of nutrient run-off** through perennial forages and grasses that are able to absorb nutrients as living crops with deep root systems. The Lake Erie drainage basin, for example, has experienced a major shift in agricultural land use from forage to crop production over the last 30 years, and this land use change is cited in the Canada-Ontario Lake Erie Domestic Action Plan as a contributing factor to the lake's increased phosphorus load.

Ontario's beef farmers take their role as environmental stewards seriously, and environmental policies and programs must enable them to provide the above ecosystem goods and services through their farms. BFO strongly supports the Plan's guiding principles and agrees that environmentalism comes from civic responsibility and meaningful action at home – beef farmers are best equipped to act as environmental stewards on their own farms and should be enabled to do so through science- and evidence-based policies and programs and without overly prescriptive regulatory burden. Further to this, we appreciate the Plan's acknowledgement of the specific impacts that environmental issues, particularly climate change, have on agriculture. Our industry suffers from extreme weather conditions like the drought conditions Ontario experienced in 2016 and 2018, which cause shortages in feed and economic hardship for farmers.

BFO is pleased to provide the following comments and recommendations on the environmental issues addressed within the Plan.

Clean Water

BFO supports the continuation of existing programs, partnerships and funding associated with the Canada-Ontario Great Lakes Agreement and the Canada-Ontario Lake Erie Action Plan, including the Timing Matters Peer-to-Peer Response Group for manure spreading. We have been pleased to be part of the coalition of livestock commodity groups that have worked with farmers to spread awareness about the risks of spreading manure at the wrong time (such as on frozen or snow-covered ground) and help find practical alternatives for using manure's valuable nutrients more effectively. The Timing Matters initiative has been a case study for how an industry-led peer-to-peer network can encourage behavioural change in the agriculture industry.

BFO is also supportive of the province's plans to review Ontario's water-taking policies, with the stipulation that the review must be done with meaningful consultation with the agricultural sector. Beef

² Ibid.



farmers' water systems for their livestock and crops are integral to their operations, and water-taking policies must allow for practical and efficient access to water on farms.

Pollution

BFO believes that it is important for Ontarians to be able to efficiently report witnessed pollution or spills-related incidents, but government must ensure that any related compliance system conducts scientifically sound and evidence-based investigations of these incidents to avoid risk of harassment or abuse of the system through false reporting.

Climate Change Mitigation & Adaptation

In general, BFO is supportive of the proposed plan for climate change mitigation and adaptation, as well as the commitment to balance emission reductions with economic growth. Ontario's beef farmers will continue to do their part to help reduce GHG emissions through increased production efficiencies and further innovation. However, climate change policies and programs must not affect Ontario's beef farmers' ability to compete in the global market where climate change policies differ drastically from one jurisdiction to the next.

While we recognize that details of the new polluter-pay system are yet to be determined, we expect the agricultural sector to be fully exempt due to trade exposure, threats to competitiveness and food security, and agriculture's valuable role in combating climate change. BFO is interested in learning more about any offset credit system, as we believe beef producers should receive credit for ecosystem goods and services provided on their farms. However, any made-in-Ontario offset credit system must be appropriately practical, flexible and workable for facilitating farm-based credits. BFO also urges that the Carbon Trust Program be designed to allow access and participation from the agricultural sector.

Regarding climate change adaptation, BFO strongly supports conducting a comprehensive provincial climate change impact and vulnerability assessment. Agriculture is a complex system specially affected by climate change, and it must be a priority in the climate change assessment in order to maintain Ontario's economically prosperous agri-food sector and our food security.

Renewable Energy

The Plan includes a proposal to further raise Ontario's ethanol content mandate to 15% by as early as 2025. BFO supports the Ontario government's commitments to renewable energy, but firmly believes that further encouragement of the biofuels sector must focus on the production of biofuels from sources that do not affect the availability or cost of livestock feed. The Ontario beef industry is strongly opposed to any further increase to the ethanol mandate.

In Ontario, increased demand for corn due to ethanol production has driven up livestock feed prices, resulting in significantly higher operating costs for beef farmers and compromising our province's economic competitiveness as a location to feed cattle. While we feel that our industry may have already absorbed any negative shocks to our input costs from the current 5% ethanol content mandate for gasoline, BFO does not believe a higher mandate of 10% in 2020, let alone 15% in 2025, could be implemented without resulting in irreparable damage to the Ontario beef industry.



The existence of an economically viable beef industry in Ontario owes itself, in large part, to the internationally competitive price at which cattle feeders can access grains, particularly corn. Ontario's capacity for corn production makes it an attractive location for cattle feeding operations, which in turn supports valuable urban and rural jobs in the province's meat processing sector, and the thousands of cow-calf farms across the Ontario countryside. Feed costs typically account for 55% to 65% of the total cost of producing livestock, and the price of corn is the most important factor in determining the cost of feeding livestock. Because corn is the dominant feed source for livestock, it is the reference price for all other substitute feeds. This means Ontario beef farmers do not have other economical options to replace corn. In other words, as corn prices rise, so do the costs of replacement feeds, including distillers grains.

As crop production is a biological process that can be influenced by numerous variables such as adverse weather, diseases, pests and other unpredictable factors, supplies of feed crops such as corn can be low in certain years, resulting in price spikes. An ethanol mandate prioritizes the use of corn for ethanol production during such times – with higher demand for corn and a locked-in quantity designated for ethanol use, the corn market has the potential to become more sensitive to changes in crop yield. Because feed grains are its primary input, the livestock industry is in direct competition with ethanol, but government content mandates and subsidies force most price adjustments to happen in the livestock feed market when there are supply shocks in the global market. The resulting impacts on prices are most strongly felt in livestock feed. While the ethanol price is supported through regulation, the price of cattle is based off of the Chicago Mercantile Exchange price, which moves independently from changes in Ontario corn prices. This poses a substantial threat to the margins of Ontario's livestock farmers.

Ontario's ethanol content mandate puts pressure on Ontario's price difference with other corn-producing jurisdictions, artificially raises the domestic price of corn, and weakens the natural economic factors that enable Ontario to produce and process livestock for the international market. According to the 2012 study from the George Morris Centre, "Impact of Canadian Ethanol Policy on Canada's Livestock and Meat Industry", approximately one-third of Ontario corn was used for ethanol from 2008 to 2011. And while the ethanol share of corn in Ontario grew by nearly 500% from 2001 to 2010, the feed share declined to about 60% over the same period of time.³ This shift was driven by Ontario's 5% ethanol content mandate, and BFO believes that an increase to a 10% or 15% mandate will create even more stability and demand in the ethanol market. A larger guaranteed market will drive more corn towards ethanol production, and therefore result in even higher livestock feed costs.

Ethanol production that was driven by content mandates increased the price of feed grains in Eastern Canada by approximately \$15-20/tonne, which resulted in increased feed costs of \$100-\$180 per head of cattle for beef finishers. Overall, ethanol production cost Canadian livestock producers approximately \$130 million per year as a result of reduced livestock feeding margins and other losses, such as lower feeder livestock prices.⁴ BFO believes that an increase to Ontario's ethanol content mandate will lead to additional feed costs that could be catastrophic to Ontario's beef finishing sector.

With the increased demand for corn that has been the result of surging ethanol production over the last decade, beef producers have seen their largest cost category increase dramatically, and this has reduced

³ Mussell, Grier, and Rajcan. "Impact of Canadian Ethanol Policy on Canada's Livestock and Meat Industry." *George Morris Centre*. (2012).

⁴ Ibid.



Ontario's competitiveness as a location for feeding cattle. This has also increased demand and competition for land, which farmers must contend with when establishing or expanding operations. BFO is concerned that most of the increased corn volume required for ethanol will not be able to come from yield growth, and will instead be a result of land conversion from pastureland and forage crops to more corn acres. Based on the changes seen in California and Ontario, for example, increased ethanol demand leads to forage acreage being converted to cropland and/or changing crop rotations to increase corn production.

From 2006 to 2016, corn acreage in Ontario increased by 37% while pastureland shrank by 30% and hay acreage shrank by almost 33%.⁵ Ontario's ethanol content mandate, which encouraged and subsidized corn production, was a major contributing factor to the land use conversion seen in Ontario over the last decade. While the ethanol content mandate increase is often interpreted as an environmentally positive move because it will reduce carbon emissions from fuel use in vehicles, policymakers must take a more comprehensive view of the environmental impacts of increased ethanol production in the province.

Pastureland is being lost at a much higher rate than cropland in Ontario, and the province cannot afford to lose more grasslands and forage production. Grasslands are widely recognized by government, industry, and environmental groups as a highly valuable ecosystem and environmental feature, and the majority of Ontario's grasslands are managed by livestock farmers. Beef farmers' businesses are dependent on healthy forages and pastures, and they are invested in protecting them. Government policy, such as the ethanol content mandate, can have a significant unintended influence over shifting production practices in Ontario. The potential environmental consequences of creating further financial disincentives for forages and pastureland range from loss of organic matter and perennial crops that store carbon, loss of wildlife habitat, release of carbon stores from land use conversion, degradation of soil health, and increased risk of nutrient run-off in our water sources.

Ethanol production has already contributed to downsizing in the Ontario livestock industry through its impact on feed and land prices, and we believe an increased content mandate is likely to drive ethanol production even further. This will amplify the negative economic and environmental consequences caused by the initial 5% mandate. BFO cannot support any government policy that encourages or subsidizes grain-based ethanol production. Any increase from the current 5% mandate must be accompanied by compensation to Ontario's beef farmers to offset market distortions caused by the regulatory change, preserve the province's infrastructure for feeding beef cattle, and maintain our ability to feed our own citizens.

Waste Management

BFO is eager to discuss solutions to challenges our sector faces with managing, disposing and recycling agricultural plastics such as plastic hay bale wrap. We support pilot programs that would help address these challenges, and we encourage the Ontario government to engage with municipalities and agricultural stakeholders to explore opportunities and barriers to developing recycling solutions and reprocessed plastic markets for agricultural plastics.

⁵ Ontario Ministry of Agriculture, Food and Rural Affairs. "Statistical Summary of Ontario Agriculture." (2017). http://www.omafra.gov.on.ca/english/stats/agriculture_summary.htm



Conservation

BFO supports the protection and stewardship of natural ecosystems such as wetlands and grasslands, as well as the protection of the land in Ontario that is capable of supporting agricultural production. We have a keen interest in ensuring that public policy does not further jeopardize our limited agricultural land, including pastures and hay fields that are often on Class 4 or 5 land that is not typically designated as “prime agricultural” and protected as such.

Beef farmers are in an ideal position to partner on grasslands stewardship activities, as they and other ruminant livestock farmers hold responsibility for managing the majority of Ontario’s grasslands. BFO is very interested in playing a role in Ontario’s Grasslands Stewardship Initiative, as beef farmers are already keenly invested in managing and protecting these ecosystems and their associated goods and services. As stated on the U.S. website of the World Wildlife Federation, “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.”

Soil health

BFO appreciates the Plan’s commitment to continue support for on-farm soil and water quality programming and other work that improves adoption of agricultural best management practices. However, there is little-to-no mention of soil health and its value in our natural environment in the Plan. Soil health plays a critical role in climate change mitigation (through carbon storage) and water quality (through nutrient run-off management). With proper funding and implementation, the existing Ontario Agricultural Soil Health and Conservation Strategy will provide important environmental benefits in a variety of areas, as well as important benefits for farmers now and in future generations. BFO is looking forward to next steps with the Agricultural Soil Health and Conservation Strategy.

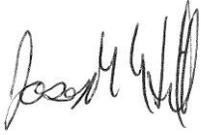
Conclusion

It should be noted and explicitly recognized that government policies have a significant influence on agricultural production practices in Ontario, which in turn affect our natural environment. The importance of outcome-based and holistic government policies cannot be overstated. One needs only to look at the level of business risk management (BRM) support available to grains and oilseed production versus forage and non-supply managed livestock production to see the impact of non-environment policies on environmental issues. While margin-based BRM programming for Ontario’s beef industry has declined, crop insurance has remained unchanged and supply managed sectors continue to enjoy a market structure that provides 100% cost of production entitlement. Not only is total farm support declining for non-supply managed livestock farmers, the share of programs directly supporting livestock is also declining. As a result, the disparity in government support programming, notably as a result of inequity in the current BRM suite of programs, provides a disincentive for farmers to utilize forages and pasture-based livestock systems on their land. Further loss of Ontario’s agricultural grasslands will lead to further environmental degradation in the areas of soil health, carbon sequestration, nutrient run-off management, biodiversity and wildlife habitat.

Beef Farmers of Ontario supports the guiding principles of the Made-in-Ontario Environment Plan and looks forward to more detailed consultation on specific proposals and actions contained within the Plan. We thank the Ministry of the Environment, Conservation and Parks for the opportunity to provide comments.



Sincerely,

A handwritten signature in black ink, appearing to read "Joe Hill". The signature is written in a cursive, slightly slanted style.

Joe Hill
President

cc: BFO Board of Directors

