



Fall 2020 Budget Consultation Submission

The Beef Farmers of Ontario (BFO) appreciates the opportunity to provide comments to the Fall 2020 Ontario Budget consultations to help inform the next phase of Ontario's Action Plan in response to the COVID-19 pandemic.

Why the Beef Sector Matters?

- ✓ The beef sector is an important economic driver in Ontario, contributing \$2.69 billion to Ontario's GDP on an annual basis. Gross sales from the sector exceed \$13 billion annually and sustain more than 61,000 jobs.
- ✓ Gram-for-gram, beef is one of the most accessible and affordable ways for the human body to obtain essential nutrients.
- ✓ 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.
- ✓ Dollars invested in the Ontario beef sector provide close to a 3-1 return in net economic activity.

2020 Fall Budget Requests

1. Create a \$50 million-dollar **Ontario Meat Processing Growth Fund** to add resiliency to our supply chain, improve access to local food, and increase marketing options for farmers.
2. Ensure sufficient funding is available for the **Ontario Risk Management Program (RMP)** throughout the COVID-19 pandemic.
3. Adjust funding eligibility rules under the **Canadian Agricultural Partnership (CAP)** to ensure farmers can best position their farm operations for success.



Budget Recommendations for Economic Recovery

1. Create a \$50 million-dollar Ontario Meat Processing Growth Fund to add resiliency to our supply chain, improve access to local food, and increase marketing options for farmers

Previous programs have been offered in this area, including the *Emergency Processing Fund* and the *Agri-Food Workplace Protection Program*, which have been largely focused on protecting the health and safety of workers throughout the COVID-19 pandemic. While these programs have been timely and very much appreciated, new funding focused on assisting processors increase their capacity through targeted infrastructure support and assistance with access to labour is very much needed.

Additional funding in this area will have far-reaching benefits for farmers, processors, Ontario consumers, and the provincial economy, and will help improve the processing capacity issues that have plagued our sector's ability to grow and prosper, particularly since the COVID-19 pandemic hit.

To help illustrate the issue, provincial processing numbers for cattle are up 18% on the 5-year average, and more than 20% from 2019, YTD. Ontario processors are routinely running at 100% or more of their weekly capacity, when overtime is factored in. As a result, many farmers seeking access to local processing are being forced to wait for periods of 4-7 months or more, in some cases up to a year. A new dedicated program focused on supporting processing facilities with high growth potential is needed immediately so these market opportunities do not continue to be missed due to a lack of available processing capacity. This type of proactive investment will be even more important if we experience additional shutdowns or production scale backs due to future COVID-19 outbreaks.

The mechanics of the program could include a combination of cost-share funding, zero-interest and non-repayable loans to assist with infrastructure upgrades such as cooler storage, meat cutting equipment, and other minor capital investments designed to spur production growth and improve efficiencies. Labour issues are also a major barrier preventing many of these facilities from taking advantage of the market demand for Ontario meat products. Part of this fund could include a labour skills and development component, where processors could receive a wage subsidy to hire and train meat cutters and butchers, which are in extremely low supply. Funding priority could be placed on provincial processors with the greatest ability to expand/increase production.

Commitment by the province to an Ontario Meat Processing Growth Fund would benefit multiple primary farm sectors, including beef, sheep, veal, pork, chicken, and turkey. This request also builds on the more robust, longer-term **Meat and Poultry Growth Strategy** that Meat and Poultry Ontario are spearheading. While BFO supports the aims of this strategy, we also recognize that immediate attention to the capacity limitations brought on by COVID-19 and other market factors need to be addressed immediately to ensure resiliency in our supply chains, and to support local food production and access throughout the COVID-19 pandemic, and beyond.

2. Ensure sufficient funding is available for the Ontario Risk Management Program (RMP) throughout the COVID-19 pandemic.

Beef farmers now face an unprecedented level of uncertainty and risks beyond their control due to increased costs of production, trade uncertainty, and a level of sustained market volatility we have never



before experienced. The most important program available to beef farmers to help mitigate these risks is the Ontario Risk Management Program (RMP), an excellent program that's only major flaw is that it is critically underfunded. On this note, we are extremely appreciative and thankful to the province for the additional investment made in the RMP for the 2020 program year. With that said, the additional funding will fall critically short of ensuring farmer's have the stability and protection needed to weather the COVID-19 storm.

Projections from the Ministry of Agriculture, Food and Rural Affairs (OMAFRA) show that the current funding cap for the beef RMP program will limit support to farmers to approximately 33% of the calculated benefits by year end. The reason for this limit is the cap on current RMP funding.

- Given the extraordinary circumstances farmers find themselves in, BFO is requesting that 70% of the calculated RMP benefit need be guaranteed by province to ensure farmers receive support closer to what the actual calculated needs will be for this year. In addition, we would encourage the province to adopt this policy for 2021 if COVID-19 induced volatility continues.

The recommended 70% threshold aligns with other federal/provincial farm insurance programs, such as AgriStability. Based on current estimates, this would require an additional ~\$53 million be made available to beef farmers in the program.

RMP fills a critical gap for livestock commodities in Ontario that are not protected by the supply management system or have access to other effective farm support programs like crop insurance. RMP is a cost-shared insurance program designed to help stabilize the industry by providing partial financial protection for Ontario farmers against global downturns in commodity market prices by providing assistance when market prices fall below a participating producer's support level.

3. Adjust funding eligibility rules under the Canadian Agricultural Partnership (CAP) to ensure farmers can best position their farm operations for success

Most farm assistance programs do not allow funding for expansion or growth proposals that have the ability to increase jobs and economic output. This needs to change. Examples of ways to adjust eligibility rules under the CAP program to spur economic activity in Ontario include:

- Allow manure storage and perimeter fencing projects to be deemed eligible for cost-share funding
- Allow business expansion activities to be included as part of eligible activities or projects
- Create a technical industry-government working group to develop solutions to reduce the administrative burden for producers that apply for CAP funding, while ensuring the evaluation process supports the types of projects deemed valuable by producers, industry and government.

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Beef Farmers of Ontario represents 19,000 beef producers in Ontario by advocating in the areas of sustainability, animal health and care, environment, food safety, and domestic and export market development. BFO's vision is help foster a sustainable and profitable beef industry, and have Ontario beef recognized as an outstanding product by our consumers.

