



Beef Farmers of Ontario 2021 Pre-budget Consultation Submission

The Beef Farmers of Ontario (BFO) appreciates the opportunity to participate in the Ontario Government's 2021 pre-budget consultation.

Who We Are

The Beef Farmers of Ontario (BFO) represents 19,000 beef producers in Ontario by advocating in the areas of policy planning, industry development and research, animal health and welfare, and domestic and export market development.

The beef industry is an important economic driver of Ontario's agri-food sector, 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.

Challenges and Opportunities Facing the Ontario Beef Sector

A recent report from the OECD estimates that global beef trade will increase by 25% by 2023. Ontario's abundance of good soil, clean water, and productive land resources, as well as a strong demand for our products puts us in an excellent position to take advantage of new growth opportunities.

However, more frequent and volatile shifts in global commodity markets added to the Ontario beef industry's growing competition with cheaper imported products has created new levels of risk and uncertainty in our sector, risks that will continue to challenge our capacity to sustain production and limit our ability take advantage of the strong global demand for our products.

Between 2008 to 2017, agricultural exports grew three times faster than the Canadian average. Last year, beef exports grew 17% and opportunity for further growth remains. The sectors' ability to maintain jobs through COVID-19 makes agriculture a priority for economic recovery.

2021 Budget Requests

1. Increase funding for the **Ontario Risk Management Program** (RMP) by \$40 million annually through a redirection of funds earmarked for AgriStability enhancements or through new funding.
2. Create a dedicated **Meat Processing Growth Fund** to spur production growth and take advantage of market opportunities.



REQUEST 1:

Redirect funds earmarked for AgriStability enhancements to the Ontario Risk Management Program (RMP)

Minister Bethlenfalvy has indicated that finding ways to weather the pandemic and assist sectors in economic recovery efforts would play a key role in the development of the 2021 budget. As farmers who operate at the mercy of global commodity markets, COVID-19 has induced significant market volatility and instability across our farm businesses that is unlikely to be slowed in 2021. Farmers are taking on much of the risk of growing food, while funding programs like the Canadian Agricultural Partnership (CAP) are too limited for farmers to utilize, and business risk management (BRM) programs like AgriStability remain in need critical updates. As such, we ask for your support to increase the amount of available funding for Ontario's Risk Management Program (RMP).

The RMP program fills a critical gap for livestock, grains and oilseeds, and edible horticulture commodities in Ontario that are not protected by the supply management system or have access to other effective farm support programs. This made-in-Ontario plan was designed with direct input from the province's farmers.

RMP is a cost-shared insurance program designed to help stabilize the industry by providing partial financial protection for farmers against downturns in commodity market prices. The program is among the key business risk management services available to Ontario farmers and aids in offsetting losses caused by low commodity prices and rising production costs that are global in nature and beyond farmers' control.

Unfortunately, the program remains critically underfunded. Commodity sectors within the RMP program are routinely provided a fraction of what the program would provide if annual program funding was set at a more sustainable level. Some RMP sectors, for example, saw their RMP programs cover less than 35% of what was insured at the beginning of the production year in 2020 due to funding limitations. This is even with the additional \$50 million that was invested by the province for all RMP commodities during COVID-19.

As such, further investments in this program are needed. This could be done using the dollars earmarked and already approved by the Treasury Board for AgriStability enhancements, which is estimated at \$40 million per year. While we remain hopeful that Minister Hardeman's hard work on this file will materialize with a deal with FPT governments, these investments are needed now. Ontario farmers cannot afford to wait while other provinces decide to invest in AgriStability program enhancements or not. Ontario has stood up and supported its farmers, and for that we are deeply grateful and appreciative. However, Ontario is being held hostage by the inaction of other provinces. Redirecting the funds earmarked for AgriStability into the Ontario RMP program is something Ontario can do to provide immediate relief to Ontario farmers.

Increasing your commitment to RMP, through a redirection of funds earmarked for AgriStability or through new funding, would represent an excellent investment by the province. A 2015 study by Cummings and Associates found that every \$1 dollar invested into the RMP results in \$2.24 in positive economic activity. In addition, the study found that 62% of participating producers indicated the program had a positive effect on their decision to hire and/or maintain employees. A University of Guelph study on RMP found similar net benefit to the province's RMP investment.

Adequate funding will allow farmers to better manage risk and focus on greater innovation, their farms' sustainability, farm job creation, and new market growth opportunities. This is the single most important thing you can do for our sector.



REQUEST 2:

Create a dedicated Meat Processing Growth Fund

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.

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 increase production.

Commitment by the government to an Ontario Meat Processing Growth Fund would benefit multiple primary farm sectors, including beef, sheep, veal, pork, chicken, and turkey.

Thank You

On behalf of the Beef Farmers of Ontario, we thank you for the opportunity to help form Budget 2021. We would welcome any opportunity to discuss the recommendations contained in this submission in further detail at your convenience.

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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.

