



Beef Farmers of Ontario Pre-Election Toolkit for Producers

Canada's 2019 Federal Election

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Producer Call-to-Action

With the 2019 Canadian federal election quickly approaching, we need to build awareness of the current challenges and opportunities facing the Ontario/Canadian beef industry. This toolkit has been put together to assist Ontario's beef producers with engaging and participating in discussions with local Member of Parliament (MP) candidates on industry priorities prior to the election.

Every conversation between a producer and his/her local MP candidate increases the level of awareness surrounding the beef and broader agri-food industries and our associated opportunities and challenges.

Producers are encouraged to take the time to reach out to local MP candidates through attendance at all-candidate meetings and/or one-on-one meetings. Additionally, producers can engage MP candidates through social media, emails, written letters or phone calls. Reaching out and building a connection with local MP candidates will provide us a better understanding of each political party's plans and commitments for agriculture in the future.

A contact list for MP candidates in Ontario's rural ridings is available through the BFO website and office. To assist in sparking discussion with local MP candidates, a list of questions and conversation-starters has been included in this package. There is also a list of tips for communicating and meeting with candidates.

If you are pressed for time during a discussion with a candidate, consider posing one of the following priority questions:

- 1. What will you do to ensure your party corrects the inequity in Business Risk Management (BRM) insurance programs that currently places some farmers, such as those in the beef sector, at a competitive disadvantage to farmers in other sectors that have greater levels of risk management insurance support?**
- 2. How does your party plan to support market development and access to international markets in light of the current trade and market disruptions?**

For more information, please contact:

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If you speak with an MP candidate, please contact the BFO office and let us know how it went. We are keenly interested in the outcomes of your conversations with local candidates during the 2019 federal election campaign.



Tips on Communicating with Election Candidates

Be aware of time. You may only have a few minutes to get your point across.

Be assertive. Know what you want in advance and ask for it.

Be direct. State the purpose of your meeting clearly and highlight our industry's key issues.

Be informative. Refer to information in this toolkit and stick to the facts.

Be political. Explain your hometown's relevance to the beef industry i.e. how Ontario's beef industry contributes to the local economy.

Personalize your message. Relate our industry priorities to your own story as a beef producer and support it with BFO's speaking points. Your personal story and how the challenges facing the beef industry affect your operation will be more highly regarded than speaking points alone.

Be inquiring. Ask your candidate if he/she is familiar with your issues. Ask for the candidate's view on the subject and how he/she will act to address these issues, if elected.

Be courteous. Be tolerant of differing views and don't speak badly of other politicians or organizations. Keep in mind that there may be other occasions when BFO will lobby this candidate or MP, and a cordial relationship keeps the door open.

Be responsive. Try to answer questions. When you can't, offer to get back to the candidate with the information. You can always ask BFO for help in getting the necessary information to the candidate.

Be available. Make sure your candidate knows how to reach you. Feel free to offer to have the BFO office follow up with additional information.



Background: Ontario Beef Industry Overview

Agriculture is the backbone of our rural communities and is important to the quality of life of all Canadians and Ontarians. There are approximately 19,000 beef farmers in Ontario, representing 13.7% of all farms in the province, most of which are multi-generational family-run operations. Beef farms and the broader beef cattle sector have a presence and economic impact in every county and district in Ontario.

Economy:

The beef industry is an important economic driver of Ontario's agri-food sector. Combining the revenue from primary production, processing and retail, the beef industry contributes \$2.69 billion to Ontario's GDP on an annual basis. Gross sales from Ontario beef production, processing and retail exceed \$13 billion, with revenue from farm gate sales reaching \$1.4 billion, processing at \$3.5 billion and retail surpassing \$9 billion. The income derived from the beef industry helps support a broad range of rural infrastructure such as hospitals, schools and community centres.

Employment:

Ontario's beef industry is vitally important to the well-being and growth of families, businesses and communities, both rural and urban. As a significant job creator, Ontario's beef industry is responsible for 9,500 jobs in primary production, 9,000 jobs in processing and 43,900 jobs in retail. In total, Ontario's beef industry sustains more than 61,000 jobs. Beef farms provide a wide variety of jobs between on-farm (equipment operation, breeding and feeding) and off-farm (farm machinery sales, grocer sales, meat packaging and processing, and transportation).

Environment:

As long-term partners with the environment, more than 70% of Ontario farmers have taken an environmental course, evaluated their farm's environmental footprint, and made improvements to protect soil, water and ecosystems. In addition, grasslands used in beef production help store approximately 1.5 billion tonnes of carbon in Canada. We're proud to say that due to improved production practices, producing 1 kilogram of beef in Canada today emits 15% fewer greenhouse gases than it did in 1981.



Background: State of the Industry

In the last 10 years, the beef cow inventory on Ontario farms has declined by 33%, with approximately 275,000 cows now residing on Ontario farms. However, beef cattle volumes over the last three years have stabilized and there remains a strong demand for beef at home and abroad, as the average Canadian consumes 39 pounds of beef per year. The Ontario beef industry represents 18% of the Canadian-fed cattle population and 7% of the Canadian beef cow population.

Globally, income and wealth are increasing. As incomes grow, diets are shifting to include more protein, and globally we are experiencing a considerable increase in demand for beef. A recent report from the Organization for Economic Cooperation and Development estimates that global beef trade will increase 25% by 2023. **However, the Ontario beef industry faces a number of critical challenges, which serve to threaten the continued economic contributions from our industry if left unchecked, including:**

1. Frequent and Volatile Shifts in Markets:

More frequent and volatile shifts in global commodity markets, added to increased competition from cheaper imported products, have created new levels of risk and uncertainty in the Ontario beef industry. This high level of risk and uncertainty continues to challenge the ability of farmers to sustain production and take advantage of the strong global demand for Ontario beef.

2. Trade Disruptions and Non-Tariff Barriers:

Trade disruptions and non-tariff barriers imposed by other markets on Canadian beef products result in significant lost value that directly affects beef farmers, processors and the entire beef supply chain. With the China market closure alone, the Canadian beef industry estimates its losses at hundreds of thousands of dollars per week based on previous export volumes. The economic sanctions imposed by Saudi Arabia in August 2018 have also had a significant impact on Ontario beef exports. Since 2014 the Ontario beef industry has made a strong commitment to growing brand recognition and strategic partnerships in Saudi Arabia, a market that had grown to over \$26.5 million for Ontario beef exports in 2017.

While shifting product to other markets is possible, establishing a competitive advantage and developing relationships takes time and effort. Other regions will likely not deliver equivalent demand as China and Saudi Arabia and a net loss of value will continue to occur. Even with regained access in the future, relationships have been lost and our reputation as a reliable supplier has been strained, which will take significant time to rebuild.

3. Inequities in Access to Business Risk Management (BRM) Programs:

Although the beef industry in Ontario maintains access to BRM programs to help mitigate risk and stabilize incomes, program payments represent between 1-7% of the average beef farmer's net operating income, a proportion that is much lower than the supply-managed and grain/oil seed sectors. In 2013, the Government of Canada reduced the spending envelope for the BRM



programs by more than \$500 million. As a direct result of the small spending envelope, high BRM participation costs now exceed the income and payment benefits for beef farmers.

4. Shortage in Eastern Canadian Processing Capacity:

In Eastern Canada, processing plant utilization has increased from 85% in 2016 to 95% in 2018, resulting in limited processing capacity and an uncompetitive market. Many processing plants are operating at or above capacity for significant portions of the year due to beef demand, increased beef production, and changes in the dairy sector.

Periods of bottleneck backlogs in processing plants have occurred twice in the last two and a half years, each lasting up to six months. Farmers are being forced to feed cattle at an increased cost for longer periods than anticipated and are then penalized for overweight animals when they are finally able to secure processing space. As a result, many beef farmers are incurring losses of \$200 to \$300 per head without access to sufficient government-supported insurance backstops typically provided by well-funded BRM programs.

5. Cost of Entry Due to Land Prices:

In Ontario, the average age of a beef farmer is 55 years. Unfortunately, the biggest factor in establishing a farm in Ontario is the cost associated with purchasing land, which discourages young people from entering the industry because of prohibitively high start-up and debt servicing costs.

6. Changes to Current Transport Regulations:

Beef farmers care about the humane transport of their cattle, and decreasing the maximum amount of allowable time in transit from 48 to 36 hours (as per the transport regulations in the *Health of Animals Act*) is likely to degrade cattle welfare outcomes in Canada. When beef cattle are unloaded, co-mingled and reloaded at rest stations they are exposed to an increase in stress, injuries and contracted illness. In addition to the animal welfare risks of increasing the frequency of unloading and reloading cattle, there is currently not enough infrastructure (i.e. rest stations) across Canada to support the revised regulations.



Priority Issues and Associated Questions

Improvements to Business Risk Management (BRM) Programs:

In 2013, the Government of Canada reduced the spending envelope for BRM programs by more than \$500 million. Since then, the Government of Canada has conducted consultations to determine why participation in the programs has decreased substantially. Unfortunately, the answer remains quite clear for many beef farmers: there is little faith that an underfunded suite of programs will be there to support a farmer in his/her time of financial need.

Question: Going forward it is crucial that the Government of Canada increases the current funding levels for BRM programs by restoring the \$500 million removed in 2013 and implements consumer price indexing. Would your party commit to these initiatives if elected?

At the 2017 annual meeting of federal, provincial and territorial (FPT) ministers of agriculture, it was recognized and accepted that action must be taken to address the imbalanced distribution of BRM support across agricultural sectors. To date (more than two years later), there has not been any action taken to improve current BRM support for beef farmers and achieve balance between sectors.

Question: The distribution of BRM programs and funding is inequitable for non-supply managed livestock farmers. If elected, would your party support a federally implemented action plan that requires transparent and honoured commitments from FPT partners to correct the disadvantages and imbalances between agricultural sectors within the first year of your mandate?

Canada is a vast and glorious country with geography and climate varying from region to region. To ensure productivity and sustainability, beef farms need to be individualized to withstand local conditions. One style of BRM program does not work for all Canadian farms, and there must be regionally unique BRM programs across the country to meet regional needs. Due to such a huge limitation in the single style of federally offered BRM programming, the Ontario Risk Management Program was developed. The program is working well for Ontario beef farmers with a high degree of enrollment and farmers paying a 30% premium. A one-size-fits-all BRM program is both inefficient and ineffective.

Question: If your party were to be elected, would you promote and support the Government of Canada's participation in the Ontario Risk Management Program?

Trade Disruptions and Non-Tariff Barriers:

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supply chain. With the China closure alone, the Canadian beef industry estimates its losses at hundreds of thousands of dollars per week based on previous export volumes.

The economic sanctions imposed by Saudi Arabia in August 2018 have also had a significant impact on Ontario beef exports. Since 2014 the Ontario beef industry has made a strong commitment to growing brand recognition and strategic partnerships in Saudi Arabia, a market that had grown to over \$26.5 million for Ontario beef exports in 2017. Prior to the 2018 economic sanctions, the Ontario Corn Fed Beef program had become one of the most recognized and valued premium beef brands in the high-value Saudi market.

While shifting product to other markets is possible, establishing a competitive advantage and developing relationships takes time and effort. Other regions will likely not deliver equivalent demand as China and Saudi Arabia and a net loss of value will continue to occur. Even with regained access in the future, relationships have been lost and our reputation as a reliable supplier has been strained, which will take significant time to rebuild.

Question: If your party is elected, how do you plan to support market development and access to international markets in light of the current trade disruptions?

Changes to Transport Regulations:

The beef industry has serious concerns regarding the animal welfare implications of the changes to animal transport regulations, which are scheduled to come into force February 2020. Such changes include a decrease in maximum allowable time in transit from 48 to 36 hours. The reduced allowable time in transit may actually degrade beef cattle welfare outcomes rather than improve them. As beef cattle are unloaded, co-mingled and reloaded at livestock rest stations more frequently due to the decrease in transit time, they are at an increased risk for stress, injury and illnesses.

Question: If your party is elected, will you support and enact a two-year extension for the implementation of the changes to beef cattle transport regulations? This would move the current coming-into-force date from February 2020 to February 2022, allowing time for research currently underway to be completed.

Agriculture and Agri-Food Canada (AAFC) confirms that, under current regulation, more than 99.9% of beef cattle transported within Canada are arriving at their destination without an incident or injury. However, the new, decreased maximum allowable time in transit will likely predispose more beef cattle to stress, injury and illness due to more frequent stops, unloading, co-mingling and reloading. AAFC is currently conducting further research to better understand the relationship between animal welfare outcomes and animal loading, unloading, co-mingling and reloading, including analysis of several classes of livestock and varying lengths of time in transit.



Question: If your party is elected, will you promote and support science-based decision-making and review the changes to transport regulations, keeping in mind the results obtained from the AAFC research?

There is currently not enough infrastructure in Canada to address the new requirements of the transport regulation changes. Under the new regulations, it is estimated that over 100,000 animals that would have normally completed journeys to their destinations without unloading will now be forced to unload and reload at one of Canada's very few feed, water and rest stations. It is disappointing that the government did not make an effort to evaluate whether current rest stop infrastructure could sufficiently handle an increase in animal volume due to such changes. The lack of infrastructure must be addressed before the changes to transportation regulations are implemented.

Question: If elected, will your party support and deliver a federal cattle rest stop infrastructure fund prior to the implementation of changes in transportation regulations?

Shortage in Eastern Canadian Processing Capacity:

Despite the large market demand for beef, the beef industry finds itself perilously threatened with a collapse in Ontario and across Eastern Canada. There is a serious shortage of processing capacity, and the beef industry has too few processors placing bids on cattle to ensure a healthy and vibrant market.

Question: If elected, will your party support and deliver a federal beef processing infrastructure fund for Ontario to assist the beef industry in adding the needed capacity to service domestic and international markets?

Processors are running at or near capacity as a result of an influx of dairy cull cows and dairy-beef animals in the marketplace, a healthy supply of fed cattle, and reduced marketing options south of the border.

Periods of bottleneck backlogs in processing have occurred twice in the last two and half years, for periods of up to six months. Farmers are being forced to feed cattle at increased cost for longer periods, and are then penalized for overweight animals when they are finally able to secure processing space. At \$200-\$300 per head losses, this is simply not sustainable.

Question: If elected, would your party support and deliver a federal program to assist producers in maintaining their businesses until more sufficient processing capacity in Eastern Canada has been established?



Questions for Member of Parliament (MP) Candidates

Priority Issue Questions:

1. Going forward it is crucial that the Government of Canada increases the funding levels for BRM programs by restoring the \$500 million removed in 2013 and implements consumer price indexing. Would your party commit to these initiatives if elected?
2. What will you do to ensure your party corrects the inequity in BRM insurance programs that currently places farmers in some sectors, such as those in the beef sector, at a competitive disadvantage to farmers in other sectors with greater levels of risk management insurance support?
3. Will your party support provincially designed BRM programs, such as the Ontario Risk Management Program?
4. How does your party plan to support market development and access to international markets in light of the current trade disruptions?
5. What will you and your party do to ensure beef farmers are able to maintain their businesses until more sufficient processing capacity in Eastern Canada has been established?
6. What will you and your party do to ensure science-based evidence is used when reviewing changes to the animal transportation regulations? How does your party plan to assist in increasing the capacity of cattle rest stop infrastructure?

Additional Questions:

1. As land prices in Canada continue to soar, what is your party's plan to level purchasing costs and control the associated high interest rates?
2. Beef farmers both new and old must have access to competitive low-cost financing and grants for the purchase of animals, land, equipment and critical infrastructure such as perimeter fencing. How does your party plan to support farmers in these key areas?
3. How does your party plan to support beef research and development?
4. Will you and your party support reinvestment in market development funding to grow and defend Canadian beef in the domestic market?

