



**Ontario  
Cattlemen's  
Association**

*Committed to Cattlemen*

130 Malcolm Road  
Guelph, Ontario N1K 1B1  
Phone: 519-824-0334  
Fax: 519-824-9101

[www.cattle.guelph.on.ca](http://www.cattle.guelph.on.ca)

**Pre-budget Consultation Submission to  
The Honourable Charles Sousa, Minister of Finance**

April 5, 2013



Minister Sousa, the Ontario Cattlemen's Association represents 19,000 beef farmers in Ontario, and we appreciate this opportunity to provide input to your pre-budget consultations.

On behalf of Ontario's beef farmers, we would like to thank you for Premier Wynne's recent announcement of support for the Ontario Cattle Feeders' Ledger Account Pilot Project. We certainly hope that implementation of the Ledger Account will assist in providing a stable and strong supply of high quality, locally raised beef for Ontario consumers. We also acknowledge that the new Ontario government recognizes that "Ontario's cattle and beef sector supports more than 11,000 jobs, and contributes about \$4 billion dollars to the province's economy"<sup>1</sup>, and we thank you for that as well.

We appreciate that "Promoting local food is part of the new Ontario government's plan to strengthen the agri-food industry, build stronger communities and create jobs that will grow the economy."<sup>2</sup> We agree with you, and your government's approach, and we want to work with you to achieve these goals.

In fact, we are targeting for a 10 % growth in Ontario cattle and beef production by 2016. Achieving this target will create almost 3,000 new jobs in Ontario, and yet will only return us to within 90% of our pre-BSE levels.

In his 2011 budget, your predecessor the Honourable Dwight Duncan introduced the Risk Management Program (RMP) as a permanent program for Ontario's non-supply managed farmers. 2012 was the first full year for the program to operate, and we can tell you that specifically in the feedlot sector, this program has kept cattle being fed in the province, and because of this our three largest processing plants are operating today. Growing beef in every county in our great province supports jobs in urban centres.

In the 2012 budget, the Risk Management Program was capped at \$100 million less administration costs in aggregate for the six major non supply managed commodities. The farmers we speak for are business people, and understand fiscal realities. The unintended consequences of the cap are that the program has lost the predictability and timeliness it was designed to exhibit. In turn, the bankability, so critical to younger farmers for accessing operating loans and capital, is diminished.

We talk to farmers in all counties in Ontario, and there is growing evidence that the RMP works, and is popular. At our winter meetings we heard not just from established farmers who overwhelmingly support the program, but also from several fathers who will support their sons' desires to take over the family farms only if the RMP exists. It is telling that fathers want this program continued so that as their sons begin farming, they have something to smooth out the volatility inherent in our business. With this program, there will be cattle raised in Ontario, a

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<sup>1</sup> Quick Fact OMAF News Release *Supporting Ontario Corn Fed Beef - Ontario Government Helps Agri-Food Industry Manage Risk* March 26, 2013

<sup>2</sup> OMAF News Release *Supporting Ontario Corn Fed Beef - Ontario Government Helps Agri-Food Industry Manage Risk* March 26, 2013

succession plan, and entrance of younger farmers. There will be expansion, job creation, and job security, both for beef farmers, and for the tens of thousands of agri-food processing employees. Without it, there will not be.

Minister, we believe that the best way to ensure that the Ontario agricultural economic advantage continues is to restore the Risk Management Program (RMP) to a fully funded program by removing the 2013 cap or, if this is not possible, by raising the cap by 20% per year. We believe these adjustments, while not presenting an onerous cost to government, will enable RMP to more adequately meet producer needs in a timely and predictable manner.

This is the right program for Ontario beef farmers.

On the matter of research and innovation, the Ontario Cattlemen's Association is in on-going discussions with OMAF and University of Guelph officials to create a functioning research incubator focused on improving competitiveness in our sector, and the development of products consumers want. For this model to be successful, a long term commitment to funding capital and programs is required, as well as a commitment to retain highly qualified research personnel. Our hope is that this can be delivered through the Growing Forward 2 framework agreement recently signed.

Beef farmers require a quick start to the implementation of the Growing Forward 2 suite of programs. It is essential that we have researchers and staff in place to help drive innovation, environmental sustainability, and production expansion. We realize that all of these are consistent with jobs growth, expansion of the Ontario economy, and a better standard of living for all Ontarians. One classic example of saving a penny and wasting a pound is in not filling the vacant Beef Nutritionist research position at the University of Guelph. Feed costs are the second largest cost in raising beef cattle. It is baffling to our members that there has been no movement on this issue for the past three years. This is just another reason why we support a shift to beef farmer/industry led research, with increased accountability for returns on research dollars invested.

Other characteristics of programs which our frugal members would like to see from Growing Forward 2 programs are to ensure that funding is granted based on merit, and that there is funding for larger, on-farm projects.

As we mentioned previously, we have a goal to expand production by 10% and create 3,000 new jobs in Ontario by 2016. Although obviously an appropriately funded RMP is a cornerstone in achieving this target, we are also looking at ways we can do a better job with what we have. We are anxious to enter into discussions to expand the loan limits for the Feeder Finance Program **without increasing the existing guarantee envelope**. This is necessary because of the escalation in costs of feeder cattle. For example, in 1991, \$100,000 bought 171 head when the average value per head on the program was \$583. At Dec 31, 2012, the average value per head was \$998 and would require a \$170,000 loan to buy the same 171 head. At the same time, we would also be interested in discussions around an improved Breeder Loan Program, and are

open to creative ways to accomplish this. This will also be a cornerstone for expansion of the cow herd.

Ontario's farming and agri-food industrial complex is a recognized economic growth engine for the province. The beef farmers in Ontario are here to tell you that there are great opportunities to expand our production of cattle and beef, and create more jobs and prosperity in Ontario. We are looking forward to continuing to work in partnership with you to do just that.

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