Beef Farmers of Ontario
2020 Budget Consultation Submission

Beef Farmers of Ontario (BFO), representing 19,000 beef producers across the province, appreciates the opportunity to participate in the Ontario Government's 2020 pre-budget consultation.

Overview:

- Despite huge global demand for their product, Ontario beef farmers are in the middle of a significant crisis.
- Ontario's beef industry is losing $2 million per week.
- This crisis is the result of depressed market prices, trade and market access barriers, a shortage of processing capacity.
- Individual beef farmers are powerless to address these challenges on their own. We implore the province to take immediate action on this most critical matter.

2020 Budget Requests

1. Devote significant human and financial resources in partnership with the federal government towards the development and implementation of a **beef cattle investment and assistance program** to help Ontario beef farmers mitigate the harm of recent market disruptions and lack of processing capacity.

2. Bring forward to 2020 the platform commitment to increase the cap on the **Ontario Risk Management Program** (RMP) by $50 million annually and allow any unused funding to roll over into the next program year.

3. Create a dedicated application stream for agriculture to allow access to **Crown Land** that is transparent, defined, predictable, and responsive, and can allow transfers of sufficiently sized parcels of land so farms can quickly achieve economies of scale.

4. Create a cost-shared **Perimeter Fencing Program** for farm properties to support farm establishment and expansion efforts.

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State of the Ontario Beef Sector:

A recent report from the OECD estimates that global beef trade will increase by 25% by 2023. Strong demand for Ontario beef puts us in an excellent position to take advantage of new growth opportunities.

However, for more than a year **Ontario's beef industry has been in a state of uncertainty and duress.** Depressed market prices, trade and market access barriers, a shortage of processing capacity, and most recently, the closure of Ryding-Regency Meat Packers – one of the largest beef processors in Eastern Canada – has only amplified the seriousness of the current situation.

This critical processing capacity shortage, combined with a serious competitiveness crisis, is costing the sector millions of dollars in lost income and threatening the viability Ontario beef farms, livestock transporters, auction houses, processors, and other associated industries that make this billion-dollar sector thrive. The entire value chain is feeling the financial effects of these industry disruptions, not to mention the stress on farmers, businesses and their families.

On average, farmers have lost more than $200 per animal since the beginning of January 2019. Collective beef cattle farm losses in Ontario exceeded $150 million in 2019, and on the cattle feeding side, the industry is losing more than $2 million per week on average. This is due to factors beyond farmers' control, and is simply not sustainable.

We implore the province to take immediate action on this most critical matter. Without immediate government action, it will grow increasingly difficult for Ontario beef farmers to continue to provide our safe, healthy, and affordable beef to Canadians and consumers around the world.

Beef farmers have no immediate recourse to address current challenges. Our farm families need help.

2020 Budget Requests – Background & Rationale:

1. Beef Cattle Investment and Assistance Program

Despite the opportunities that exist for beef farmers to thrive and prosper, we find ourselves in a dire situation in Ontario as we are faced with a critical processing capacity shortage that is costing the sector millions in lost income and threatening the viability of our cattle farms, livestock truckers, auction barns, processors, and other associated industries that make this billion-dollar sector thrive.

The current marketplace has too few processors placing bids on cattle to ensure a competitive, healthy market. Processors are running at or above capacity as a result of an influx of dairy cull cows, a healthy supply of fed beef cattle, reduced marketing options south of the border, and the recent closure of Ryding-Regency, one of the largest beef processors in Eastern Canada. Periods of backlog in processing are becoming more frequent and severe, requiring farmers to feed cattle at increased cost for longer periods. When processing space is eventually secured, farmers are then penalized for overweight animals.

Depressed market prices as a result of reduced processing space have persisted for more than a year, with no end in sight, and the losses are mounting. On average, farmers have lost more than $180 per animal since the beginning of January 2019. Collective beef cattle farm losses in Ontario and Quebec alone exceeded $150 million in 2019. On the cattle feeding side, the industry is losing more than $2.5 million per week on average. This is simply not sustainable, and beef farmers have no immediate recourse to address current challenges.

On November 26, 2019, Minister Hardeman told the house that the province is "committed to standing up for our farmers and working with the federal government as they address these challenges our farmers are facing." While we thank the Minister for recognizing the urgency of the current situation, our calls for assistance to date have gone unanswered.

At the same time, governments have staunchly supported the supply managed sectors – primarily in Ontario and Quebec – with billions of dollars to help their farmers offset losses as a result of recent trade agreements and trade disruptions. This sector has been provided quota value protection and direct compensation payments to farmers along with direct infrastructure subsidies to processors.

And just last year the province provided more than $34 million to assist Maple Leaf Foods build a new chicken processing facility in London. The beef sector deserves an equitable level of support and assistance.

We ask that the Ontario 2020 Budget devote significant financial resources in partnership with the federal government towards the development and implementation of a beef cattle investment and assistance program to help Ontario beef farmers mitigate the harm of recent market disruptions and the lack of processing capacity.

2. Increased Investment in the Ontario Risk Management Program

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 best remedy for these risks, which will sustain Ontario's beef capacity and promote new economic output, is to increase Ontario's investment in the Ontario Risk Management Program (RMP).

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.

RMP is a made-in-Ontario solution that addresses shortcomings in the national programs. It was designed and developed with direct input from Ontario farmers in partnership with the provincial government. We would like to thank Premier Ford for his campaign commitment to increase the cap on the Ontario Risk Management Program by $50 million annually, a commitment that Minister Hardeman has repeatedly stood behind as a promise that will be kept. This commitment demonstrates the government's acknowledgment of the vital importance of this program to Ontario farmers and the Ontario economy, and recognizes the chronic underfunding this program experienced under the previous government. We would also like thank the NDP and Liberal parties for their campaign commitments to increase funding for RMP.

It is vital for the Ontario beef industry, during this time of economic loss and turmoil, that the $50 million commitment is brought forward to 2020. This 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.

3. Agricultural Application Stream for Crown Land Access

Like you, we want Ontario to be open for business by creating and protecting jobs. Unfortunately, the current process for accessing Crown land for agricultural production is anything but open. Limitations in the amount of land that can be accessed, what activities can be permitted, and the overly burdensome and lengthy approvals process – that can take two years or more to complete – eliminates potentially massive opportunities for agricultural growth in the north.

Land is the single largest cost in the establishment of a farm, and every decade we are losing over a million acres of farmland to urban sprawl. Land used for beef production is being lost at an even faster rate. Ontario's beef cow herd has dropped by over 32% over the last decade. At the same time, corn and soybean production has increased more than 30% while pasture and hay production has decreased by more than 30%.

To address this concern, we ask that a dedicated agricultural application stream be created that is transparent, defined, predictable and responsive, and that allows for transfers of sufficiently sized parcels of land so farms can quickly achieve economies of scale.

There are almost 200 million acres of land in northern Ontario, and 16 million acres of Greater Claybelt land in the north. Having sustainable, pasture- and forage-based farms on just a fraction of these acres will provide new opportunities to new, young and expanding beef farmers.

We bring this request forward as part of Ontario Budget 2020 consultations as a dedicated agricultural application stream for purchasing or leasing Crown land would generate revenue for the province. Committing to develop the north through agricultural expansion will help spur growth in sectors like the beef industry, generate economic returns for the province, and increase the food security of our province.

4. Land Improvement & Farm Growth Opportunities Through a Perimeter Fencing Program

We need to find new ways to assist farmers in the establishment/re-establishment of perimeter fencing, which will create new opportunities for growth in the beef and sheep sectors, and for other farm operations looking to incorporate livestock grazing as an enterprise.

Other jurisdictions support livestock farmers with fencing programs to deter predators, assist with expansion plans, improve land, and promote new income streams for grain farmers. So too should Ontario. We hear year after year from our members about the need for a fencing assistance program. All that would be required would be to add perimeter fencing as an allowable project activity under the existing federal-provincial Canadian Agricultural Program. Developing a province-wide cost-shared program for perimeter fencing would have immediate impacts on the rural economy by supporting local supply businesses as well as young, new and expanding farmers.

Why the beef industry matters in Ontario:

- Contributes $2.69 billion to Ontario's GDP on an annual basis.
- Sustains more than 61,000 jobs through primary production, processing and retail.
- Gross sales from Ontario beef production, processing and retail exceed $13 billion.
- Gram-for-gram, beef is one of the most accessible and affordable ways for the human body to obtain essential nutrients.
- Has one of the lowest GHG footprints of all beef production systems in the world – it's at less than half of the global average.

Fulfillment of BFO's requests for the 2020 Budget will:

- ✓ create and sustain Ontario jobs
- ✓ spur economic activity in rural Ontario
- ✓ provide positive ROI for provincial investment
- ✓ mitigate threats to Ontario's beef industry caused by factors beyond government or business control

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The Beef Farmers of Ontario represent 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.