January 24, 2020

Amarjot Sandhu, MPP, Chair
Standing Committee on Finance and Economic Affairs
Room B-304, Whitney Block
Queen's Park, Toronto, ON M7A 1A2
comm-financeaffairs@ola.org

Re: 2020 Ontario Pre-Budget Submission

Dear MPP Sandhu,

I am writing on behalf of the Ontario Fruit and Vegetable Growers' Association (OFVGA) to provide our perspectives on the 2020 Ontario budget. The OFVGA represents the interests of over 3,500 fruit, vegetable and greenhouse vegetable farmers in Ontario. The primary objective of the OFVGA is to ensure the competitiveness of fruit and vegetable farmers.

The OFVGA has been successful in fostering strong relationships with past governments and wishes for the same with yours. We hope to balance the needs of the sector with the needs of the government and the people of Ontario. If there is anything the OFVGA can do to support the government, we welcome the opportunity to discuss and collaborate where possible.

The OFVGA is the leading voice for Ontario's fruit and vegetable farmers, the second largest agricultural sector in Ontario. Our sector includes more than 3,500 family farms that employ over 30,000 people directly on-farm. Total employment from on-farm and indirect sources totals nearly 100,000 jobs. Fruit and vegetable production drives Ontario's rural and urban economies by generating more than $4.2 billion in economic activity annually, along with $600 million in combined tax revenues for all levels of government. Ontario fruit and vegetable farmers compete with global producers for domestic and export markets that demand low cost quality produce. Fruit and vegetable exports from Ontario total over $1.5 billion, almost half of which originates from the greenhouse vegetable sector.

Summary

The OFVGA offers its position within this submission regarding:

- Ongoing competitiveness pressures from legacy government policy and current trade instability.
- Maintaining enough OMAFRA resourcing and budget to support a thriving fruit and vegetable sector.
- Executing the campaign commitment of increasing Risk Management Program cap from $100 to $150 million in year three of the government's mandate.
- Investigating appropriate legislative tools to protect fruit and vegetable farmers from risks of non-payment.

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- Maintaining a strong Foodland Ontario brand in partnership with thorough industry input.
- Creating adequate opportunities for industry input on the effective delivery of funding from the Canadian Agriculture Partnership.
- Appreciation for supporting the continuity of the Northern Fruit and Vegetable Program for northern and Indigenous communities.
- Continued support for the Fresh from the Farm fundraising program.

Competitiveness Pressures
The OFVGA applauds the Ontario government for its efforts to reduce red tape and make it easier to do business in the province. However, Ontario's fruit and vegetable farmers continue to face various competitiveness pressures.

As one example, although the provincial minimum wage is frozen until later in 2020, the federal government has used the minimum wage put in place by the previous provincial government as a starting point to raise the mandatory wage for Ontario employers using international workers from \$14.00 to \$14.18 an hour. This across-the-board increase in minimum wage for Ontario's agriculture sector will add millions in labour costs to the small business owners that are Ontario's fruit and vegetable farmers. Ontario farmers in turn cannot pass this extra cost on to consumers, as Mexican tomatoes and Chilean apples are competing for space on local grocery shelves, and local produce needs to remain competitive.

Further, instability in world trade and market access continue to reduce investment confidence and represents lost opportunities for the sector's growth potential.

As the Ontario government reviews budget needs for the upcoming year, we ask that it does so with the understanding that competitiveness pressures continue to exist, and consequently, that it is vital the government maintains adequate supports for Ontario's second largest agricultural sector from the perspective of farm gate sales.

Ministry Budget and Resourcing
The OFVGA supports the government's approach to be responsible with taxpayer dollars. We agree that there are ways in which government, including the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA), can operate more efficiently. However, we are concerned about potential program and service cuts that could have negative impacts to the competitiveness of the fruit and vegetable sector.

OMAFRA has a strong network of extension specialists that support the sector through coordination and analysis of research, knowledge transfer, and are valuable conduits for industry to access government information, resources and programming. We appreciate the role these positions play with respect to the long-term sustainability and competitiveness of the sector. It is important to our sector that OMAFRA maintains this strong network of specialists and appreciate that there has been an ongoing commitment to keep this network strong.

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Risk Management Program (RMP)
Fruit and vegetable farmers value the stability provided through the Self-Directed Risk Management (SDRM) program, which is one of six separate programs under RMP. Over the past year the OFVGA has been actively working with Minister Hardeman and his officials as we review RMP and SDRM to identify potential improvements. We are committed to this review process, but want to ensure farmers have access to a program that is simple to use and understand, and one that reflects the needs of fruit and vegetable farmers, taking into account the complexity of the over 120 different fruit and vegetable crops grown in Ontario.

We appreciate the ongoing support this government has shown for SDRM and RMP, which includes the 2018 campaign commitment of increasing the overall RMP cap from $100 million to $150 million in year three of your government's mandate. Delivering on this campaign promise will increase the SDRM program's ability to directly help Ontario's fruit and vegetable farmers remain competitive in the face of the pressures mentioned above.

The OFVGA looks forward to the continued and heightened support for RMP and SDRM in the 2020 budget and encourages the government to follow through on its commitment to increase the funds available to $150 million annually.

Financial Protection
The OFVGA has long been working at the federal level to establish a national system for protecting fruit and vegetable farmers from issues relating to slow payment, non-payment, and bankruptcy, which causes disproportionately high financial risks for the sector. The perishable nature of our product amplifies the risks faced by the sector. The OFVGA requests that the provincial government investigate appropriate legislative tools, such as payment terms, to address some of these risks at the provincial level.

Foodland Ontario
The Foodland Ontario brand is an important aspect of OMAFRA's services to the industry. The brand is one of the most recognized by consumers in the province and has a significant 40-year history. The brand supports local food consumption, awareness and provides encouragement to retailers to feature Ontario grown produce and products when they are in season, over imports. OFVGA appreciates your government's commitment to the Foodland Ontario brand. The fruit and vegetable sector would welcome ongoing discussions to ensure that government investments in the brand are effective and meet the intended goals of the program. Providing continuous support to the program will ensure that market opportunities are not lost, and the brand remains strong.

Canadian Agricultural Partnership (CAP)
CAP is a five-year commitment by Canada's federal, provincial and territorial governments that is designed to support Canada's agri-food and agri-products sectors. CAP funding programs are valued by the sector as they provide support at the farm and industry levels for improvements and projects that drive competitiveness by increasing productivity, reducing input costs and improving environmental performance. To leverage these programs successfully, industry needs them to be delivered in an accessible, ongoing and predictable manner. As CAP is funded 60% by the federal government, there is incentive to ensure that none of Ontario's allocation is lost.

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The OFVGA welcomes the opportunity to provide input into how the funding is allocated, accessed and simplified to increase the impact of the government's investment.

Northern Fruit and Vegetable Program (NFVP)
The NFVP is delivered by the OFVGA in partnership with the Ministry of Health and regional health units. The NFVP provides over 3 million servings of fresh fruits and vegetables from January to June to over 76,000 students in over 415 northern Ontario and indigenous schools.

The OFVGA appreciates the government has demonstrated its commitment to the program by evergreening the annual investment into the Ministry of Health budget. This unique program cannot be overstated with respect to its benefits to the health, social and economic fabric of northern Ontario students, schools and communities.

Fresh from the Farm
The Fresh from the Farm school fundraising program was established in 2013 in response to the creation of the Local Food Act, 2013 and changes to the School Food and Beverage Policy. At the time, government approached industry to deliver Fresh from the Farm on behalf of government. The program has been a win for government, Ontario school communities and Ontario fruit and vegetable growers in achieving some key goals such as increased access to local foods, healthy fundraising and market creation for Ontario's farmers.

In 2019 your government had the foresight to continue to support this important program. The OFVGA asks that you again continue to partner with industry on this initiative for the benefit of the public and Ontario's fruit and vegetable farmers.

Conclusion
Thank you for the opportunity to provide comments during the 2019 pre-budget consultations. It is our hope that the Ontario government and the fruit and vegetable farmers of Ontario can continue working together for the benefit of the Ontario economy and the people of Ontario. The OFVGA appreciates your government's commitment to make fiscally sound choices while supporting businesses and opportunities for economic growth. Should you have any questions or would like to meet to discuss OFVGA's comments, don't hesitate to contact us.

Sincerely,

Bill George
Chair, OFVGA Board

Cc:
The Honourable Ernie Hardeman, Minister of Agriculture, Food and Rural Affairs
Julia Douglas, Clerk, Standing Committee on Finance and Economic Affairs

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