Ontario Federation of Agriculture

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Submission to:

The Standing Committee on Finance and Economic Affairs

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The Ontario Federation of Agriculture (OFA) appreciates the opportunity to outline the key issues impacting the agriculture industry and the priorities of Ontario's farm business community in advance of the next Ontario Budget.

OFA is Canada's largest voluntary farm organization. As a dynamic, farmer-led organization, we represent more than 37,000 farm family businesses across Ontario.

OFA knows that Ontario's fiscal circumstances are a major consideration for this budget. Investments in our economy must be carefully considered and provide a return. Programs need to generate dividends in terms of new investment and jobs.

We know that strategic government investments and sound policy and procedures can drive the Ontario economy forward. Growth in Ontario's farm and rural economy will greatly alleviate the fiscal pressures we face and Ontario agriculture is well positioned to grow Ontario's economy. With prudent investment and policies, we will accomplish growth.

Farming in Ontario delivers results. In 2013, the OFA commissioned an updated analysis of the economic contribution of the Ontario farm sector. The report found that the production from Ontario farms:

- Sustains 157,829 (full-time equivalent) jobs with wages of $8.1 billion in 2012.
- Farm Sector Economic Activity contributed $3.9 billion in taxes to all three levels of government including $1.4 billion to the Government of Ontario in 2012.
- Ontario's farm outputs contributed $26.6 billion in gross output in 2012 with a Gross Domestic Product (GDP) of $13.7 billion.

These statistics are based only on the upstream linkages to input suppliers and do not include the economic activity that occurs when farm products are further value-added. The additional contributions that can be made by a healthy processing sector are staggering.

Premier Kathleen Wynne has challenged our sector to double its annual growth rate and create 120,000 jobs by the year 2020.

The OFA appreciates the Premier's attention and the confidence she has placed in the sector. We believe we can accelerate growth in the Ontario agri-food sector to meet the Premier's growth challenge and our own aspirations. This Budget can equip Ontario's agriculture and agri-food sector with the right tools from government - the right investments, services and programs needed to create the ideal business environment. Similarly a sound and supportive regulatory environment is a prerequisite to accelerating agri-food sector growth in Ontario.

The OFA respectfully outlines the farm sector's recommendations to enable growth and our ongoing contribution to a healthier provincial economy.

Energy on Farms:

Energy is a significant and rising cost for Ontario's farms. Any successful effort to reduce energy costs will contribute directly to the bottom line of farms, enabling reinvestment, jobs and sustainable businesses in rural Ontario.

Farm businesses have already led in adopting conservation to reduce energy use and costs. Farms will continue to manage cost through conservation, but OFA has identified critical actions that will significantly reduce energy costs on farms. Foremost among these are rolling out natural gas pipelines across rural Ontario and adjusting electricity rates.

Natural gas for rural Ontario

OFA was pleased to see the commitment in the 2014 budget to help extend rural gas services via a loans and grant program. At this time we ask that implementation be made a top priority and specifically we recommend the following for the Budget:

Ontario must immediately announce program details on the $30 million grants and $200 million interest free loans to municipalities for expanding natural gas pipelines in rural Ontario; and

Direct the Ontario Energy Board to work with the utilities to set a rural rate for new customers; and

Include a government low interest loan program to assist households with hook up costs and installation of gas furnaces and appliances.

A public / private sector partnership in extending natural gas to rural and small town Ontario is the single best investment Ontario can make in its rural economy. Not only is it the right investment for government to make, rural access to natural gas is a serious game changer with massive economic potential; including:

- 42,000 farms yet to get gas
- 700,000 rural and small town homes yet to get gas
- 10,000 community halls and churches, yet to get gas along with thousands of existing and new businesses

Combined, this is equivalent to a population of over one million who can realize an increase in their disposable income amounting to hundreds of millions of dollars. This "new" income will be spent and invested in rural Ontario. And these investments by local people will be the largest influx of cash into rural Ontario in 40 years. Natural gas will be an investment that establishes an unprecedented level of rural disposable income and a robust rural economy for decades to come.

Energy costs are an area where savings for farmers will grow the bottom line, improve competitiveness and stimulate investment in jobs and capital. Natural gas is clean, low cost, low polluting and versatile. Ontario cities have it as do Alberta and Saskatchewan farms.

Costs of establishing and operating the new rural pipeline network can be reduced if gas is injected from manure digesters, landfills and sewage treatment plants as this means smaller less costly pipe serves substantially longer distances. It also brings in extra revenue to some farms and municipal governments and reduces methane, the worst of the greenhouse gasses, leaking to the atmosphere.

Electricity

> ***Ontario needs to restore Farm & Industrial Electricity Rates so Ontario farms and industry can become more competitive and create jobs here in Ontario. OFA recommends this be done with a phased in approach as follows:***
>
> - ***Announce a return to farm & industrial power rates in the 2015 Budget.***
> - ***Beginning with the 2016 Budget, remove half of the Provincial share of HST on power bills (about $250 million) and adjust all power rates so they go down slightly.***
> - ***In the 2017 Budget remove the other half of provincial HST and adjust rates downward again.***
> - ***In the 2018 Budget, use the expiration of the Debt Retirement Charge to allow a third downward adjustment in rates.***

It is widely recognized that electricity costs have caused Ontario to lose jobs. Manufacturing has lost over 270,000 jobs since 2004. Power rates are one of several causes. High electricity costs are reducing net farm income and reinvestment.

OFA is part of a coalition with Ontario industry promoting a method of reducing rates for farms and industry over a period three years, **without raising rates for any other class of customer.** OFA is deeply concerned about power rates because of their effect on our ability to hire and do work on farms and still more seriously because Ontario power rates compromise the viability of the food processing sector in Ontario. That is the largest part of our home market and it is essential to remaining competitive.

OFA asks that these rate adjustments be shared by all customers on the basis that residential and commercial users get a 5% reduction and that farm and industrial users get a 20% rate rollback. The larger reduction is proposed for farms and industry because that rollback will enable investment and job creation. The 20% roll back for farms and industry will move industrial power rates from the top level for industry in North America into the mid-range. Farm rates will come down (but would still be in the top 25%). Residential and commercial rates would move down to the lower part of the mid-range for those groups.

This suggestion can be implemented without harm to Ontario's balanced budget plan. In fact, it will grow Ontario's revenue as the newly employed contribute tax revenue on their income and purchases. OFA is convinced that this measure will add over 9,000 new jobs each year in Ontario and that the taxes these people pay will quickly grow and cover the cost of giving up the provincial share of HST on power sales in the short run.

The Future of Hydro One Distribution

> ***Rather than sell Hydro One Distribution in whole or in part as the Clark review appears to suggest, we recommend that it be divided into 8 to 13 regional Local Distribution Companies. These LDCs should continue to be provincially owned with customer dominated boards. They would set their rates and service standards to suit customers, help compete for new business in their areas, return profits to Ontario and control their costs more effectively than HONI. They would continue the Ontario pattern of local control of electric distribution utilities and avoid having the customers have to pay all over again for the wires and poles for which they have already paid.***

When local distribution companies have been sold by municipalities it was the taxpayers, who were also the ratepayers in those places, who benefitted from the proceeds. If Ontario should sell the distribution arm of Hydro One, Ontario taxpayers would benefit. But those people did not pay for Hydro One's distribution arm. It was paid for by rural hydro customers and in very large part by Ontario farmers who use about 30% of rural hydro and accordingly have paid for 30% of Hydro One's distribution arm.

If it were sold, farmers would not get 30% of the benefit in return for 30% of the cost, they would get less than one percent of the benefit and they would, along with other rural people, have to pay more so the new owners could cover the costs of their purchase.

Should Hydro One distribution be sold, depending on the price, the result would be to siphon between $5 and $10 billion dollars from rural Ontario in inflated power rates, so urban taxpayers could have a one-off tax break. Over a 20 year period, this would mean a minimum rate increase of $250 million a year or well over 20% for delivery for rural power users. OFA opposes the sale of Hydro One distribution and suggests instead that the distribution network be divided as noted above.

OFA appreciates the Ontario government's efforts and success in securing the Ontario – Quebec Seasonal Electricity Exchange. This power exchange will curb costs for consumers in both provinces. It will reduce costs of surplus power generation, improve asset utilization in both provinces and very importantly, contribute to stronger relations between Ontario and Quebec.

Provincial transfers to Municipalities

> ***Ontario must increase provincial transfers to municipalities to ensure municipalities do not have to excessively tax property to raise required municipal revenues. Alternatively, the province could phase out using property tax revenue to support education funding in order to allow municipalities to redirect this property tax revenue towards supporting municipal services.***

Ontario must also address the mismatch between municipalities benefiting from provincial uploads and those facing OMPF funding cuts.

OFA believes the portion of the tax burden raised from property taxes is inappropriate. We concur that property taxes are an appropriate means to raise public funds needed to finance the delivery of public services related to property. However, property taxes should not be levied to finance public services for citizens, as is currently the practice.

Given their limited taxing authorities and ongoing reductions in the real value of transfers from the province, municipalities have had little choice but to raise property taxes to cover services they provide to citizens. This phenomenon results in burdensome and non-competitive taxation of land-based industries such as farming.

OFA strongly recommends that provincial transfers to municipalities be increased to ensure municipalities do not have to excessively tax property to raise required municipal revenues. In addition, or in the alternative, the province could phase out property taxes for education.

Rural infrastructure investments

Infrastructure investment must include rural transportation.

Ontario needs to restore provincial funding for "connecting links".

Ontario needs to ensure its rural residents have access to a similar range and quality of services and infrastructure as their urban counterparts. Provincial investments are needed to ensure rural Ontarians have similar access to:

- ***Health care***
- ***Child care***
- ***Education***
- ***Internet access***
- ***Maintained infrastructure; and***
- ***Services delivered by municipal governments.***

OFA stresses the importance of investments in rural infrastructure. Properly maintained roads, bridges and culverts allow farmers to transport inputs to and their products from their farm businesses. Infrastructure enables farmers to do business.

Rural infrastructure is critical to the ongoing competitiveness of our farming sector and to attracting new businesses and manufacturers to rural Ontario.

Municipal roads and bridges are essential components of Ontario's transportation network as they connect communities, and provide access to economic opportunities. Restoring *connecting links* funding in this Budget will help municipalities invest in critical projects across the province.

Access to affordable, high quality health care, schools, child care and other public services that our urban counterparts can more readily access are also vital to keeping our rural communities thriving and to attract new investment.

The Ontario government must ensure rural Ontario farms and businesses have access to physical infrastructure capable of handling current and future needs and that rural Ontarians have access to a level and quality of services and infrastructure comparable to their urban counterparts.

Property Assessment and Taxation

> ***Ontario should amend the eligibility requirements under the Farm Property Class Tax Rate Program, as stated in Regulation 282/98, to accept those missing a Farm Business Registration in the previous year into the program without the property owner having to go through an appeal process.***

Having a predictable assessment and tax system is critical to growing our businesses. The OFA appreciates Parliamentary Assistant Steven Del Duca's work on the Special Purpose Business Property Assessment Review.

The OFA fully supports Mr. Del Duca's recommendations with respect to grain elevators and are pleased that Regulation 282/98 has been amended to implement this recommendation.

With respect to farmland valuation, the OFA is committed to continuing our work with MPAC to identify the range of new procedures and discuss their effective implementation as recommended in the report. The OFA fully supports the recommendation that clearly-defined processes and procedures be established to strengthen MPAC's assessment methodology for farm properties, including an improved sales verification process as well as ensuring that an adequate sample size is used for farm sales analysis, such as having regard for a larger geographic area and including certain sales of farmland that have structures.

Proposed Amendment to Farm Property Class Tax Rate Eligibility Requirements:

Unlike most other property tax classes, the farm property class is application based. Farm owners must apply and meet specified eligibility requirements to have their property considered for inclusion in the Farm Property Class. OMAFRA administers the Farm Property Class Tax Rate Program in accordance with Sections 8 and 8.1 of Ontario Regulation 282/98 of the *Assessment Act*.

Eligibility requirements include:

- A farming business is carried out on the land;
- The farm property is valued by the Municipal Property Assessment Corporation (MPAC) as farmland as per Subsection 19(5) of the Assessment Act, but the land is not land to which section 44 applies;
- The farm property owners consist of at least 50% Canadian citizens or permanent residents of Canada.
- The person carrying on the farming business was issued a registration number under the *Farm Registration and Farm Organization Funding Act, 1993* in the year before the taxation year, unless an order was made under section 22 to that Act that the person is not required to file a farming business registration form (aka religious exemption from the FBR requirement) or in cases where the annual gross income of the farming business is

less than the amount prescribed (i.e. under $7,000) for the purposes of section 2 of the *Farm Registration and Farm Organization Funding Act, 1993* the person meets the requirements for a gross farm income exemption as identified in O.Reg.282/89,s.8.(3).

O.Reg.282/98,s 8.1 (3.1) provides that no application needs to be made for properties already belonging to the farm property class to remain classified in the farm property class. This multi-year application process greatly lessens the administrative burden on both farm owners and OMAFRA.

In part, OMAFRA relies on both property assessment details from MPAC and Farm Business Registration data from Agricorp in order to ensure that only eligible properties continue receive the Farm Property Tax classification. In cases where the FBR number identified with a property has not been renewed, then OMAFRA will seek a new Farm Property Class Tax Rate Program application from the property owner.

In order for a farm property to be included in the farm property class, the farm owner must submit an application to OMAFRA by the prescribed deadline prior to the tax year. The deadlines prescribed in O.Reg.282/98 range from April 30 to June 30, depending upon the region in which a farm is located.

To provide some flexibility to respond to situations where the application deadline is missed due to mitigating circumstances, the Ministry of Finance act upon the recommendation made by Marcel Beaubien, MPP & Special Advisor to the Minister of Finance in his 2002 Property Assessment and Classification Review. As a result OMAFRA may permit a person to file an application on or before December 31 of the taxation year rather than on or before the date required under subsection (3) or (4) if, in OMAFRA's opinion, there are mitigating circumstances explaining why the application could not be made before the earlier deadline.

Although beneficial, the application deadline extension does not respond to situations where the farmer neglected to obtain a FBR in previous year. Without the previous year's FBR, the farmed property does not satisfy the Farm Property Tax Rate program eligibility requirements as currently defined.

Typically, without a positive outcome for the farmer, farmers in this situation approach OMAFRA, MPAC, ARB, Tribunal, and their Municipality, along with the OFA, looking for a solution. Farms not in the farm class program will default to the residential property class and face a significant additional tax burden. The Farm Property tax rate is set at a maximum of 25% of the municipality's residential tax rate.

Providing a clear formal process would reduce both the frustration and government resources expended. However, any proposal to provide flexibility to respond to situations where the farmer failed to register the farm business in the previous year must:

- Provide administrative ease for both OMAFRA and the farm owner;
- Allow OMAFRA to confirm the $7,000 gross farm income threshold was met; and
- Ensure compliance with the Farm Business Registration program remains the preferred option for farmers.

OFA proposes that Ontario amend O.Reg.282/98, s. 8(2)7. to accept a "certificate" in lieu of having a FBR in the previous year.

OMAFRA and/or the Agricultural, Food and Rural Affairs Appeal Tribunal could issue these proposed “certificates” after confirming the farm business was eligible for a FBR in the previous year (including meeting the $7,000 gross farm income requirement) but failed to register. The “certificate” should be on a cost recovery basis of at least $750 (estimated costs of OMAFRA and the Agricultural, Food and Rural Affairs Appeal Tribunal still to be confirmed) to ensure the FBR registration ($195) remains the preferred choice over obtaining a “certificate”.

No doubt the proposed process would benefit municipalities by reducing frustrated property owner enquiries and reducing the number of requests for relief from burdensome taxes stemming from denied Farm Property Class Tax Rate program applications.

It is important to note that application based property assessment classifications pose a certain degree of tax revenue uncertainty to municipalities when compared to non-application based property assessment classifications. The degree to which this proposal will add to that level of financial uncertainty is deemed to negligible. For example, the rural lower-tier municipality of Bayham in the county of Elgin had total revenues in 2012 of $8,179,294 of which the total received in tax revenue from both the farm and managed forest classifications was $232,407 (2.8%). Of course the majority of farm properties would continually be in the farm class, with only a few properties expected to rely on the proposed “certificate” process in any specific municipality.

Ontario Risk Management Program (RMP) Funding

> ***The RMP cap of $100 million must be reassessed to enable more adequate risk management capacity.***
>
> ***Ontario needs to continue efforts to have the federal government also support the RMP.***

Farming involves managing multiple risks. Ontario farmers should and do manage some risks on their own. Other risks, however, cannot be managed by farmers alone, a fact recognized by virtually all jurisdictions around the world.

Under the RMP, the government shares market risk with farmers. Government business risk management programs in general and the RMP program in particular, have given farmers the confidence to make the investments necessary to keep their farm operations competitive.

In the 2012 Ontario budget, the provincial government capped their contribution to the RMP program at $100 million for the 2013 program year and future years. This cap significantly reduces claims and results in a delay in paying RMP claims to farmers. The cap effectively transfers a high level of market risk to farmers.

The OFA requests the Risk Management Program cap of $100 million be reassessed and raised to enable more adequate risk management capacity.

Furthermore, the OFA requests that the Ontario government once again ask the federal government to participate in funding the Risk Management Program.

Agricultural Research

Agriculture is a knowledge industry. Over two thirds of Ontario farmers are college or university educated. Research is a key to tomorrow's agriculture, tomorrow's competitiveness and tomorrow's jobs. Today's research results provide improved seeds, better livestock and sounder care for soil and water that has been the foundation of agriculture's growth over the past 200 years.

But Ontario is not investing adequately in agricultural research and our future ability and competitiveness is being put at risk. Ontario's support for agricultural research has gone from $90 million in 1994 to $47 million in 2014. Accounting for inflation the real investment in 1994 dollars is now about $20 million or down by over 75%. Our ability to support new projects has shrunk to almost nil, as maintenance of labs, research farms and animals takes almost all of the funds.

OFA has three recommendations directed at research support.

> ***OFA recommends Ontario move immediately to increase the funding for agricultural research to $150 million per year. These funds should be made available to college, university and other research teams on a competitive basis for farm and food processing related biology, soil and water conservation, farm plant and animal improvement and all farm and food related science and technology.***
>
> ***In conjunction, Ontario should develop knowledge and technology transfer processes and provide farmers with financial incentives, as needed, to encourage adoption of new, validated farming techniques and technologies. Knowledge and technology transfer should include a network of extension expertise in OMAFRA, able to work with the farm community.***
>
> ***Further, Ontario should work with OFA to establish a means to grow matching funds from farmers and farm organizations to further support research and research extension programs in Ontario.***

Continued Ontario farm sector performance is contingent on agricultural research developing new technologies to enable Ontario farmers and agri-food companies to adapt to changing weather, tastes, environmental concerns, etc. Ultimately, however, the new knowledge and technology must make their way into the industry and be used. The suggestions above will foster that aim.

Ontario's New Bio-economy

> ***Ontario needs to encourage and facilitate the availability of additional energy generation through bio-digestion or purpose-grown energy crops.***

Research and innovation continues to find new uses for crops and crop residues like wheat straw, corn stalks and purpose grown crops like Miscanthus, in the form of biomass. Biomass-based products have the potential to create significant growth for Ontario's agri-food industry. Biomass can be dried and used as a pellet fuel to generate electricity.

Crop residue and manure can be used in an on-farm bio-digester facility to generate bio-gas and, subsequently, electricity.

As a province reliant on a readily available and competitively priced energy supply, Ontario needs to encourage these new bio-based technologies to ensure future energy competitiveness. Farm based energy needs to be brought on line as bio-gas and/or farm generated electricity.

The Ontario government needs to encourage and facilitate the availability of additional energy generation through bio-digestion or purpose-grown energy crops.

Another exciting innovation is the use of cellulosic sugars derived from agricultural biomass in the production of numerous bio-based products. Because these products are bio-based they can be marketed as green products.

The OFA has organized and managed a $3 million research project funded by the Agricultural Adaptation Council to discover new and innovative uses for biomass. In addition, a corn stalk project has been initiated to capitalize on the sugars available in corn and corn stalks.

A new company (BioAmber), is setting up a plant in Sarnia to produce bio-based succinic acid from sugars and reflects the potential of this new technology. The global market potential for succinic acid is $10 billion. Bio-based succinic acid is less expensive to produce than succinic acid produced using petrochemicals, and has the added advantage of being suitable for the production of biodegradable plastics

Open for Business

> ***The fundamental precepts of the Open for Business strategy must be embraced in all actions of the Ontario government in order to achieve deficit reduction and the Premier's Agri-Food Growth Challenge targets.***

The agriculture community's success is increasingly dependent on sound regulatory policy as well as fiscal policy. In fact, farmers consider regulations to be the number one issue affecting their businesses.

Provincial regulatory renewal should remain a key government priority. Investment in the agricultural sector will be rendered less effective, or even ineffective, unless consistent and supportive regulatory policy is part of government planning. Smart regulation does not require any cash outlay from the government, but will yield great benefits to the Ontario economy. In fact, an improved regulatory approach would conceivably save public expenditures due to a reduced enforcement burden.

The Ontario government can build a regulatory regime that is effective and not detrimental to the farm economy by involving the farm sector early in regulation development. When the sector becomes part of the policy development process, it creates a better climate for understanding, mutual benefit, and smoother implementation.

The OFA was very pleased to work with several Ministries on behalf of the Ontario agricultural sector on the Open for Business initiative and looks forward to more improvements in the regulatory process.

As announced as part of the Premier's Agri-Food Challenge, the government is expanding the mandate of the Open for Business Consultation Forum beyond regulations to all aspects of economic growth in the sector. This is welcomed news to the OFA given many of the same principles applied to building an effective regulatory regime can be applied to legislation and policy.

In this regard, the OFA also cautions against legislation that is not needed. For example, the proposed *Great Lakes Protection Act (Bill 6)* has recently been added to the Open for Business agri-food consultation discussions, at the request of the OFA. The proposed Act will overlap and potentially conflict with existing legislation or programs such as the *Ontario Water Resources Act, Clean Water Act, Planning Act, Source Water Protection Plans* and the *Nutrient Management Ac*t. The desired outcomes of *Bill 6* could easily be achieved through these existing statutes. *Bill 6* is an example of unnecessary legislation and could negatively impact Ontario farmers with excessive rules and conflicting regulations.

Land Transfer Tax Exemption

> ***OFA recommends that Ontario revise Regulation 697 to ensure farm families who established family farm corporations prior to the farmland transfer will benefit from the land transfer tax exemption.***

In the 2003 Ontario Budget, the Ontario government announced that farmland transfers between farming family members would be exempt from land transfer tax effective March 28, 2003. Presumably, this was in response to requests made by the OFA and others to eliminate the land transfer tax on transactions within a family to assist with succession planning and help beginning farmers.

Although it was proposed in the 2003 Ontario Budget to "provide relief for all farmers", it became evident afterwards that amendments to Regulation 697 did not effectively address transfers to and from family farm corporations. Therefore additional measures were proposed in the 2008 Ontario Budget: "To provide relief for all farmers, regulatory amendments will be proposed to expand the exemption to include transfers of farmland from family farm corporations to individual family members."

However, Ministry of Finance officials have taken the position that the current wording of the regulation denies the land transfer tax exemption in situations where a family farm corporation was established prior to the farmland transfer because a family farm corporation is not an individual.

Consistent with the purpose and intent of this exemption, we ask that the current ambiguous wording of regulation 697 be amended to clarify and specifically ensure farm families who established family farm corporations prior to the farmland transfer will benefit from this exemption as they pass down ownership of the family farm to the next generation.

Ontario Retirement Pension Plan

> ***Ontario must ensure the ORPP does not pose a barrier to employment in Ontario by creating a disincentive for Ontario employers to hire and retain employees.***

The Ontario government has recognized that many Ontarians are at risk of under-saving for their retirement. To respond to this situation, the Ontario government has introduced Bill 56, the Ontario Retirement Pension Plan Act. This legislation, if passed, would create a savings vehicle for employed Ontarians. Under Bill 56, affected Ontario employers will be obliged to report employee personal information, contribute and remit employer contributions, as well as deduct and remit employee contributions.

OFA recommends that as ORPP details are designed, due consideration be given to ease of administrative burden on affected Ontario employers.

Furthermore, OFA calls on the Ontario Government to recognize the contingent liability associated with the proposed Ontario Retirement Pension Plan. Although the assets of the ORPP will not be included as part of the overall government revenues, there remains a financial risk to the Ontario government. Key features the proposed ORPP include offering a predictable stream of income in retirement for life with indexing of benefits to inflation and at the same time requiring equal contributions to be shared between employers and employees, but not exceeding 1.9 per cent each. Assumptions (such as about fund rate of returns, long-term interest rates, and future inflation rates) will need to be made in order to set inflation indexed retirement benefits. If those assumptions subsequently prove not to materialize, then the plan may find itself in a deficit situation.

Ontario Clean Water Act

> ***OFA recommends that Ontario provide funding for the Ontario Drinking Water Stewardship Program.***

When the *Ontario Clean Water Act* (CWA) was enacted in 2006, it was recognized that some residents of the province would be required to go beyond normal practices of care to protect our valuable common good – our municipal drinking water sources. It was also recognized that this could have significant financial implications to those impacted by the CWA. As such, Section 97 was included directly within the *Clean Water Act*, establishing the Ontario Drinking Water Stewardship Program (ODWSP). As stated within the CWA:

> ***Ontario Drinking Water Stewardship Program***
> ***97.*** *(1) A program to be known in English as the Ontario Drinking Water Stewardship Program and in French as Programme ontarien d'intendance de l'eau potable is hereby established. 2006, c. 22, s. 97 (1).*
> ***Purpose***
> *(2) The purpose of the program is to provide financial assistance in accordance with the regulations to,*
> *(a) persons whose activities or properties are affected by this Act;*
> *(b) persons and bodies who administer incentive programs and education and outreach programs that are related to source protection plans; and*
> *(c) other persons and bodies, in circumstances specified in the regulations that are related to the protection of existing or future sources of drinking water. 2006, c. 22, s. 97 (2).*

While money was previously provided under the ODWSP to assist with the earlier stages of the development of Draft Source Protection Plans which define how local municipal drinking water sources will be protected, no new funding has been allocated for the implementation of the approved Source Protection Plans. There are currently 17 approved Source Protection Plans that are now being implemented. It is now time once again for the Ontario Government to commit funds to the ODWSP so the objectives and requirements of the *Clean Water Act* can be met. OFA also maintains that the development of the appropriate regulations to guide the ODWSP be done with direct input from affected parties, specifically the agricultural sector.

Meeting the Premier's Agri-Food Challenge

Ontario leads Canada in farm production. Ontario farmers produce over 200 different commodities and no province exceeds Ontario's total farm market receipts. Our farms are forecast to produce food and fibre amounting to almost $12 billion in value in 2013. Our farmers will account for 29% of total farm market receipts in Canada this year.

Growth and innovation continue to be hallmarks for our industry as we push the boundaries of traditional agriculture, driving jobs in input suppliers, food production and processing across our agri-food system.

The OFA sees the key government expenditures and policies highlighted in this submission as the minimum prerequisites to attaining the goal of doubling the agri-food sector's annual growth rate and creating 120,000 jobs by the year 2020.

The OFA and our farm business members and associated organizations are prepared to work closely with the Ontario government to deliver these necessary policies and programs for the benefit of Ontario's economy and its citizens.

Respectfully submitted,

Ontario Federation of Agriculture
January, 2015