



Ontario Federation of Agriculture

Ontario AgriCentre

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Ontario Federation of Agriculture

Submission to

The Ontario Standing Committee on Finance and Economic Affairs

February, 2016

The Ontario Federation of Agriculture (OFA) is Canada's largest voluntary general farm organization, representing more than 36,000 family farm businesses across Ontario. These farm businesses form the backbone of our robust food system and rural communities with the potential to drive the Ontario economy forward.

We appreciate the opportunity to outline the key issues impacting the agriculture industry and the priorities of our farm business community before the next Ontario Budget.

OFA remains committed to working with the government to help see the Premier's [Growth Challenge for the agri-food sector](#) achieved. The Premier challenged the agri-food sector to double its annual growth rate and create 120,000 new jobs by 2020. This is an ambitious goal that will require collaboration between government and industry.

Strategically, we see three preconditions necessary to achieving the Premier's Challenge:

1. Investing in rural infrastructure
2. Supporting farm business success
3. Taking Climate Change action

OFA feels the following budget initiatives will best position Ontario's agri-food sector to help achieve the Premier's Challenge.

Summary of Recommendations

Section A: Investing in Rural Infrastructure

Recommendation A1: Increase funding for rural natural gas infrastructure. Annual build targets should be 5% growth in access to gas.

Recommendation A2: Invest in Ontario's broadband network so rural and Northern residents and farm businesses have access to a robust and reliable broadband network with a guaranteed minimum service quality from Internet Service Providers.

Recommendation A3: Continue to support the Northern Heritage Fund and provide increased funding for northern infrastructure projects that will enable the expansion of agricultural production.

In order to achieve success the Ontario government should:

- Request the federal government match provincial funding for expansion of access to natural gas in rural Ontario.
- Amend eligibility requirements for funding under the provincial gas tax program to mirror the federal gas tax program, to address the unique infrastructure needs of all municipalities.
- Work with the Federal government for increased federal transfers to municipal infrastructure in rural Ontario and specifically request the federal government match provincial funding.
- Use proceeds from the sale of HONI to fund infrastructure in rural communities, which have paid for the majority of the company.

Section B: Supporting Farm Business Success

Recommendation B1: Raise the Risk Management Program cap of \$100 million to \$175 million over the next three years (\$25 million per year increase) to build risk management capacity. Secure federal government participation in funding the Risk Management Program.

Recommendation B2: Restore electricity rate competitiveness by establishing a Farm/Industrial electricity rate so Ontario farms and industry can create jobs.

Recommendation B3: Increase funding dedicated to agricultural research; encourage commercialization by investing in knowledge and technology transfer processes; and provide farmers with financial incentives to encourage adoption of new, validated farming technologies.

Recommendation B4: Increase funding dedicated to Ontario agri-food marketing and local food initiatives.

Section C: Taking Climate Change Action

Recommendation C1: Invest in Climate Change mitigation and adaptation opportunities from efficiencies, research, knowledge translation and technology transfer to increase the rate of innovation to reduce Climate Change impacts.

Recommendation C2: Establish dedicated funding for on-farm and rural infrastructure projects, including drainage, aimed at adapting to Climate Change challenges.

Recommendation C3: Invest in research and innovation in the bio-economy to further reduce our reliance on fossil fuels and meet our energy and Climate Change targets.

Section A: Investing In Rural Infrastructure

Strategic investments in rural infrastructure are essential to achieve the level of growth required to meet the Premier's Challenge.

Rural infrastructure and transportation are vital to maintaining our food system. Efficient transportation infrastructure is the key to productive supply chains. From the flow of inputs to producers, to the delivery of products to processors and ultimately the consumer, we rely on an effective and efficient water, road and rail transportation system. Our energy and water infrastructure will face numerous future challenges from the increased demand of a growing population and due to extreme weather events.

OFA stresses the importance of investments in rural transportation infrastructure. Properly maintained roads, bridges and culverts allow farmers to transport inputs and outputs to and from their farm businesses. Adequately funded and maintained infrastructure is essential for 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. OFA applauds the Ontario government's decision to restore Connecting Links funding announced in the last provincial budget. This funding will help municipalities who are struggling to raise sufficient funds to maintain their current stock of infrastructure.

We know that strategic government investments into rural infrastructure and sound policy and program design can facilitate economic growth that benefits all Ontarians.

Natural Gas for rural Ontario

Modern farms run on energy. Energy is required for heating, ventilation, feeding systems, hot water, drying, lighting, motors and hundreds of other uses. Energy represents a significant input cost for Ontario farms and that cost is increasing, making our farms less competitive in a global market.

Expanding the natural gas pipeline network across rural Ontario will help farmers to significantly reduce operating costs for heating barns, providing hot water for dairy operations, drying grain and running greenhouses and other facilities. The rural and farm energy savings are monumental, providing millions of dollars of new disposable income in rural Ontario for reinvestment in farms and local businesses. Quite simply, natural gas will fuel growth.

Access to a natural gas network will enable the connection of biogas producing facilities, supplying the demand by converting biosolids to energy. It will facilitate a conversion of the

extensive farm and rural fleet from diesel to natural gas as a fuel source. These developments will further generate a new level of disposable income for reinvestment in the rural economy while reducing greenhouse gases.

OFA was pleased to see the 2014 budget commitment to help extend rural gas services via a loan and grant program. Implementing the Natural Gas Access Loan Program (\$200 million in loans over two years) and the Natural Gas Economic Development Grant (\$30 million) will give communities in underserved areas more energy choices, attract new industry, and make commercial transportation and agriculture more affordable.

However, OFA is disappointed that the government has not already implemented these natural gas programs. OFA has offered to work with the Ministries of Economic Development, Employment and Infrastructure, Energy, and Agriculture to provide input on the design and delivery of the Access Loan and Grant funds. These funds could be used to assist with the “aid to construction” property owners must pay to get connection access to their rural and farm properties.

We would be pleased to see program details in the 2016 Budget on the \$30 million grants and \$200 million loans to municipalities for expanding natural gas pipelines in rural Ontario.

Access to competitively priced energy will attract new food processing, manufacturing and service firms. Growth in the agri-food and rural economy will accelerate with access to lower cost natural gas energy.

However, we are acutely aware that \$30 million in grants and \$200 million in loans will only provide a small incentive for expanding access to natural gas. More is needed to achieve greater access and specific goals must be established to ensure success. To increase the total funding available under these natural gas programs, we recommend partnering with the federal government.

Recommendation A1: Increase funding for rural natural gas infrastructure. Annual build targets should be 5% growth in access to gas.

The extension of natural gas pipelines in rural Ontario is the largest economic stimulation the provincial government can provide. Expanded natural gas lines in rural Ontario would give farmers access to savings for heating barns, operating grain dryers and generating electricity on an as needed basis. Providing access to natural gas to the 42,000 Ontario farm businesses, which do not currently have access, is essential to meeting the Premier’s Challenge.

Support for Broadband Internet Infrastructure

In rural communities, having reliable access to broadband services is an imperative for economic development, and to match the urban standard of living. Broadband access has

many benefits for rural residents, including communicating and sharing knowledge, conducting e-commerce, searching for employment opportunities, and accessing educational resources and health information.

Farms and other businesses should not be disadvantaged for being in rural areas. In fact, successful encouragement of growth in the rural economy will help alleviate the GTHA growth problems. Providing the same access, level, and range of services that our urban counterparts receive, including access to reliable broadband services, will facilitate rural growth and rural jobs.

The current infrastructure is insufficient to support the agri-food sector's broadband internet needs, and requires significant capital investment to meet future demands. A recent survey of OFA members revealed that two out of three respondents did not have access to a *reliable* internet connection. Furthermore, 94% of respondents indicated that access to the internet was important to their farm business with two-thirds of these indicating that "my business would suffer without it".

Connecting rural residents to the 'last mile' of fibre optic broadband internet is an essential service that must be extended to farm businesses. Ensuring "access is provided to communities" is not enough. Government must also develop and guarantee a minimum standard of service delivery that is consistent with technological needs. Broadband internet service should be affordable and competitively priced.

Recommendation A2: Invest in Ontario's broadband network so rural and Northern residents and farm businesses have access to a robust and reliable broadband network with a guaranteed minimum service quality from Internet Service Providers.

Northern Expansion

Farming in northern Ontario has a history that spans more than 100 years. Originally, northern farms functioned as a local food source for mining and forestry workers. Northern farming has endured through the mining and forestry industries' boom and bust cycles and has become a stabilizing pillar of the northern economy. In 2005, the 2,400 farms in northern Ontario brought in total farm gate receipts of nearly \$180 million and supported more than 10,000 jobs.

The single greatest agricultural advancement in the North is systematic tile drainage, which allows farmers to control the level of groundwater in the fields. This extends the growing season and greatly increases crop yield. Both the provincial Tile Loan Program and the Regional Tile Drainage/Land Clearing Program funded through the Northern Ontario Heritage Fund Corporation (NOHFC) have been instrumental in assisting northern producers to cover the high initial costs of tile drainage.

An incredible opportunity to expand northern farming exists. The north has several million acres of uncultivated land that could sustain agricultural production. Beef Farmers of Ontario (BFO) have laid out a plan to add 100,000 cows to Ontario's herd through northern expansion, where producers will be able to take advantage of the abundance of affordable land and supply of water, two critical factors for beef production. BFO's northern expansion project would contribute nearly \$320 million in provincial GDP each year and create 4,500 permanent jobs.

For northern farming to reach its full potential, investors need greater access to information and essential infrastructure. Potential investors need to know the location of lands with the highest soil quality, and whether those lands are owned privately or by the Crown. The Ontario government needs to make this information available and easily accessible to the public.

The government needs to publically release maps of northern Ontario that detail soil classifications and clearly distinguish between Crown Land and privately-owned land.

OFA applauds the Ontario Government for its support of northern agriculture through the Northern Ontario Heritage Fund Corporation. The government can continue to use the Northern Heritage Fund to facilitate the expansion of northern farming. The viability of northern communities can be secured through increased funding for northern infrastructure projects, where there is a clear link between the proposed infrastructure project and expansion of local agricultural production. We acknowledge that OMAFRA is working to explore possibilities for northern agri-food development and growth, and is actively developing a strategy under the Northern Growth Plan.

Recommendation A3: Continue to support the Northern Heritage Fund and provide increased funding for northern infrastructure projects that will enable the expansion of agricultural production.

Unlocking the economic potential of northern agriculture, will be critical to meet the Premier's Challenge. The Ontario government can assist industry efforts by making strategic investments in northern infrastructure.

Dedicated Funding for Rural Infrastructure

A person's choice to live and work in rural Ontario should not limit their access to the same range and level of services that their urban counterparts enjoy.

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 that rural communities have adequate funding to maintain the infrastructure in their region.

In 2013, Ontario Municipalities received \$1.18 billion in funding targeted at infrastructure costs from the federal government. This is much lower than the \$1.6 billion in funding provided in 2010. In 2013, federal infrastructure funding represented less than 8% of total infrastructure expenditures in Ontario.

Rural communities have a disproportionately large stock of infrastructure compared to their local tax base. It is critical that future infrastructure funding prioritizes innovative projects that deliver infrastructure needs in a cost effective manner. For example, if a project proposal acknowledges that a steel culvert would meet local infrastructure needs at a fraction of the cost and construction time of a concrete bridge; this must be accounted for to maximize the return on infrastructure funding.

Addressing the mismatch between municipalities impacted by Ontario Municipal Partnership Fund (OMPF) funding cuts and municipalities relieved from the service delivery costs now uploaded by the province would go a long way to returning the OMPF to a meaningful source of predictable funding for rural municipalities.

To ensure rural Ontario has adequate financial resources to maintain its stock of infrastructure **the Ontario government should work with the federal government to establish increased federal funding for rural infrastructure in Ontario.**

OFA applauds the Ontario government for the creation of the Ontario Community Infrastructure Fund (OCIF) which provides \$100 million in annual funding targeted at municipal roads, bridges and water infrastructure. Additionally, the \$272 million investment in municipal infrastructure by each the federal and provincial government through the Small Community Fund (SCF) is a positive step.

However, these programs must be viewed as the first steps in efforts to revitalise municipal infrastructure. The Association of Municipalities Ontario (AMO) estimates Ontario municipalities face a \$60 billion infrastructure funding deficit over the next 10 years. Roads, bridges and water infrastructure in particular, are in dire need, accounting for over \$40 billion of the total deficit.

Another provincial funding program that needs to be adjusted is the provincial gas tax program. Changing the program's eligibility requirements would substantially improve the financial sustainability of rural municipalities and help close the \$60 billion infrastructure deficit that Ontario municipalities face over the next 10 years. Ontario municipalities receive gas tax funding from both the federal and provincial governments. Ontario municipalities are scheduled to receive \$3.873 billion in federal gas tax funding from 2014-2019.

The provincial gas tax funding program provides two cents per litre of the gas tax for the exclusive use of funding public transit. In 2014, the Ontario government provided [\\$321.5 million](#)

in provincial gas tax funding, and since 2004 has provided over \$3.1 billion. However, because rural municipalities are not large enough to fund their own transit systems they receive no funding support under the provincial gas tax program.

Amending the provincial gas tax program's funding eligibility requirements to mirror the federal gas tax program would allow all Ontario municipalities the opportunity to address the infrastructure needs in their community, which would include public transit.

Fairness of who benefits from Sale of Hydro One

OFA has serious concerns with the 2015 budget announcement of the partial sale of Hydro One Networks Inc. (HONI) and the distribution of the sale proceeds.

HONI is owned by the Province but was paid for by its rate payers, not taxpayers. Transmission assets, approximately 40% of the company, are funded by most Ontario residents in proportion to their power use. This is not the case for the distribution assets of HONI.

The distribution portion serves rural and small town Ontario and more recently Brampton. Farmers consume about 25% of HONI distributed power and so have paid for about one quarter of the distribution assets or 15% of the total company, despite making up only 1% of Ontario's population. Other rural and small town residents make up 15% of the population, and have paid for roughly 50% of the company.

Given the disproportionate contributions paid by farmers and other rural residents, using proceeds from the sale of HONI for infrastructure assistance to the Greater Toronto and Hamilton Area (GTHA) is inappropriate. Although GTHA infrastructure investments are needed, the revenue raised from the sale of HONI should be proportionally allocated to those that paid for the company. OFA supports directing proceeds to rural communities for infrastructure and development. Rural customers funded hydro distribution and expansion through rural Ontario and deserve consideration as Hydro One shares are sold.

The Ontario government must ensure proceeds from the sale of HONI are used to fund infrastructure in rural communities, which have paid for the majority of the company.

The OFA firmly believes that by implementing the recommendations laid out in this document, the next generation of infrastructure funding will enable the agri-food sector to achieve the level of growth required to help the Ontario government meet the Premier's Challenge. A thriving agri-food sector can ensure prosperous rural communities and drive the Ontario economy forward.

Section B: Supporting Farm Business Success

Jobs and prosperity are tied to having a successful and innovative farm sector. We know this sector is one of Ontario's economic engines. To spur growth and meet the agri-food growth challenge requires enhanced government policy and support in key areas such as managing risks and input costs.

Ontario Risk Management Program (RMP) Funding

We commend the Ontario government for implementing Ontario's Risk Management Program (RMP). It began as a pilot program in 2007 for the grains and oilseeds sector. The program was made permanent and expanded to cover producers of hogs, beef, veal, sheep and edible horticulture products in 2011.

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.

The RMP serves Ontario farmers well by helping them manage volatile commodity market prices and drastic farm input costs. Under the RMP, the government shares market risk with farmers by giving farmers the confidence to make the investments necessary to keep their farm operations sustainable. However, 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.

The \$100 million funding cap severely limits the program's response in a devastating farming year. The funding cap effectively transfers a high level of unmanageable market risk to farmers.

Recommendation B1: Raise the Risk Management Program cap of \$100 million to \$175 million over the next three years (\$25 million per year increase) to enable more adequate risk management capacity.

OFA also recommends the Ontario government again seek to secure federal government participation in funding the Risk Management Program.

Electricity

OFA believes Ontario farms need reasonably priced electricity to be able to compete and to contribute to the growth of our rural economy. Ontario farms and rural businesses are disadvantaged by high energy costs.

Confidence in our electrical system is very important to our farm family members. Electricity is a critical input and a major input cost and therefore demands our attention.

OFA is working with industry to explore options for a return to Farm and Industrial Electricity Rates to provide farmers with a more level competitive field versus neighbouring provinces and states.

Ontario needs to enable affordable and competitive electricity rates for farm and industrial users. The OFA strongly recommends restoring electricity rates so Ontario farms and industry can become more competitive.

Recommendation B2: Restore electricity rates by establishing a Farm/Industrial electricity rate so Ontario farms and industry can create jobs.

Agricultural Research

Agriculture is a knowledge industry, and research is essential to Ontario's future competitiveness. Research results provide improved seeds, better genetics and sounder care for soil and water. Agriculture's productivity growth over the past 200 years exceeds that of all other industries and is due to past research.

We believe improved communication and collaboration across government ministries would result in better access to the funding opportunities under MEDEI, MRI and OMAFRA for business development, research and innovation.

Recommendation B3: Increase funding dedicated to agricultural research; encourage commercialization by investing in knowledge and technology transfer processes; and provide farmers with financial incentives to encourage adoption of new, validated farming technologies.

Ontario farmers deserve recognition for their proper management of the nutrients required to grow food. Maintaining farm sector performance is contingent on agricultural research developing new technologies to enable farmers and agri-food companies to adapt to changing environmental conditions and consumer demands. As needed, farmers should be offered financial incentives to encourage the adoption of innovative farming techniques and technologies that will improve the adaptability, efficiency and productivity.

Promoting Ontario Food

The Ontario government has taken a number of positive steps to promote Ontario food locally and outside of Ontario.

The OFA is committed to working with the Ontario government to further our common goals of having food produced in Ontario available and accessible to Ontario consumers. The *Local Food Act* has the potential to grow Ontario agriculture and to improve the well-being of Ontarians. All Ontarians (consumers and farmers) will benefit from increased awareness and access to local Ontario food products.

The OFA commends initiatives to make Ontario produced food available to hospital patients and others. Experience has shown that public institutions require assistance to change their processes to facilitate the purchase and handling of Ontario-grown food.

The OFA actively supports local food initiatives, including farmers' markets, on-farm value-added activities, and the development of regionally oriented food systems, as another option for farmers to market the more than 200 safe, nutritious products grown in Ontario.

The OFA also recognizes the efforts undertaken to market Ontario food outside our province. Marketing and distribution challenges remain so we encourage continued promotion initiatives.

Recommendation B4: Increase funding dedicated to Ontario agri-food marketing and local food initiatives.

Section C: Taking Climate Change Action

OFA acknowledges that Climate Change is happening here and now as a result of a rise in global temperatures, and is evidenced by more frequent extreme weather events and patterns.

Action must be taken to address the causes and impacts of Climate Change through mitigation and adaptation. However, practical action is required to avoid jeopardizing Ontario's economy. "Taking strong action" that is reactionary and does not account for economic and social considerations could be as damaging as ignoring the environmental issues. A balanced approach is needed.

OFA believes that policies, programs and research initiatives must be developed with government and society to reduce the causes (mitigation) and to enable farmers to cope with the effects (adaptation) of Climate Change.

Around the world, extreme weather events have the potential to affect agricultural production in significant ways, through fluctuations in temperatures, regional rainfall levels, climate extremes (e.g. heat waves), changes in varieties of pests and diseases, changes in atmospheric carbon dioxide and ground-level ozone concentrations, and changes in coastal areas.

OFA has heard from our members that they are concerned about the potential effects of Climate Change on the agricultural sector. In a recent survey conducted by OFA, our members show

concern not only for a potential increase in frequency of extreme weather events, but also for the shifts in weather patterns that can cause inconsistent growing seasons leading to changes in crop yield, quality, or even the ability to harvest. Water management is always top of mind for our members as well: too little (drought) and the crop could fail; too much and the fields may be inaccessible for planting or harvest or simply drown the crop.

Our farmers are already taking action to adapt to the potential impacts of Climate Change. Over two thirds of our members have told us that they have implemented or have considered implementing changes to their operations that reduce the effects of extreme weather events. Most of these changes are drainage improvements, different cropping practices, or increased coverage under crop insurance programs.

As the single largest group of private land managers in the province, Ontario's farmers have knowledge of the land that can also be valuable in developing a Climate Change strategy or action plan.

We strongly recommend that the Ontario Government consult often with Ontario's farmers to benefit from their knowledge, and to increase their participation as part of the Climate Change solution.

According to the Ministry's *Climate Change Update 2014*, between 1990 and 2012 the agricultural contribution to Ontario's Greenhouse Gas emissions have been reduced by 6.5%. During this same time period, Ontario's agricultural production has more than doubled, while the amount of land used as farms has decreased roughly 6%, while the population of Ontario has increased by almost 3 million people.

This 6.5% reduction in Greenhouse Gas emissions does not take into account the removal of carbon from the atmosphere through soil sequestration or the displacement of fossil fuels through the development and use of bio-fuels and products. Clearly, when it comes to reducing emissions and our impact on the land, water, and atmosphere the agricultural and agri-food sector is doing more with less and is a good news story. But we have a great potential to continue to be part of the Climate Change solution.

While the agriculture and agri-food sector has already taken great efforts to create efficiencies and reduce environmental impacts, great untapped potential remains. We have a demonstrated capacity to reduce and sequester greenhouse gases while maintaining Ontario's diverse and robust food supply. And we can do more.

Recommendation C1: Invest in Climate Change mitigation and adaptation opportunities from efficiencies, research, knowledge translation and technology transfer to further increase rates of innovation to reduce Climate Change impacts.

Towards greater greenhouse gas reductions from agriculture, we suggest:

- Research into new technological innovations that reduce or eliminate emissions, while investigating the adaptability of existing, underutilized technologies,
- Continued improvement to agricultural Best Management Practices that couple reduced costs and efficiency with emission reduction and elimination,
- Expanding research and development of renewable biofuels and incentivize their use by industry,
- Supporting research, development, and commercialization in Ontario's bio-economy that seeks to replace fossil-fuel based energy with energy derived from renewable plant sources,
- Building the capacity of government institutions and non-governmental organizations to respond to new innovations and streamline regulatory approvals processes for adoption,
- Increasing efforts to facilitate knowledge transfer and exchange, particularly among farmers and rural residents,
- Promoting educational opportunities,
- Strengthening data collection and dissemination of information among researchers and users, and
- Developing risk assessment and audits tools to assist farmers in evaluating the potential Climate Change impact on their operations.

It's important to recognize climate impacts agriculture more than any other industry. Our food security concerns motivate us to work with government and other industries to identify common problems and seek out innovative and effective solutions. We must also consider the rest of the food value chain. Government and the agri-food sector have a responsibility to work together so our food supply is resilient to the production impacts of Climate Change and prepared to adapt to changes in global markets.

In assessing our options to mitigate Climate Change, we must adopt strategies and policies that do not negatively impact agricultural competitiveness or stifle future growth.

Cap and Trade System

OFA agrees that to help drive a transition towards a low-carbon society we must begin with a market mechanism that places a price on carbon emissions. Putting a price on carbon generates a cost to regulated industries for emitting GHGs to the atmosphere, thereby creating an economic motivation to reduce further GHG emissions.

For Ontario to reach our emission reduction targets, OFA favours a well-designed *Cap and Trade System with offsets*. In the design of our Cap and Trade System, we urge the Ontario government to ensure that an offset credit system provides the greatest opportunity for Ontario's agricultural sector to participate in developing projects and reducing Greenhouse Gases.

We look forward to continuing to work with the Ministry of Environment and Climate Change to further develop the design of an offset credit system that allows for the greatest participation for Ontario farmers and the greatest amount of GHG reductions.

Infrastructure Resiliency to Climate Change

Climate Change has the potential to significantly impact the effectiveness and lifespan of (an already degraded) infrastructure in rural Ontario. Transportation, buildings, and water management infrastructure are particularly vulnerable to the impacts of Climate Change and extreme weather events. Existing infrastructure may suffer increased damage because it was built to the specifications of a different climate reality.

Infrastructure in rural areas and particularly transportation infrastructure is vital to maintaining our food system. Efficient transportation infrastructure is the key to productive supply chains. The entirety of our agri-food value chain depends on the successful operation of our transportation system.

From the flow of inputs to producers, to the delivery of products to processors and ultimately the consumer, we rely on an effective and efficient water, road and rail transportation system. Ontario's energy and water infrastructure will face numerous future challenges from increased demand of a growing population, as well as damage caused by extreme weather events, which are anticipated to occur more frequently.

As extreme precipitation events become more frequent, tile drainage of farmland will become a necessity to control groundwater in the fields and maintain crop yields.

The provincial Tile Loan Program, which provides producers with a loan of up to 75% of the value of the tile drainage work, has been instrumental in assisting producers to cover the high initial costs of tile drainage. The loans are administered through local municipalities, making the Tile Loan Program an example of what can be accomplished through effective partnership between the private sector and multiple levels of government.

Despite the success of the Tile Loan Program, the province should encourage greater participation, to expand agricultural production throughout Ontario and proactively address some negative impacts of extreme precipitation events.

Adaptive measures by both industry and municipalities must be taken to limit Climate Change impacts and strengthen the resiliency of rural infrastructure. This will require government investment in climate-proofing infrastructure and a deeper integration of Climate Change considerations into infrastructure design and maintenance.

The Ontario government must ensure the Climate Change readiness of the province's rural infrastructure and needs to invest in its planning, design, construction and

maintenance. Making proactive investments to adapting our infrastructure for the impacts of Climate Change will provide substantial long term cost savings and increased public safety.

To ensure Ontario's infrastructure is capable of withstanding Climate Change impacts, OFA makes the following recommendation:

Recommendation C2: Establish dedicated funding for on-farm and rural infrastructure projects, including drainage, aimed at adapting to Climate Change challenges.

Ontario's New Bio-economy

The bio-economy refers to the set of economic activities relating to the invention, development, production and use of biological products and processes. The bio-economy is expected to make major socioeconomic contributions on a global basis. These benefits are expected to improve health outcomes, boost the productivity of agriculture and industrial processes, and enhance environmental sustainability. The level of success of Ontario's bio-economy and the rate at which it progresses depends mostly on government policy regarding funding, licensing, and regulating.

Ontario is well positioned to capitalize on global Greenhouse Gas mitigation and Climate Change adaptation. We have a flourishing bio-economy in Ontario that is developing opportunities and innovative solutions to a wide range of environmental challenges, including energy and resource efficiency and food security. The bio-economy involves the production of renewable biological resources and their conversion into food, fibre, and fuel, while achieving economic growth. The bio-economy creates a socio-economic system based on sustainably sourced and produced fuels, chemicals and materials and provides an alternative to one based on finite fossil-fuel resources.

In partnership with the federal government, Ontario should develop a bio-economy strategy for the Province to attract companies who could utilize inputs produced by Ontario agriculture.

Recommendation C3: Invest in research and innovation in the bio-economy to further reduce our reliance on fossil fuels and meet our energy and Climate Change targets.

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 sector while providing a renewable source of electricity and biologically-derived natural gas (bio-gas).

As a province dependent on a reliable 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.

A bio-economy is not the only solution to the challenges we face, but it is an important key to unlocking a more sustainable future where resources are used efficiently with reduced environmental impact. It brings together farmers, scientists, technology, retailers and consumers to create strong and diverse value chains built on bio-based product development, while achieving economic growth.

The Province of Ontario must invest in research and innovation in the bio-economy to further reduce our reliance on fossil fuels and meet our energy and Climate Change targets. Ontario is a global leader in bio-economy development. We need to focus on expanding the skills and infrastructure necessary for Ontario to continue to develop jobs and scientific excellence in the bio-economy.

Meeting the Challenge

Growth and innovation remain hallmarks for our industry as we push the boundaries of traditional agriculture, driving jobs in input supply, food production and processing across our agri-food sector.

Premier Kathleen Wynne has challenged our sector to double its annual growth rate and create 120,000 jobs by the year 2020. OFA appreciates the Premier's attention and the confidence she has placed in the sector and looks for potential ways to accelerate growth in the agri-food sector to meet this challenge. We believe a sound and supportive regulatory environment is a prerequisite to accelerating agri-food sector growth.

We recognize action must be taken against Climate Change and that a market mechanism to regulate further emissions is an appropriate response. We believe a Cap and Trade System that allows for offsets from the agricultural sector is the best system to achieve verifiable reductions in Greenhouse Gas emissions. A Cap and Trade System also provides a mechanism to invest in innovation and encourage greater efficiencies.

We recognize that Climate Change will have an impact on Ontario's food supply and value chain. The agriculture and agri-food sector is fueling Ontario's economy and must hold an important place in our Climate Change Action Plan. While we realize the need to mitigate Greenhouse Gas emissions, we cannot ignore the need for agricultural adaptation to Climate Change related events we already experience. The degree of impact Climate Change will have on our food system depends largely on the quality and scale of the adaptation measures we take.



With continued investment in research, agriculture can do more to reduce Greenhouse Gas emissions. Ontario has the strategic advantage of a burgeoning bio-economy poised to increase efficiencies, create jobs, and help Ontario meet new emission reduction targets. This sector is a vital component of our response to Climate Change, worthy of dedicated government support.

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
February, 2016