

Ontario Federation of Agriculture

Recommendations to the

Ontario Pre-Budget Consultations, 2019

The Ontario Federation of Agriculture (OFA) recognizes that the well-being of our families and the strength and viability of our farm businesses is increasingly dependent on the state of our rural communities. We also recognize that the economy of Ontario is intrinsically tied to the well-being of our rural economy.

Rural Ontario, driven by the agri-food industry, has the potential to grow food and grow our economy. But this potential requires investment – real public investment in physical infrastructure to enable business to operate efficiently and social infrastructure to accommodate the people who will drive the businesses and the economy forward.

When our local schools close it affects our families and dissuades newcomers. When we cannot access information or conduct business over the internet it affects our children's ability to excel at school and our ability to grow our businesses.

When health care is not readily available it affects our quality of life and our businesses. When our energy bills are 30-100% higher than in urban areas because we don't have access to natural gas, it affects our competitiveness and the sustainability of our communities.

These issues are real and are seriously impeding the ability of our rural communities to optimize our contribution to the Ontario economy. But these issues can be addressed in a way that will help all of Ontario grow and prosper.

Dr. David Freshwater addressed delegates at OFA's 2017 Annual General Meeting, noting that *investing in underperforming regions can provide a higher rate of return to society than simply abandoning these places*. Rural Ontario is feeling abandoned, and yet it holds the most potential to deliver economic and social return to the province.

Because of this, the OFA has developed a campaign to secure a policy of distributed economic development through prudent public investment – it's called **Producing Prosperity in Ontario**. That's the advice we're presenting to government. Sound investments in rural Ontario will jump-start farming, agri-business and rural Ontario growth, and in turn, stimulate the entire Ontario economy.

Our rural municipalities are eager to repair roads and bridges, have access to reliable broadband, install natural gas pipelines and attract new families and businesses. These improvements require

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a concerted effort on the part of business and governments. The Barton Report provided the general outline for growth, but we need to collectively focus efforts in the right direction. Distributing economic development across the province will provide a higher rate of return than the status quo.

The Ontario Federation of Agriculture is strongly recommending the province of Ontario invest public funds in building rural infrastructure. We fully understand the province's fiscal situation and the need for restraint. We also know that prudent investment pays dividends that ultimately improve our fiscal outlook by driving our economy forward.

A recent report for the Broadbent Institute, prepared by the Centre for Spatial Economics, indicates that:

"the benefits from public infrastructure extend beyond direct impact, with public capital promoting economic growth and productivity. A highway, for example, allows trucks to transport goods in less time than if they used slower, local roads. This reduces shipping costs, helping private companies produce their products at a lower cost."

The same could be said of the information highway.

The study concludes that the benefits of a public infrastructure spending program include:

- GDP rises \$1.43 per dollar of spending, in the short term
- 9.4 jobs are generated per million dollars spent, and 44 cents of each dollar spent by government is recovered in new tax revenue
- GDP "return on investment" lies between \$2.46 and \$3.83
- Private-sector investment **rises** by as much as \$0.34 per dollar spent in the short term, and by up to \$1.00 per dollar spent in the long run
- Businesses are more productive and competitive in international markets
- Real wages rise, providing a higher standard of living for Canadians

Public investment is not only for the direct benefit of our farms and rural communities. OFA contends that investment in a real program of distributed economic development is the only practical long-term solution to relieving the Greater Toronto Hamilton Area (GTHA) transportation crisis and the pressure on the urban housing market.

Strengthened rural communities with new economic opportunities for families will help distribute population growth and alleviate the GTHA infrastructure crisis.

Infrastructure investments like widespread broadband, access to affordable energy with natural gas, and increased social infrastructure including local schools and medical care will attract new business. New jobs will attract new residents that will, in turn, contribute to social infrastructure.

OFA strongly recommends the Ontario government work with municipalities across rural Ontario to develop and adopt a cost-effective infrastructure program (roads, bridges, drainage and broadband) and provide funding to rural municipalities to implement the program.

More specifically:

Access to Natural Gas

OFA appreciates the adoption by the government of *Bill 32, Access to Natural Gas Act, 2018*. With this Bill, the province has recognized the value of providing access to a reliable and economical source of energy across rural Ontario. We estimate that an investment of \$75 million per year over a 20-year development cycle will begin to pay dividends on the investment after the first year. Once fully implemented, access to lower cost energy will save rural Ontarians over \$1 billion annually in the cost to heat homes and run businesses.

This program will significantly curb energy poverty while positioning rural Ontario as also **Open for Business**.

OFA is concerned that some fundamental aspects of a sound policy are not clearly implicit in the Access to Natural Gas Act and so make the following recommendations for its implementation:

- **Ensure there is a smart, long-term development plan with consideration of optimal routes and capacity sizing to meet long-term objectives**
- **Proper expansion plans will provide returns to local communities within year 2 of a development**
- **Rate riders should be volumetric for all rate classes**
 - **Simpler to administer if all potential connections pay and benefit from expansion**
 - **Allows access to the highest number of potential connections which makes a project more viable**
- **Only a plan that includes commercial industrial and institutional anchor loads in the incentive will be effective**

Transportation

All business depends on the ability to economically transport inputs and outputs from and to markets. It is fundamental. For rural Ontario the efficient transport of people, given the unavailability of public transit, is also fundamental. The rural Ontario economy relies on sound roads, bridges and proper drainage to support the growth and transportation of our goods and services.

OFA is prepared to work with the Government of Ontario and municipalities to identify ways and means to safely provide infrastructure at reduced costs. Practical alternatives exist and can be identified as part of the government's plan to **reduce red tape**.

Broadband

Reliable internet supports farms and rural communities and has been deemed to be an essential service. Without it, our businesses, residents and schools are severely disadvantaged from a business competitiveness perspective as well as an ability to attract families and investment.

OFA is actively petitioning the federal government to roll out a broadband access plan. We urge the province to join this campaign and facilitate functional access to internet across rural and remote Ontario.

Schools and Health Care

Rural schools and quality health care are essential to attract and retain local employees by providing quality education, local community hubs and adequate medical services for the next generation of Ontarians. A concurrent investment in physical and social infrastructure (schools, health care) will provide opportunities and reasons for families to look to rural Ontario as a place to work, live, play and invest.

The Ontario Federation of Agriculture believes it is time to adopt a new approach – a concerted effort to boost our rural economy through a planned program of investment in distributed economic development. Economic growth throughout Ontario, including small town Ontario, will increase government tax revenue, reduce government dependency and benefit *all* Ontarians...not just those living in rural areas.

Strategic investments in infrastructure will:

- Create jobs in new small and medium size enterprises
- Provide new opportunities for families and youth
- Spark investment in rural Ontario communities

Through increased investment and job creation, Ontarians:

- Will find work in smaller and mid sized communities to grow our economy
- Can realize new home ownership and lifestyle opportunities

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

Respectfully,

Ontario Federation of Agriculture
January, 2019