

February 11, 2022

Hon. Peter Bethlenfalvy
Ministry of Finance
Frost Building S, 7th Floor
7 Queen's Park Crescent
Toronto, ON
M7A 1Y7

Dear Minister Bethlenfalvy,

RE: ONTARIO FEDERATION OF AGRICULTURE 2022 BUDGET SUBMISSION

The Ontario Federation of Agriculture (OFA) proudly represents more than 38,000 farm family members across the province, supporting our members and the agri-food industry on issues, legislation and regulations governed by all levels of government. OFA works to ensure the agri-food sector and our rural communities are included, consulted, and considered in any new and changing legislation that impacts the sustainability of our farm businesses. We are the leading agricultural advocate for Ontario farmers, their businesses, and their communities.

OFA appreciates the opportunity to participate in the budget consultation process and provide recommendations to help strengthen our agri-food sector, rural communities, and all of Ontario. With the right investments in the right places, agriculture can continue to be a leading industry as the province charts its path towards economic recovery from COVID-19.

Agriculture is already a key driver of the province's economic engine, growing and producing more than 200 farm and food products, supporting 723,000 jobs and contributing more than \$45 billion to Ontario's GDP annually. Sound investments in rural Ontario will jumpstart farming, agri-business, and rural Ontario growth — and in turn stimulate the entire provincial economy.

WORKING TOGETHER ON OUR SHARED PRIORITIES

OFA would like to thank the provincial government for action and investment on critical issues we brought forward during the 2021 pre-budget consultations, including:

- Investment of nearly \$4 billion to help connect all Ontarians to high-speed broadband by the end of 2025.
- Investment of up to \$25 million over three years in a new Strategic Agri-Food Processing fund to support projects that will enhance processing capacity and food security. We welcome this investment in strengthening Ontario's local food production systems and believe this will help Ontario reduce reliance on food sources from abroad while also creating local economic opportunities and employment.

- Investment in farmer mental health and wellness, through the Farmer Wellness Initiative. The OFA believes that the positive impacts of this initiative will be realized across the sector, and we look forward to continuing our work with the Ontario government to add more access points over the coming weeks and months and build on this support service.

As the voice of 38,000 Ontario family farms, the Ontario Federation of Agriculture recommends three key areas in rural Ontario where the province can stimulate the economy:

1. Promote and protect Ontario grown food
2. Recognize the key role farmers have continued play in tackling climate change.
3. Invest in rural infrastructure and social infrastructure

PROMOTE AND PROTECT ONTARIO GROWN FOOD

Recommendation:

- ***Increase the investment towards the Risk Management Program from \$150M to \$250M, so that Ontario's agricultural sector has the safety net and tools to deal with current and future challenges.***

Farmers, like many other sectors, face unprecedented levels of risk and uncertainty. Present day challenges include inflationary cost of production increases, trade and supply chain disruptions and the ongoing pandemic. Future challenges may include climate change and extreme weather events caused by it, and future supply chain and trade disruptions.

The only way to proactively remedy this and to give farmers the tools they need to be able to adapt to future challenges like climate change, is to invest in the Risk Management Program. The sector, along with The Ontario Agriculture Sustainability Coalition, sees this as an opportunity for the province to protect and strengthen food security now and in the future, so Ontarians can continue to rely on locally grown, safe and nutritious food.

Recommendation:

- ***Extend OMAFRA's Enhanced Workplace Protection Program through 2022 (Set to expire on February 1, 2022)***

The \$10 million cost-share funding through this program helped offset additional costs for personal protective equipment and other investments on farms to help prevent virus spread, supporting farms experiencing an outbreak situation. It is vital that this funding be extended to support farmers and keep Ontario's food production capacity resilient

Recommendation:

- ***Develop a program in collaboration with stakeholders across the supply chain, to encourage local food procurement within government and the broader public sector.***

We are also encouraged to see your government's initiative to support local food. We believe it will strengthen and enhance the Ontario economy and we see a lot of untapped potential in this area.

.....

We hope to work with you on encouraging the procurement of locally grown Ontario food through the Ministry of Government and Consumer Services' Build Ontario Better Initiative, working closely with the sector to explore a pilot program including:

- Growing Ontario farm businesses by removing barriers and increasing access to the Ontario government's procurement process.
- Through Supply Ontario, encouraging Ministries and the Broader Public Sector to ensure that at least 10% of food procurement is set-aside for locally grown Ontario food products with appropriate criteria in place.
- Collaboration with all stakeholders across the food supply chain to develop and execute the program and track its performance.

RECOGNIZE THE KEY ROLE FARMERS PLAY IN TACKLING CLIMATE CHANGE.

Recommendation:

- ***Develop incentive-based policies and programs, under the Made-in-Ontario Environmental Plan, to recognize the efforts of farmers in managing and enhancing Environmental and Ecological Goods and Services for the public's benefit.***

OFA believes that farmers should be recognized for their efforts in managing and enhancing environmental and ecological systems for the public benefit. We welcome the opportunity to work with the Ontario government to create a fair system of incentive-based policies and programs that recognize the significant environmental contributions made by farmers by adopting beneficial management practices.

We believe this approach is far more effective to enhance sustainability in agriculture and support farmers as they adapt to the changing climate and increasingly frequent extreme weather events like droughts and floods.

OFA was pleased to see that Bill 43, the Build Ontario Act amended the Assessment Act to give the Minister of Finance the authority to increase the number of acres eligible under the Farm Forestry Exemption provisions. We urge the Minister to use this authority to increase the number of acres of woodlands that are exempt from property tax assessment. This will further incentivize property owners to keep woodlots on their property.

INVEST IN RURAL INFRASTRUCTURE AND SOCIAL INFRASTRUCTURE

Infrastructure investments rural roads and bridges, access to affordable energy 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, creating healthy hubs across rural Ontario.

Distributed economic development is the only practical long-term solution to relieve the transportation and infrastructure crisis and the pressure on the urban housing market in the Greater Toronto Hamilton Area (GTHA) and encourage investment and growth in Ontario's rural hubs.

Recommendation:

- ***The Ontario Federation of Agriculture recommends that the Ontario government work with municipalities across rural Ontario to develop a cost-effective infrastructure program and provide core funding to implement the program.***

When we can't get trucks on the road, Ontario food doesn't make it to Ontario stores. All business depends on the ability to economically transport inputs and outputs from and to markets. It is fundamental.

The rural Ontario economy relies on sound roads, bridges, and proper drainage to support the growth and transportation of our goods and services.

As the government continues to make long-term infrastructure investments, OFA is prepared to work with the Government of Ontario and municipalities to identify ways and means to safely provide infrastructure at reduced costs.

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.

But this effort requires a concerted effort and partnership between business and governments. Distributing economic development across the province will provide a higher rate of return than the status quo. Without this investment, the decades-long trend of imbalanced population and economic growth, concentrated in the Greater Golden Horseshoe and Ottawa, will likely continue.¹

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 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 34 cents per dollar spent in the short term, and by up to \$1 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.

¹ Ontario Chamber of Commerce. 2019. "The Great Mosaic: Reviving Ontario's Regional Economies" <https://occ.ca/wp-content/uploads/The-Great-Mosaic-Reviving-Ontarios-Regional-Economies.pdf>

We know that strategic investments made by all levels of government over the next couple of years will ensure a strong economic recovery from COVID-19. Investing in infrastructure, will:

- Provide an immediate and long-term boost to the economy.
- Provide a boost to previously underinvested regions of the economy, such as rural communities.
- Enable Ontario to pave the way to a strong economic recovery in the short term and prosperity in the long run.

Recommendation:

When implementing Bill 32: Access to Natural Gas Act, 2018, the government should:

- Ensure there is a smart, long-term development plan with consideration of optimal routes and capacity sizing to meet long-term objectives.
- Put proper expansion plans in place to provide returns to local communities within year two of a development.
- Make rate riders 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.
- Include commercial industrial and institutional anchor loads in the incentive to ensure it is effective.

When our energy bills are 30 to 100 per cent higher than in urban areas because we don't have access to natural gas, it significantly affects our competitiveness and the sustainability of our communities. Rural households without access to natural gas experience the greatest financial burden.

Expanding natural gas infrastructure in rural Ontario, will:

- Lower hydro bills, providing a welcome relief for many families and farm businesses who have struggled over the years to pay those bills.
- Provide rural communities with some relief from electricity costs by providing alternative energy in the form of natural gas.
- Open opportunities to rural renewable gas production for electricity generation, providing further relief for a high-cost electricity system.

The OFA appreciates the adoption of Bill 32, *Access to Natural Gas Act, 2018* and funding put forward by your government to expand natural gas access, recognizing the value of a reliable and economical source of energy across rural Ontario. Once fully implemented, access to lower cost energy will save rural Ontarians more than \$1 billion annually in the cost to heat homes and run businesses.

This program will significantly curb the financial burden of energy costs while demonstrating that rural Ontario is **Open for Business**.

Recommendation:

- ***Fund the development and adoption of new technology to use surplus biomass from Ontario farms as an alternative energy source.***

Surplus biomass from Ontario farms could provide a potentially significant source of renewable energy. The anaerobic digestion process produces biogas by decomposing organic waste, such as manure and crop and food processing waste. Biogas systems can be used to generate renewable natural gas, electricity, or heat.

However, these projects require significant public investment to scale into projects that are commercially viable. Investments in projects that convert biomass into higher-value chemicals such as bio plastics will help make Ontario a leader in the biomass industry.

SCHOOLS AND HEALTH CARE

Recommendation:

- ***Acknowledge the realities of rural Ontario differ from those of urban Ontario and accommodate the unique needs of rural schools and medical services and facilities to ensure they remain open to serve the families of rural and small-town Ontario.***

When our local schools close, it affects our families and dissuades newcomers. When health care is not readily available, it affects our quality of life and our businesses.

Investments in rural schools and quality health care are essential to attract new employees and retain local employees. There is potential to create healthy local communities by providing quality education and adequate medical services. A concurrent investment in physical and social infrastructure (schools, health care) will provide opportunities for families to see potential in rural Ontario as an affordable and ideal place to work, live, play, and invest.

Economic development across rural Ontario must include and work lockstep with the provision of social infrastructure like easier access to quality schools and health-care facilities.

In conclusion, OFA believes it is time to adopt a new approach that involves a concerted effort to boost Ontario's rural economy through strategic investments in distributed economic development.

The 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.

Sincerely,



Peggy Brekveld
President