

2023 Provincial Budget Submission

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About the Ontario Federation of Agriculture

As the largest of Ontario's three general farm organizations, the Ontario Federation of Agriculture (OFA) is a leader in bringing forward the diverse issues and priorities that affect the agri-food sector and rural communities in our province.

Ontario's agri-food sector is an economic powerhouse – producing more than 200 farm and food products, fuelling rural communities, generating nearly 750,000 jobs, and contributing over \$47 billion annually to the provincial economy.

OFA represents more than 38,000 farm business members across the province. As a farmer-led grassroots organization, our activities and direction are driven from the ground up with 51 county and regional federations who provide strong, local leadership.

Membership input and feedback is used to help shape our priorities for municipal, provincial, and federal government issues, legislation and regulations. Our goal is always to ensure that the needs and priorities of Ontario farmers are well-represented.

OFA works diligently to build strong, proactive relationships with industry partners, key stakeholders and government policymakers and representatives to ensure the agri-food sector and our rural communities are included, consulted and considered when governments at all levels change existing or develop new legislation that could impact the profitability and sustainability of farm businesses across the province.

We support our advocacy with research, data collection and member feedback, and we help our county and regional federations in hosting their own meetings with industry partners as well as municipal, provincial, and federal policymakers.

Collectively, our executive, board members and staff are involved in more than 70 committees, boards, councils and working groups, shaping policy and regulations that improve the viability of our sector.

OFA collaborates with a wide range of partners and stakeholders on projects and programs that address industry needs, from raising awareness about environmental stewardship and farmland preservation to addressing labour gaps and building public trust in our food supply.

The organization's mission is to work for *Farms and Food Forever*.

February 8, 2023

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 2023 BUDGET SUBMISSION

The Ontario Federation of Agriculture (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.

The Ford government's Grow Ontario: a provincial agri-food strategy acknowledges Ontario's agri-food sector as a cornerstone of our thriving economy. Ontario's farmers, food processors, grocers, transporters and partners along the agri-food supply chain generate \$47 billion in provincial gross domestic product (GDP) annually and employs 1 in 10 Ontarians in 2021.

The Grow Ontario strategy is based on the government's belief in the importance of:

- *promoting Ontario products, food and technology, supporting our agri-food sector
- *taking action to be a world leader in research and innovation, and
- *celebrating all the hard working people who have secured great jobs through the supply chain.

OFA shares these same principles and seeks to demonstrate through these sound investments in rural Ontario that we can work together to jumpstart farming, agribusiness, and rural Ontario growth — and in turn stimulate the entire provincial economy.

As the voice of 38,000 farm business members across the province, OFA outlines three key areas in rural Ontario where the province can stimulate the economy by:

1. Investing in rural Ontario's physical and social infrastructure
2. Improving access to veterinarian care in rural and northern Ontario
3. Promoting and protecting Ontario grown food

INVESTING IN RURAL INFRASTRUCTURE AND SOCIAL INFRASTRUCTURE

Grow Ontario Action: Partner with other ministries to expand/target appropriate rural community economic and social infrastructure such as schools, broadband, housing, and transportation to help support strong rural communities and agri-food businesses.

Public investments in infrastructure such as rural roads and bridges, access to affordable and reliable energy, reliable access to broadband and increased social infrastructure — including local

schools and health care including mental health — ensure retention and growth for existing businesses in rural Ontario and attraction of new businesses to communities across the province. Infrastructure plays a key role in Ontario's economy and is a key factor in determining where people choose to live, work and play, and where businesses choose to grow and invest.

Investing in rural infrastructure allows for 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 and ensuring healthy communities.

The Grow Ontario strategy has challenged the industry to increase:

- Consumption of food grown and prepared in Ontario by 30%
- Production of food grown and prepared in Ontario by 30%
- Ontario's food and beverage manufacturing GDP by 10%
- Ontario's agri-food exports 8% annually

The industry is ready for expansion and this submission includes OFA's recommendations of how to achieve these goals together.

ROADS & BRIDGES

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

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

Recommendation:

OFA encourages the provincial government to work closely with municipalities and supporting them with investments in the maintenance, repair, and resiliency of these critical infrastructure assets.

AFFORDABLE ENERGY

OFA endorses the policy recommendation put forward by the Ontario Chamber of Commerce related to an integrated energy plan:

Develop an integrated energy plan that balances reliability, affordability, and sustainability.

Demand for electricity is rising rapidly in Ontario, driven both by economic growth and electrification. On the supply side, resource availability will be constrained by the retirement of the Pickering Nuclear Station, nuclear refurbishments, and contract expirations for other resources. As Ontario confronts major energy supply gaps over the next decade, significant investments in generation, storage, and conservation will be needed to ensure access to energy remains reliable, affordable, and sustainable for businesses and households.

Recommendations:

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- ***Continue to work with industry and the Independent Electricity System Operator (IESO) to procure clean, reliable electricity. Procurement should optimize existing clean energy assets (including nuclear, biomass, and hydroelectricity generation); provide long-term certainty to attract new competitive investments in clean energy; and be technology-agnostic with respect to all forms of supply, including new nuclear.***
 - ***Develop a long-term energy plan that integrates low-carbon fuels with electricity planning, using insights from the Electrification and Energy Transition Panel and the IESO's Pathways to Decarbonization Study.***
 - ***Take a more proactive approach to investing in transmission and distribution infrastructure across rural and remote regions.***
 - ***Incorporate conservation and demand management into long-term energy planning forecasts and frameworks.***

BIOMASS

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 bioplastics will help make Ontario a leader in the biomass industry.

NATURAL GAS

OFA welcomes the provincial government's ongoing commitment to bringing affordable, reliable energy to more families, farms and businesses by expanding access to natural gas in rural, northern and Indigenous communities.

In 2021, Premier Doug Ford unveiled the second phase of the government's Natural Gas Expansion Program, which allocated \$234 million to support 8,750 natural gas connections in 43 communities. The expansion of natural gas pipelines is expected to save the average household between \$250 and \$1,500 per year in energy costs, with a projected 30% savings for businesses in rural, Northern and Indigenous communities. Energy is one of the largest costs for rural homes, farms and small businesses. Providing access to natural gas in these communities will dramatically boost economic opportunities by significantly lowering energy costs for farmers, families and business owners.

OFA estimates the lack of natural gas access in rural Ontario costs businesses and residents more than \$1 billion in annual energy costs. Phase 2 of the expansion program will fund the construction of 28 natural gas projects. Work is scheduled to begin this year with the completion of all 28 expected by the end of 2025. OFA is grateful for the current projects and encourage the government to consider more rural locations as it looks to further phases.

BROADBAND

Continue to prioritize and accelerate the rollout of broadband across Ontario.

Access to reliable broadband internet has been a longstanding issue in Ontario, particularly in northern, rural, and remote areas, it has been magnified by COVID-19. Farmers run modern businesses that require innovative technology, high-speed internet access and reliable cellular coverage. Internet should be available, affordable and competitively priced to all Ontarians. Broadband Internet is vital to the continued growth and development of rural Ontario and without it, many businesses and workers are unable to access digital resources, services, talent, and markets. Continued, prioritized and accelerated rollout of broadband infrastructure in underserved areas to support competitiveness and spur regional economic growth.

The Ontario government is committed to a plan to help connect every corner of the province by the end of 2025. This is an ambitious plan but one that OFA supports. One of the best investments for the future of modern business across the province, including agricultural areas.

Recommendation:

- ***Work with municipalities, internet service providers, telecommunication stakeholders, and local distribution companies to address inefficiencies and barriers to private sector broadband rollout. This includes resolving the locates backlog and identifying opportunities to streamline standards and processes related to pole attachments and make-ready work.***

HEALTH CARE

Protect Ontarians' health and strengthen health care system capacity and resilience.

Rural health care systems were struggling before the pandemic. The COVID-19 pandemic exacerbated the vulnerabilities in our health care system, leading to unprecedented emergency room wait times, delayed treatments, diagnostics, surgeries, and routine medical procedures, staff burnout and shortages, and increasing mental health and addiction challenges. This has hit hard in Ontario's rural communities, and we have experienced closure of Emergency Departments across the province in small rural communities.

To safeguard health system capacity and ensure a resilient system for the future, it's important the Ontario government continues to build on its *Plan to Stay Open* through short- and long-term strategies that support positive patient outcomes, improve patient and staff experiences, and create a more streamlined, integrated system. Overall, it will be critical to shift from a reactive system to a preventative health care model to ensure both health system stability and economic growth.

Further, as Ontario's population ages, chronic diseases and conditions are projected to increase. For example, the number of Ontarians living with dementia is expected to double to over half a million within two decades. This will place increased demand on families and communities, the health care system, and health care providers.

OFA would like to express our gratitude to the Ontario government for investing in farmer mental health and wellness, through the Farmer Wellness Initiative. This investment has established a valued community service of mental wellness support to all Ontario farmers and farm families across the province. Our members are very appreciative of this timely investment to provide farm families across the province with free counselling services, helping connect at-risk farmers with tailored support and resources.

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 years and build on this support service. At our recent annual general meeting in November, 2022 our members called upon us by way of a resolution, asking for OFA to advocate for expansion of the Farmer Wellness Initiative to include farm employees as eligible for these critical support services as they often experience the same stressors as farm families and most often don't have access to Employee Assistance programs offering wellness programs.

Recommendations:

- ***Develop a robust strategy to tackle the human resources issues in health care by leveraging technology and health innovations, supporting the next generation of health care professionals, and continuing to address immediate workforce shortages, including through innovative scope of practice and patient care approaches.***
- ***Address the backlog of surgeries, deferred treatments and diagnostics and procedures to reduce reliance on over-burdened hospitals and emergency departments.***
- ***Extend mental health and wellness programs beyond farmers and their families to include farm employees to ensure strong and healthy rural communities.***
- ***Prioritize long-term care services across rural and northern Ontario, develop a strategy to recruit and retain skilled labour in the sector, and increase direct care funding in these areas to ensure adequate, predictable, and stable multi-year funding.***

Recommendation:

- ***OFA recommends that the Ontario government engage stakeholders including rural Ontario and work with municipalities across rural Ontario to develop a cost-effective infrastructure program and provide core funding to implement the program.***

Recommendation:

- **Municipalities must be compensated for lost revenue from Development Charges**

OFA firmly believes that growth must pay for growth. The capital infrastructure costs required to service new development should be paid for by developers and not the current base of property taxpayers.

The changes to the Development Charges Act made under Bill 23 will shift the financial burden of paying for growth-related capital costs from developers to property taxpayers. Additional strain on municipal budgets and the subsequent pressure to increase property taxes is of great concern to the farm community. In the last provincewide assessment MPAC provided, farmland values increased at a disproportionate rate and farmers in many municipalities across the province are paying a record high percentage of the municipal tax levy.

For this reason, OFA believes the provincial government must commit to significant new funding for municipal infrastructure to avoid negatively impacting local property taxpayers.

SOCIAL INFRASTRUCTURE

Recommendation:

- ***Acknowledge that the realities of rural Ontario differ from those of urban Ontario and accommodate the unique needs of rural schools, 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 services) 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 commitment to social infrastructure investments like easier access to quality schools and health-care facilities. 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.

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

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.

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>

IMPROVE ACCESS TO VETERINARIAN CARE IN RURAL AND NORTHERN ONTARIO

Recommendation:

- ***Investigate options on improving access to veterinarians, and increase opportunities, develop programs and incentives to increase the number of farm-animal veterinarians in rural and remote regions of Ontario.***

Animals and animal-related agriculture are crucial to the economic stability of Ontario's rural communities. Veterinarians play a critical role, promoting the health and welfare of animals, and playing a crucial role in maintaining a healthy, safe and sustainable agri-food system. The benefits of veterinarians go beyond that of the health of livestock and a viable food-system; Veterinary services work to improve human and public health by identifying and addressing concerns related to zoonotic diseases, food safety, and biosecurity. However, access to veterinarians and veterinary services can be limited in rural Ontario. Limited veterinary capacity can be detrimental to rural communities, and leave farm animals, and ultimately the food system at risk.

The shortage of veterinarians in rural communities can be due to a variety of factors; however different areas of the province have region-specific challenges which impact veterinary access. For this reason, OFA believes more a multi-faceted approach is needed to increase capacity, opportunities, programs, and incentives to address the shortage of farm-animal veterinarians in rural Ontario.

OFA supports programs such as the proposed Collaborative Doctor of Veterinary Medicine in Rural and Northern Community Practice Program, the Livestock Veterinary Innovation Initiative, and the Veterinary Assistance Program (VAP), and is glad for government's investment in agriculture through these initiatives.

OFA believes the Ontario government should look to other incentives and programs offered by other provinces and world-wide, to help address the shortage of farm-animal veterinarians, and veterinary services in rural regions.

Solutions and incentives could include programs like:

Placement and Experience Programs:

- Place veterinary students in mixed-animal and farm-animal practices to develop their veterinary skills, and to create ties to rural areas where there are shortages of mixed animal practitioners.
- Vet schools can offer veterinary students experience programs to spend time in farm-animal or mixed animal practices. For example, The Early Veterinary Student Dairy Experience Program at the University of California, Davis offers scholarships to interested vet students to spend time with a progressive dairy herd and with progressive dairy practitioners in subsequent summers.

Financial Programs:

- Non-repayable return service bursaries, offering a sum of money per year for the four years of a student's large animal or mixed-animal veterinary program.
- Programs which pay each year toward student loans of eligible veterinarians who service in a designated shortage area for a set number of years. This would help place food animal

and public health veterinarians in high-need rural areas by providing strategic loan repayment aid in exchange for services.

Other Financial Incentives:

- Grants which improve the hands-on experience for production-animal students, to provide continuing education for rural vets.
- Scholarships which are open to veterinary students interested in food-animal veterinary medicine.
- Financial aid for farmers to help pay for the cost of veterinary services.
- Opportunities to study veterinary sciences in more locations. Currently the focus is at the University of Guelph. Their success can be modeled or mentored with other schools. Opportunities for part or all of veterinary programs to be located in other places with high needs, allows students to experience rural life in other parts of the province, and can be part of an expansion strategy.

Government-Supported Veterinary Clinics and Services:

- Government-built veterinary clinics in certain areas of the province would ensure all livestock producers have access to veterinary care. Local municipalities would make financial contributions and have representation on the clinic boards. The provincial government would provide annual monies to help operate and maintain clinic buildings.
- Government-funded veterinary service program, where veterinarians are hired and paid through the program. Farm-animal veterinarians would be in specific rural regions across the province to provide veterinary care to livestock. Veterinary services would be governed and financed by municipal or regional governments in which they are located.

Ensuring good animal health is crucial. OFA believes that timely access to appropriate veterinary care in rural and remote areas of Ontario is critical to the health and welfare of livestock, and contributes to food security, income generation, job creation, and economic growth. OFA continues to advocate for distributed economic development to help rural communities attract and retain qualified medical professionals, including veterinary professionals, and to grow the agri-food sector.

PROMOTE AND PROTECT ONTARIO GROWN FOOD

Even during the pandemic, 65% of the food produced in Ontario was consumed right here at home. The Ontario Local Food report points to many studies that show the impressive potential multiplier effect of buying local across Canada. Though highly dependent on the locale and commodity in question, the baseline that is commonly referred to is that buying local food has a multiplier effect of 1.4-2.6 throughout the wider local economy. Though the numbers seem small, the impact is huge. For example, it is estimated that if every household in Ontario spent \$10 a week on local food, we would have an additional \$2.4 billion in our local economy at the end of the year and create 10,000 new jobs.

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 encouraged to see government's recognition of the significant economic benefits of increasing the consumption of made-in-Ontario food, and the increase in consumption of food domestically produced, processed and packaged. We believe this will strengthen and enhance the Ontario economy and we see a lot of untapped potential in this area.

We would be pleased to meet with you on encouraging the procurement of locally grown Ontario food 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.

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 cost of production increases due to inflation, trade and supply chain disruptions and pandemic related challenges. Future challenges may include climate change and accompanying extreme weather events, as well as future supply chain and trade disruptions.

The only way to proactively remedy these challenges and to give farmers the tools they need to be able to adapt to future challenges, 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.

OFA, 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