

January 12th, 2024

The Honourable Chrystia Freeland
Deputy Prime Minister and Minister of Finance
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Deputy Prime Minister,

RE: ONTARIO FEDERATION OF AGRICULTURE 2024 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 administered by all levels of government. OFA is passionate and dedicated to ensuring that the agri-food sector and rural communities are considered and consulted with for any new or changing legislation that would impact the sustainability and growth of our farm businesses.

The Ontario 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 to Ontario’s annual GDP. By removing barriers, unnecessary costs and red tape and supporting economic growth, Canadian farmers will be positioned to seize opportunities and rise to the challenge of ensuring an efficient, reliable and responsible food supply while driving the economy forward.

HELP MANAGE INCREASED COST OF PRODUCTION

Over the past several years, Canadian farmers have been navigating a challenging landscape of escalating production costs, driven by factors outside of their control such as global market fluctuations, increased input prices, supply chain complexities, and mounting geopolitical concerns.

The rising cost of production places significant financial pressure on farmers, impacting their ability to sustain operations and invest in future growth. Addressing these cost pressures is vital for preserving the economic viability of farms and ensuring the affordability and availability of Canadian-produced food. Strategies to manage these costs effectively are not just about immediate relief but are integral to the long-term sustainability and resilience of Canada’s agricultural sector.

Recommendations:

- Extend the on-farm exemption for qualifying farming fuel to include marketable natural gas and propane.
- Develop a Critical Farm Input Strategy, ensuring a stable supply of essential farm inputs like fertilizer.

- Make the interest-free limit for advances under the Advanced Payment Program (APP) permanent and streamline the program to remove red tape and make the program more accessible for farmers.
- Permanently implement the Accelerated Capital Cost Allowance across all classes of farm equipment. This will allow farmers to depreciate 100% of the cost of farm equipment in the first year and spur more on farm investment.

IMPROVE FARM COMPETITIVENESS

Enhancing the competitiveness of Canadian farms is pivotal in a global market where efficiency, innovation, and adaptability are key to success. To remain competitive, Canadian farmers must navigate a number of complex challenges, including rapid technological advancements, environmental volatility, and changing consumer demands.

Increasing the competitiveness of Canadian farmers is not just about maintaining current market positions but also about exploring new opportunities and embracing innovative practices. This is crucial for ensuring the sector's ongoing contribution to the Canadian economy and for positioning Canadian agriculture as a leader in the global agri-food industry.

Recommendations:

- Create a national grant program similar to the Canada Digital Adoption Program to support on-farm risk management.
- Help farmers increase their resiliency to climate change by ensuring business risk management programs are responsive, predictable, and accessible.
- Restore farmer confidence in the AgriStability program by restoring the payment trigger to 85% of historical margins.
- Introduce legislation that grant Canadian farmers the right to repair their own farm machinery.

PROMOTE SUSTAINABLE GROWTH

Addressing the financial challenges facing Canadian farmers is essential for the long-term viability of farm businesses, allowing them to continue making vital contributions to Canada's economy. Economic sustainability in agriculture not only supports the livelihoods of farmers and rural communities but also ensures the nation's food security. We need policies that help create and maintain a financial environment where farms can prosper, innovate, and grow.

Recommendations:

- Ensure the Sustainable Agriculture Strategy serves all Canadian farmers regardless of the commodities they produce and that the program is adequately funded to meet its objectives.
- Provide the funding necessary to implement an industry-led Grocery Code of Conduct.
- Work with our trade partners to eliminate non-tariff trade barriers which limit market access for Canadian farmers.
- Pursue agricultural trade agreements that supports the entire agri-food sector and facilitates sustainable growth of Canadian farm businesses.

SUPPORT YOUNG AND BEGINNING FARMERS

Young and beginning farmers face steep financial challenges, including accessing capital for land and equipment, high start-up costs, and managing cash flow in a business known for its unpredictability due to market and environmental factors. The high cost of land, in particular, poses a substantial barrier, making it difficult for new farmers to establish themselves. In addition, young farmers often struggle to secure loans and credit due to limited collateral and experience.

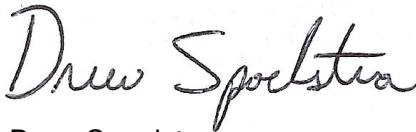
These financial challenges are not just individual obstacles but represent a broader threat to the sustainability of Canadian agriculture. To ensure the Canadian agri-food industry continues to thrive in the future we need policies aimed at easing the financial burdens and barriers to entry for new and beginning farmers.

Recommendations:

- Provide financial support to establish a Secretariat that will support implementation of the National Workforce Strategy for Agriculture and Food and Beverage Manufacturing
- Follow through on previous budget commitments and ensure that the Lifetime Capital Gains Exemption (LCGE) is indexed for inflation now that the indexed amount of the base LCGE (\$813,600 in 2015) exceed \$1 million. The LCGE should be further increased when qualified farm property is sold to new or young farmers.
- Build on the Budget 2023 legislative amendments to the Income Tax Act which expanded the definition of a “child” to also allow sibling shareholders to pass a non-controlling share of their ownership to the next generation.

Agriculture is pivotal to the economic success of Canada and these recommendations will help the sector reach its full potential to the benefit of all Canadians. OFA, our farm business members, and associated organizations are prepared to work closely with the Federal government to deliver these necessary investments.

Sincerely,



Drew Spoelstra
President

cc: Hon. Lisa Thompson, Minister, Ontario Ministry of Agriculture, Food and Rural Affairs
Canadian Federation of Agriculture
OFA Board of Directors