

January 18, 2024

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 2024 BUDGET SUBMISSION

The Ontario Federation of Agriculture (OFA) is the largest general farm organization in Ontario, proudly representing more than 38,000 farm family members. OFA has a strong voice for our members and the agri-food industry on issues, legislation and regulations administered by all levels of government.

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 to Ontario's annual GDP. The province's agri-food strategy, *Grow Ontario*, aims to strengthen the agri-food sector, support economic growth, and ensure an efficient, reliable, and responsible food supply. By removing barriers, unnecessary costs, and red tape, Ontario farmers will be positioned to seize opportunities and rise to the challenge of an ambitious growth strategy, allowing the agri-food sector to drive the economy forward.

The OFA appreciates the opportunity to participate in the budget consultation process and provide recommendations to help strengthen our sector, our rural communities, and our province. With the right investments in the right places, agriculture can continue to be a leading industry in Ontario.

Public investment in Ontario's agricultural sector is not only for the direct benefit of Ontario's farms and rural communities, but for the benefit of all Ontarians. Without this investment, the decades-long trend of imbalanced population and economic growth, concentrated in the Greater Golden Horseshoe and Ottawa, will likely continue. Distributed economic development is the only practical long-term solution to relieve the transportation and infrastructure crisis in the Greater Toronto Hamilton Area (GTHA). This will also alleviate pressure on the urban housing market and encourage investment and growth in Ontario's rural hubs.

Our budget submission focuses on the following priorities:

1. Promoting and protecting Ontario grown food by addressing labour shortages and providing funding for Ontario's Risk Management program.

2. Modernizing Ontario's Farm Tax Programs and ensuring Development Charges do not disproportionately impact Ontario's farmers.
3. Investing in rural and social infrastructure.
4. Continuing to invest in a provincial soil health strategy and water stewardship program.
5. Improving access to veterinarian care in rural and northern Ontario.

The 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.

SUPPORTING ONTARIO'S HOMEGROWN AGRICULTURAL SECTOR

PROMOTE AND PROTECT ONTARIO GROWN FOOD

The Ontario Local Food Report points to many studies that show the impressive potential multiplier effect of buying local across Canada. 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 & beverage procurement within government and the broader public sector.***

INCREASE FUNDING FOR ONTARIO'S RISK MANAGEMENT PROGRAM

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 associated 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.

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.***

ADDRESS CHRONIC LABOUR SHORTAGE IN THE AGRI-FOOD SECTOR

The agriculture and agri-food sector continue to face a critical labour shortage. According to recent research from the Canadian Agricultural Human Resources Council (CAHRC), unfilled vacancies in Ontario's agricultural workforce has resulted in an estimated \$591 million in lost sales for the year.

Solving the current and future shortage of agricultural workers in Ontario and decreasing unfilled vacancies is not going to be easy. It is essential that plans are in place now to ensure there are enough people with the right skills to continue growing the agriculture sector.

Recommendations:

- *Continue to engage with agri-food employers and international workers to ensure the existing Ontario Immigrant Nomination Program (OINP) is responsive and reflects the needs of everyone involved.*
- *Work with the federal government to explore additional pathways to permanent residency for international workers in the agricultural sector.*
- *Work with the agri-food sector to develop innovative solutions to break down barriers for under-represented groups (people with disabilities, youth, First Nations, new immigrants) to find meaningful jobs in throughout the agriculture value-chain.*
- *Partner with post-secondary institutions to inform students about the wide range of employment opportunities in the agri-food sector, and support the work of leading organizations like Agscape, Agcareers, and Farm and Food Care.*
- *Leverage the outreach capacity of Ontario's farm organizations and commodity groups to help farm employers understand and navigate current employment legislation.*
- *Coordinate efforts with the federal government's National Agricultural Labour Strategy to ensure a comprehensive approach to addressing the chronic agricultural labour shortage.*

MODERNIZING FARM TAX PROGRAMS & DEVELOPMENT CHARGES

BENEFICIAL OWNERSHIP & FARM TAX PROGRAMS

Currently, 25% of all farm businesses in Ontario have chosen to incorporate their business. This number will only increase in the future as more farm families begin planning and executing succession plans.

The eligibility requirements around two critical farm tax programs need to be updated to reflect the complex reality of how modern farm businesses are structured.

1. The Family Farm Exemption for Ontario Land Transfer Tax (LTT)
2. The Farm Property Class Tax Rate Program (FPCTRP)

Farmers who own their farmland personally but have operated their farming business through their farm corporation, which they own and control, have been denied the Family Farm Exemption from the Ontario Land Transfer Tax. This denial occurs when transferring their farmland to a family member, because the seller has been deemed to have not exclusively farmed the property.

For corporations owning farmland, the Farm Property Class Tax Rate Program eligibility requirements state that at least 50% of the shares of that corporation must be owned by Canadian citizens or permanent residents. This requirement is not satisfied in situations where a farm corporation owns the shares of another corporation which owns the farmland, because the farm corporation itself is not a Canadian citizen.

The OFA's long standing position on both issues is that the business structure a farmer chooses should not impact their eligibility for critical farm tax programs.

Recommendation:

- ***That the current ambiguous wording of O. Reg. 697 be amended to clarify that an individual or individuals, who own and control a farm corporation, are deemed to have carried on farming exclusively on lands farmed by their farm corporation.***
- ***That the eligibility requirements for the Farm Property Class Tax Rate Program be amended so that farmland owned by a corporation which is owned by a farm corporation (with at least 50% of its shares owned by Canadians) is not made ineligible for the Farm Property Tax rate.***

EXEMPTING FARM BUILDINGS FROM DEVELOPMENT CHARGES

Development charges are intended “to pay for increased capital costs required because of increased needs for services arising from development.” (*Development Charges Act*)

The construction of new farm buildings/structures does not generate growth-related capital costs. Therefore, development charges should not apply to farm buildings/structures. If they do, farmers are bearing more than their share of the municipality's additional capital expenditures.

New farm residences, with an MPAC unit classification of RU (residential unit) or FRU (farm residential unit) should be treated the same as other new residences with regards to development charges.

Recommendation:

- ***The Development Charges Act should be amended to provide a statutory exemption to farm buildings/structures.***
 - *This will protect prime agricultural areas for long-term agricultural use and ensure development charges focus on development that increases growth-related capital costs to the municipality.*

INVESTING IN RURAL INFRASTRUCTURE AND SOCIAL INFRASTRUCTURE

MEETING THE *GROW ONTARIO* CHALLENGE

Public investments in infrastructure such as rural roads and bridges, access to affordable and reliable energy, dependable 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, reduce 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.

IMPROVING ROADS & BRIDGES

The rural Ontario economy relies on sound roads, bridges, and proper drainage to support the growth and transportation of our goods and services. When we cannot get trucks on the road, Ontario food does not make it to Ontario stores.

Ontario rural municipalities rely on programs like the Ontario Municipal Partnership Fund (OMPF) for vital funding. The OMPF has faced consistent budget cuts since its introduction in 2005, which has put serious fiscal constraints on rural municipalities.

The OMPF provided rural municipalities with \$656 million in annual funding in 2005, this figure has dropped to \$500 million in 2023. Adjusted for inflation, the OMPF would need to provide rural municipalities with \$964 million in annual funding to match the level of support it offered in 2005.

Recommendation:

- ***Increase the funding under the OMPF to provide adequate funding for rural municipalities.***

Provincial Gas Tax Program

Another program that needs an overhaul to better serve rural communities is the provincial gas tax program. The issue stems from the eligibility requirement that all provincial gas tax funding can only be used for public transit. This effectively excludes rural municipalities from receiving any of the gas tax funding. In contrast, federal gas tax funding can be used for a wider range of infrastructure costs including roads and bridges.

Recommendation:

- ***Amend the funding formula for provincial gas tax funding to match federal gas tax funding for municipalities.***

AFFORDABLE ENERGY

OFA endorses the policy recommendation put forward by the Ontario Chamber of Commerce to “develop an integrated energy plan that balances reliability, affordability, and sustainability.”

Demand for electricity is rising rapidly in Ontario. Future electricity supply will be constrained by the retirement of the Pickering Nuclear Station, nuclear refurbishments, and contract expirations for other resources. Significant investments in generation, storage, conservation, and demand management will be needed to ensure access to energy remains reliable, affordable, and sustainable for businesses and households.

Recommendations:

- ***Continue to work with industry and the Independent Electricity System Operator (IESO) to procure clean, reliable electricity; improve the efficiency of existing clean energy assets; provide long-term certainty to attract new competitive investments in clean energy; and be technology-agnostic with respect to all forms of supply.***
- ***Develop a long-term energy plan that integrates low-carbon fuels with electricity planning, using insights from the Electrification and Energy Transition Panel, the Ministry of Energy’s Powering Ontario’s Growth Report and the IESO’s Pathways to Decarbonization Study.***
- ***Take a more proactive approach to investing in distribution infrastructure across rural and remote regions. Improvements such as three-phase power, in addition to enabling rural businesses the ability to invest in high efficiency equipment, align with the Minister of Energy’s Letter of Direction asking the Ontario Energy Board for proposals to improve distribution sector resilience, in the face of a changing climate.***
- ***Incorporate conservation and demand management into long-term energy planning forecasts and frameworks.***
- ***Work with the IESO to increase the roll out of Distributed Energy Resources, as well as district and community energy systems.***

NATURAL GAS INFRASTRUCTURE

The OFA welcomes the provincial government’s ongoing commitment to bringing affordable, reliable energy choices to more families, farms, and businesses by expanding access to natural gas in rural, northern, and Indigenous communities. The OFA estimates the lack of natural gas access in rural Ontario costs businesses and residents more than \$1 billion in annual energy costs.

In 2023, the Ministry of Energy began a consultation on the future of natural gas expansion and home heating affordability, including extending the Natural Gas Expansion Program (NGEP).

Through Phases 1 and 2 of the NGEP, more than 17,000 families and businesses from 59 communities will be given the choice to switch to natural gas. Natural gas access will potentially 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.

Supplying access to natural gas in these communities will dramatically boost economic opportunities by significantly lowering energy costs for farmers, families, and business owners. We are grateful for the current projects and hope the government will continue to prioritize access to natural gas for rural communities.

Recommendation:

- ***We encourage the government to consider extending the NGEP for added phases to connect more rural communities.***

WASTE RESOURCE MANAGEMENT

Ontario is transitioning away from the municipal waste management model to the primary packaging Producer Responsibility model, where importers and producers of materials are responsible for their end-of-life recycling and waste management. As landfills close, regions with dispersed populations we need additional financial support to institute landfill diversion programs and increase material recovery.

Recommendation:

- ***Work with rural and northern municipalities to ensure they can manage their waste resources while protecting the environment, increase recovery, and produce economic development.***

CONTINUE TO PRIORITIZE AND ACCELERATE THE ROLLOUT OF BROADBAND INTERNET IN RURAL ONTARIO

Access to reliable, highspeed broadband internet has been a longstanding issue in Ontario, particularly in northern, rural, and remote areas. Farmers run modern businesses that require innovative technology, high-speed internet access and reliable cellular coverage to remain competitive in a global agricultural marketplace.

We are grateful for the funding from the Federal and Provincial governments towards broadband infrastructure, and we are excited to see those funds are being spent to increase coverage in Ontario. It is essential that funding is directed towards internet expansion in rural areas and that

it is equitably and efficiently allocated to those areas that truly need it most. Continued, prioritized, and accelerated rollout of broadband infrastructure in underserved areas to support competitiveness and spur regional economic growth.

OFA supports the Ontario governments commitment to connect every corner of the province by the end of 2025 through the Accelerated High-Speed Internet Program.

Recommendation:

- ***Work with municipalities, internet service providers, telecommunication stakeholders, and local distribution companies to address inefficiencies and barriers to private sector broadband rollout.***

HEALTH CARE IN RURAL COMMUNITIES

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

The COVID-19 pandemic exacerbated existing challenges in Ontario's rural healthcare systems, resulting in prolonged emergency room wait times, treatment delays, staff shortages, and heightened mental health and addiction issues. These issues hit rural communities particularly hard, leading to the closure of Emergency Departments in smaller areas.

OFA expresses gratitude for the Ontario government's investment in farmer mental health through the Farmer Wellness Initiative. This initiative provides vital mental wellness support to farmers and farm families across the province, offering free counseling services to at-risk farmers.

Addressing mental health within the agricultural sector is a long-term commitment, necessitating sustained efforts from the government, service providers, and the agricultural community. OFA believes that the positive impacts of this initiative will become evident over time and looks forward to expanding access points in the coming years.

Recognizing that most farms are small and medium-sized with limited resources, OFA members are advocating for farm employees to be eligible for the Farmer Wellness Initiative's support services, as they often face the same stressors as farm families.

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.***

SOIL HEALTH AND WATER STEWARDSHIP

SOIL HEALTH AND CONSERVATION STRATEGY

OFA was pleased to be part of the working group that developed the Ontario Soil Health and Conservation Strategy back in 2018, ensuring the voices of farmers and stakeholders were heard during the consultations.

Improving soil health across the province is a complex process that will require long-term, sustainable funding commitments to achieve our shared environmental goals. We are grateful for the current allocation to complete the Soil Resource Inventory (SRI) and Light detection and ranging (LIDAR) mapping. Moving forward we strongly recommend that government continue funding the implementation of the Ontario Agricultural Soil Health and Conservation Strategy. Properly implemented, we believe the Soil Strategy can pay large dividends for Ontario farmers by increasing their knowledge and understanding of soil carbon management, strengthening the resiliency of farming to the potential impacts of climate change, and boosting farmers' efficiency and bottom line.

Recommendation:

- ***The province should continue funding the implementation of the Ontario Agricultural Soil Health and Conservation Strategy.***

ONTARIO DRINKING WATER STEWARDSHIP PROGRAM

When the Ontario Clean Water Act (CWA) was enacted in 2006, it was recognized that some residents of the province would be required to go beyond normal practices of care to protect our valuable common good – our municipal drinking water sources. It was also recognized that this could have significant financial implications to those impacted by the CWA. As such, Section 97 was included directly within the Clean Water Act, establishing the Ontario Drinking Water Stewardship Program (ODWSP). This program provides financial assistance to persons whose activities or properties are affected by the Clean Water Act.

Recommendation:

- ***Provide appropriate levels of funding for the Ontario Drinking Water Stewardship Program.***

SOCIAL INFRASTRUCTURE

Investments in rural schools and quality health care is essential. Ontario has the potential to create healthy local communities by providing quality education and adequate medical services in rural

communities across the province. 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.

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.***

CONTINUING TO ADDRESS ONTARIO'S VETERINARIAN NEEDS

IMPROVED ACCESS TO VETERINARIAN CARE IN RURAL AND NORTHERN ONTARIO

Veterinarians are essential for the well-being of animals, the economic stability of rural communities, and the safety of Ontario's agri-food system. They not only care for livestock but also contribute to human and public health by addressing zoonotic diseases, food safety, and biosecurity concerns. Unfortunately, access to veterinary services is often limited in rural Ontario, posing risks to farm animals and the food system.

The shortage of veterinarians in rural areas is influenced by various factors, and the Ontario Federation of Agriculture (OFA) believes that a multi-faceted approach is needed to address this issue. OFA supports the idea that Registered Veterinary Technicians and other trained professionals should be allowed to provide specific services, reducing costs for farmers and improving access to essential veterinary care.

OFA appreciates the government's efforts to modernize the Veterinarians Act, 1990, which includes expanding the scope of practice provisions and bringing veterinary technicians under professional oversight. We see this modernization as a crucial first step in increasing the availability of veterinary services across the province, particularly in rural and remote regions. We are also grateful for the various veterinarian programs that the province is involved with, including:

- The Collaborative Doctor of Veterinary Medicine Program, aimed at increasing the number of veterinary students,
- The Veterinary Incentive Program
- Livestock Veterinary Innovation Initiative
- Veterinary Assistance Program (VAP). Which OFA recommends that the provincial government review and increase funding for, allowing it to offset half the mileage rates, as suggested by the Ontario Veterinary Medical Association.

OFA would like to emphasize the importance of veterinarians in rural Ontario. We support a comprehensive approach, including regulatory changes, educational programs, incentives, and support initiatives, to ensure the availability of veterinary care in rural areas. This is crucial for the health of animals, food safety, public health, and the economic stability of rural communities.

Solutions and further incentives could include solutions 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.
- 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 Incentives:

- Identify and make it easier for veterinarians and their businesses to access funds, including creating a resource listing incentives and funding available to veterinary practices.
- 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.
- Internship programs for small rural businesses which help offset costs associated with the attraction and retention of new staff.
- 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.

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.

Recommendation:

- ***Investigate additional short- and long-term strategies to address the lack of veterinary capacity in Ontario.***

Our recommendations for the 2024 provincial budget, while diverse, are deeply interconnected, reflecting the intricate nature of agricultural issues and their broad impact on all Ontarians. Agriculture is pivotal to the economic success of Ontario and these recommendations will help the sector reach its full potential to the benefit of all Ontarians. OFA, our farm business members, and associated organizations are prepared to work closely with the Ontario government to deliver these necessary investments.

Sincerely,

Drew Spoelstra

Drew Spoelstra
President

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