

OCA Submission to the Odyssey Group

August, 2001

The Ontario Cattlemen's Association (OCA) is pleased to make this submission to the Odyssey group. You have a challenging mandate as you examine the influences impacting Ontario agriculture. There are indeed many such influences.

Following the Odyssey group mandate, this submission addresses the general topic areas presented in the press release of June 19 "Farmers' input wanted on Ontario's agri-food future". In addition, there are several additional areas of discussion.

Key points in this submission:

- Agriculture remains a significant generator of wealth in Ontario. Commodity organizations and coalitions must implement an effective communications plan to ensure recognition by society of this fact as well as the many proactive initiatives undertaken by agriculture with respect to environmental and other issues of concern to society.
- Society views agriculture through a very different lens than in the past. In many respects, agriculture is seen merely as a business producing a product that will be sourced on a global marketplace at the lowest cost. At the same time, however, society is placing increased demands on production methods, at times specific to domestically produced product.
- The demand for simple solutions to issues is tending to lead to unrealistic rules governing agricultural production. Those involved in agriculture must be proactive in developing workable solutions to issues as they arise. These developments must be based on a philosophy of risk management rather than the attractive, but unrealistic, notion of risk elimination.
- Existing programs such as the highly successful Environmental Farm Plan must be allowed to evolve to meet changing needs and at the same time be funded on a permanent basis. The Ontario Cattlemen's Association supports the requirement of all farmers to complete an EFP.
- For priority areas such as water quality, there needs to be provincial programs developed to ensure access for all farmers. An example would be the need for a provincial buffer strip program rather than the county specific programs currently available in some areas.
- A database with basic farm information is needed to allow effective implementation of on-farm food safety programs as well as to allow effective management of emergency situations such as an outbreak of Foot and Mouth disease.
- Leadership within the agriculture sector must be addressed through a comprehensive leadership development program, more sharing of resources amongst commodity organizations and, in some cases, a rationalization of the number of organizations.
- The OCA does not support the concept of "one voice for agriculture" since no single voice (or entity) can adequately represent the many and often conflicting positions of the various sectors of Ontario agriculture.
- An industry/government direction for agriculture must be developed. This direction would guide industry initiatives and government policies alike to ensure the recognition of the economic value of the agriculture and a viable future for the industry in Ontario.

Environment

While always a concern to the citizens of Ontario, awareness regarding the impact of agriculture on the environment has been greatly heightened by events of 2000 in Walkerton. This tragedy was in fact caused by years of complacency, ignored warnings and unusual weather events. To those wishing a simple answer, however, agriculture production played a significant role. Society in general now views agriculture through a different lens.

For several years, the agriculture community has been calling for provincial legislation regarding nutrient management. The recently introduced Nutrient Management Act, while hopefully offering resolution to some untenable situations (such as arbitrary caps on the number of livestock to be kept at any particular site), must be developed so as to protect the viability of Ontario agriculture in a global marketplace. Standards related to the Nutrient Management Act will be critical, as they are likely to have a significant financial impact on Ontario producers. Government financial assistance must be available to assist producers in meeting new regulations. On a longer-term basis, a level playing field must be ensured by setting equivalent standards of production (or perhaps environmental impact) for products imported from outside Ontario.

A significant issue facing the beef industry is that of cattle access to waterways. Should fencing of all waterways be made mandatory, it is expected that the provincial beef cowherd would be reduced significantly. Fencing is simply not an economically viable option, nor is it necessary, in many situations. The OCA has been very active on this issue: funding research to quantify the impact of cattle access; identifying management options for producers; speaking on the issue to raise producer awareness; initiating the development of a Best Management Practices for Buffer Strips on Farms book; and working toward a provincial buffer strip program.

Climate change is an issue that lacks the immediacy needed to warrant significant use of commodity organization time or resources. The desire to reduce greenhouse gas emissions, however, may lead to significant, and perhaps unrealistic, expectations on the agriculture sector. While primarily a federal issue, the Ontario government has also been taking some initiative in this area. OCA has been represented on the Ontario Agriculture Advisory Committee with respect to climate change. There is a clear need for both levels of government to work together on this issue. It must be recognized that agriculture contributes a relatively small portion of the total emissions while it offers tremendous opportunity through the effective management of farmland as carbon sinks.

Damages to crops by wildlife and losses of livestock to predators are issues of growing concern to producers. While society at large may support the reintroduction of species and the maintenance of endangered species and wildlife in general, there must be recognition of the negative financial impact to agriculture. Once again, society needs to be prepared to compensate for these losses. New and innovative methods of preventing losses to wildlife must be explored and implemented as it is likely to become increasingly difficult to justify compensation programs.

Deadstock disposal is an immediate issue currently facing all livestock producers. Recent, drastic declines in the value of rendered products as well as the issue of carcasses containing residues have highlighted the need for alternate solutions. Commodity organizations have worked closely with OMAFRA to develop a program for deadstock collectors. This is likely to be a short-term solution. Significant effort and resources must be devoted to finding sustainable solutions. These may include appropriate disposal methods or ways in which to create new products from deadstock with sufficient value to sustain a collection system.

The Ontario Farm Animal Council recently struck an Environment Committee. This committee will work to prepare the position of animal agriculture in Ontario with respect to a variety of issues. This committee will work in a supportive role with the Ontario Farm Environmental Coalition. The committee will provide a

stronger voice for animal agriculture and foster a broader understanding and more cooperative approach to dealing with issues.

The Environmental Farm Plan program has been very successful, yet faces an uncertain future. OCA supports the EFP and the requirement for all Ontario farmers to complete an environmental farm plan. A new philosophy of Continuous Improvement needs to be adopted by the EFP program in order to ensure that the program continues and to attract government support. The EFP holds the potential of becoming the umbrella program for the variety of requirements facing producers. The EFP should become national in scope, comprehensive in nature and permanently funded.

Water and Nutrient issues

Water may become the oil of the decade. Protection of water quality and quantity is on the top of everyone's priority list. Agriculture must continue to be consulted on appropriate strategies and programs. Agricultural production must remain a very high priority for water usage in times of water shortage. Recent work of the Water Taking subcommittee of the OFEC Water Quality Working Group should be continued. At the same time, the various sectors of agriculture should be challenged to investigate and implement production practices that reduce the amount of water required in production.

Assistance is available to landowners interested in water and riparian zone protection, however, availability tends to be county specific. For example, farmers in Waterloo and Wellington counties have a Rural Water Quality program available that provides financial assistance while farmers in most other counties do not have such assistance available. A provincial program is needed to assist all landowners to make changes as needed to protect water quality. A small percentage of Ontarions own a majority of land on which such changes can be made, while all Ontarions benefit from improved water quality. Land ownership should not be allowed to become a liability due to unrealistic regulatory requirements without adequate financial compensation.

It is estimated that there are 100,000 abandoned wells in Ontario. This represents a serious threat to aquifers and must be addressed. OFEC should work with MOE to identify abandoned wells and provide assistance (information, funding) to landowners to properly cap these wells.

Food safety

Food safety has moved down the food supply chain to the source of product. On-farm food safety programs are being developed for all commodities. Many industry groups (including OCA) are actively involved in the development and implementation of such programs. Implementation will be much less onerous for those commodities that have legislated powers and field staff already in place. There may need to be specific government assistance, federal and provincial, for those commodity organizations that do not have the resources in place to implement such a program. This needs to be addressed as the recently introduced Food Safety Act is developed and implemented. In addition, it is likely that implementation of on-farm programs would necessarily lead to an across commodity association to allow sufficient resources while limiting exposure to liability to organizations and their Directors.

One challenge to the implementation of on-farm food safety programs is the lack of data that exists for the agriculture sector in general. While some commodities have an excellent database of producers, others do not. This is also a challenge that animal agriculture in Ontario has identified with regard to the containment of any outbreak of a foreign animal disease. A database of farms needs to be created, preferably in a Geographical Information System (GIS) format. The OCA supports, in principle, the creation of such a database.

For both on-farm food safety programs and creation of a GIS database, there are funds available from the provincial government. While this is helpful, the reality is that ongoing costs would be significant, perhaps higher than can be sustained by commodity organizations.

Concentration of processing and food distribution

The trend to fewer and larger units has affected many aspects of society, including farms. Various sectors (e.g. swine) and subsectors (e.g. beef feedlot) have concentrated to a higher degree than others. This trend will continue in the future but does raise an issue regarding representation. Owners of larger production units may have different needs than those owning smaller operations. Commodity organizations struggle with the question of representation of those having a larger investment in the industry within a democratic context.

The beef processing industry in Ontario is dominated by one packer that represents approximately 75% of the finished market slaughter. Concentration in processing capacity can lead to issues regarding pricing efficiency. Market information and pricing structures become more reliant on competition from export buyers.

Concentration at the farm level is likely to accelerate based on changing demographics of producers. The average age of producers is quite high with a high capital cost for new entrants. The trend toward fewer and larger farms is likely to increase in the near future.

Structure of farm organizations

Farm organizations originated on the basis of Counties and Districts. As the number of farmers decreases, so too does the number of leaders available to become involved with organizations. Too often, it is the same people involved in many organizations. While several provincial organizations have changed to a zone representation on their board, others struggle to find a model of representation that meets the needs of both large commercial producers and small part time farmers as well as the needs at both the provincial and local levels.

There are several programs that help to develop future leaders, including 4H, Junior Farmers, Advanced Agriculture Leadership Program. These programs have seen tremendous change in recent years and so, while there is a real need for emerging leaders, the path is less clear than in the past. The need for new leaders is likely to increase considering the demographics of current leaders. A coordinated and integrated approach to leadership development is required.

With the myriad of issues facing commodity organizations, there is a clear need to work more cooperatively than in the past. Recent examples would include the approach taken to the Walkerton situation by agriculture in general as well as the highly successful Foot and Mouth disease information meetings developed on an across-commodity basis. These six meetings drew an audience of 2,400 and were copied both provincially and nationally.

Clearly the existing commodity coalitions (OFEC for example) need to take a proactive role in dealing with issues facing agriculture. There may be a lack of resources currently but this must be addressed in order to deal effectively with issues that affect several commodities or agriculture in general.

There are efficiencies to be gained by commodity organizations sharing resources, perhaps including the same office building or space. Sharing of specialized staff to deal with cross-commodity issues (e.g. environment, deadstock) may come to pass as organizations attempt to match staff resources to priority issues. In smaller organizations, individual staff are unrealistically expected to cover an extremely wide range of issues.

Farm income

Society has traditionally viewed agriculture in a favourable light, different than other businesses, since the product is an essential commodity: food. This view seems to have shifted substantially in recent years,

perhaps due to the emergence of a global economy; the economic adjustments that members of society have had to make themselves; differing expectations regarding agriculture's impact on the environment or the continued trend toward fewer and larger farms. Government programs to assist agriculture, such as Safety Nets, seem harder to justify to the public with their new perception of agriculture as "just another business". Agriculture needs to position itself as an essential, contributing part of rural Ontario rather than merely a business that can begin, change or die as other business types do.

An all-industry meeting, in the fall of 2000, identified the lack of solid economic data as a detriment to the beef industry. Such data used to be collected by OMAFRA through the Ontario Farm Management Analysis Program (OFMAP). This data is needed by producers to make key decisions regarding their operations, particularly when deciding to enter or expand. Government needs this type of data to make good decisions regarding programs and policies. Government and industry need to find a suitable arrangement for the collection of meaningful data across farm types.

Delivery of extension services and agricultural research

There does not appear to be a coordinated strategy for agricultural research and technology transfer in Ontario. OMAFRA has, over the last decade, restructured and downsized a number of times. Many in the agriculture sector no longer know what services are available and so assume there are none.

OCA held a meeting in October of 2000 to identify what has changed in the last ten years with respect to research and technology transfer and to begin to move ahead in a fashion that would see everyone having clear roles and expectations. Subsequently, at a meeting on July 10, 2001, of the Ontario Agriculture Research Coalition, OMAFRA and the University of Guelph outlined their planned changes to the Enhanced Partnership Agreement. The contract would change so as to focus on rural economic development, environment, food safety and production profitability, all within a context of life sciences. This is clearly a shift away from production targeted research aimed at enhancing the economic position of agriculture as a significant generator of wealth for the Ontario economy. All stakeholders in the Ontario agriculture sector need to develop and implement a vision for research and technology transfer. A research program developed in isolation of technology transfer is likely to fail. Commodity organizations may have to channel more resources to such a system but the current expectation of government that commodity organizations will step up with significant resources to fund priority research areas is not realistic. There must be recognition of the significant contribution currently made by commodity organizations. Only then can research and technology transfer advance in a meaningful way via an "Expanded Partnership".

Marketing and the marketplace

The emergence of a global marketplace is having significant impacts on Ontario agriculture. Meeting the demand of consumers for an environmentally benign agriculture, producing globally competitive (quality and price) products is increasingly difficult. Agriculture must deal with the consumer expectation of risk elimination in a world where reality dictates risk management. To do so, agriculture must be seen as an integral part of rural Ontario rather than just a business.

There has been an increasing trend toward alliances and vertical integration. This may involve several producers such as with "pork loops" or individual producers with individual processors. Some view the formation of alliances as something for industry leaders to promote while others are skeptical of alliances and the loss of control at the individual producer level that is perceived.

The introduction of the national identification program for all beef cattle provides a basic platform to provide valuable information on the final product to flow back through the production system. This would encourage changes in all segments of the production system to enhance the quality of the final product. It also allows true market signals (payment for value) to emerge. There are some in the production and

processing system, however, that do not want such signals to evolve and, so, efficiencies and consumer satisfaction may be sacrificed.

The Canadian beef industry is heavily dependent upon the U.S. market with about 50% of Canadian beef and cattle production being exported to the U.S. A recent trade action against the Canadian beef industry cost over five million dollars to the national industry (over \$800,000 to OCA) in legal fees to defend our position. Although the defense was successful, the experience was a severe financial draw on resources. International trading rules must be modified to change the definition of dumping to exclude selling below the cost of production for commodities that trade freely in the international marketplace.

The role that genetically modified products will play in the future is currently under debate. Consumers much more readily accept genetic modification when it deals with products affecting health rather than products such as food. The benefits of GM products must be understood by consumers and, in fact, they must see benefit to themselves as well. The agriculture community itself appears split with respect to the development and use of genetically modified products. Most likely, the adoption of these products will be on an individual product merit basis rather than a universal acceptance or rejection of GM technology. In coming years, producers will need to remain current with the evolution of designer foods, nutraceuticals and basic branded products.

Rural economy

As rural Ontario evolves, the place of agriculture as part of the rural fabric is in question. Agriculture, while still a significant contributor to the economy, is viewed by some in society as having negative impacts of the environment while employing few people in the production of a product that can easily be attained from other sources. Not exactly the profile the agriculture community wishes to have!

The agriculture and agri-food sector is a very large employer, creating a great deal of wealth in Ontario. It is not uncommon, now, to hear some people differentiate the agriculture sector from the agri-food sector. The agriculture sector, as a separate entity, is significantly smaller with fewer people employed and much less in worth of production due to the lack of value added activities that occur during processing. A key question, then, is whether or not the two components are separable. If agriculture diminished, or even disappeared, in Ontario what would be the impact? Would the processing sector simply import raw product? Would the processing sector and associated jobs disappear? The agriculture community must address this question as it positions itself as an important part of the Ontario economy.

Working with Government

Those involved in agriculture carry the perspective that it is a worthwhile and desirable part of Ontario. Does the provincial government share this view? If so, then what terms does the government see and what types of partnerships is it prepared to enter with commodity organizations?

There has been a significant shift in terms of agriculture working with the provincial government. In times gone by, commodity organizations dealt almost exclusively with OMAFRA as the ministry that represented the interests of agriculture. OMAFRA is now, clearly, a ministry that works for the "public good" with a focus on the agriculture sector. Commodity organizations, and coalitions of same, now must deal directly with a variety of ministries. Another trend has been toward the use of government relations (GR) firms in order to effectively lobby government. While the use of GR firms may be effective, this trend poses the threat of dividing commodity organizations in to "haves" and "have-nots".

There has been a clear, if somewhat silent, downloading of government services to commodity organizations. Unlike municipalities that had a transparent, if at times bitter, transfer of responsibilities from the provincial government, commodity organizations are assessing and in some cases accepting new roles by default as government abandons these responsibilities. At a time when various branches of government are looking to commodity organizations for increased roles (and often, financial contribution)

to issues and programs, many commodity organizations simply do not have the financial resources to do so. The role of government must be addressed and not on a one by one discussion with branches, division and ministries as is the case currently.

There are various "pots" of money available to commodity organizations including Healthy Futures, Can Adapt, Agriculture Environmental Sustainability Initiative (ASEI), etc. Unfortunately, each of these programs has a different set of rules and requirements. In order to effectively access these funds, commodity groups must spend a tremendous amount of time investigating options, developing partnerships, resourcing matching funds, completing applications and, finally, administering contracts with all the associated paper flow. There are times when the investment in attaining funds is marginally worth the effort, particularly when one considers the fluctuations in places on an organization's cash flow. A consolidation of funding sources, or at minimum administrative procedures, is needed. The value in having one administrative body for all available funding (e.g. Agriculture Adaptation Council) should be explored.

Government funding is available to commodity organizations for priority areas but usually on a short term rather than a long-term basis. An example of this would be the creation of an animal movement tracing system. Commodity organizations and industries are often expected to absorb the ongoing costs of programs and services, which, often, represent the larger cost. Future partnerships with government and industry must address issues of common priority with long term involvement from both parties.

Programs

Over recent years, there has been an increasing expectation of farmers to be certified in a number of areas. It is not unthinkable that a beef farmer, in ten years time, will require: a nutrient management plan, an environmental farm plan, a grower pesticide safety certificate, a manure applicator certificate, an on-farm food safety validation and a livestock medicines certificate. An umbrella for these and other programs needs to be developed to avoid the scenario in which farmers would simply have no time left to farm.

One voice

As the Odyssey project has evolved, there has been a parallel discussion of the need for one voice for agriculture in Ontario. The desire for one voice stems, in part, from a desire for increased strength in negotiations with government. Much of the discussion includes reference to the UPA in Quebec. The Ontario Federation of Agriculture has recently been positioning itself as the desired option, should the call for one voice be verified through the Odyssey process. There are, however, two other general farm organizations in Ontario.

OCA believes that agriculture needs a strong voice when dealing with issues. This does not necessarily mean "one" voice. There has been a trend toward a variety of coalitions amongst commodity organizations in recent years. Examples include the Ontario Farm Environmental Coalition, Ontario Agriculture Commodity Council and Ontario Agriculture Research Coalition. Each coalition represents one voice but specific to an issue. While this may be viewed as a high degree of redundancy, particularly in light of earlier comments regarding a shortage of leaders, OCA holds the position that no single voice (or entity) can adequately represent the many and often conflicting positions of the various sectors of Ontario agriculture. OCA supports a greater degree of sharing of resources amongst commodity organizations, but is opposed to any structure that would see individual commodity organizations provide funding toward, yet be subservient to, a general farm organization.

Vision

The creation of the Odyssey group is timely. There are many issues facing individual producers, commodity organizations and agriculture in general. No single entity has the resources to deal with this

multitude of issues, many of which are interconnected. All involved in agriculture, including government, need to agree on, and work together toward, a vision that will allow agriculture to thrive. Such a vision will require compromises from all parties. It will also require sharing of resources, through coalitions, improved communications, possibly co-locations, and perhaps amalgamations.

There has been discussion recently of Ontario agriculture developing a "contract with consumers". This concept would allow agriculture to take a leadership role in setting the terms by which it will operate to meet consumer demands while at the same time develop expectations of a viable future. The term contract may be too strong and there will be questions on how to make such an agreement with society. Perhaps the Foodland Ontario program could be revamped to become a delivery system for Ontario product that meets the standards as agreed upon in the "contract".