

Letter to the Honourable Dwight Duncan Re: Ontario Budget

**The Honourable Dwight Duncan
Minister of Finance
Ontario Cattlemen's Association**

January 13, 2006

As the organization that speaks for over 21,000 beef producers in the province, the Ontario Cattlemen's Association (OCA) would like to begin by thanking you for the opportunity to provide input to the process of developing the 2006 Ontario Budget. We appreciate that the provincial government has significant interest in having a strong economy in rural Ontario. By strengthening primary agriculture through support programs and infrastructure, rural Ontario will be vibrant.

The effort of the OCA to strengthen our industry through the profitable expansion of the beef sector compliments your efforts in creating a new generation of economic growth in rural Ontario. After a devastating period for the Canadian beef industry following the discovery of the first case of BSE in May 2003, the Ontario beef industry is in position to benefit from a number of opportunities.

These opportunities include new and recently expanded packing plant and processing capacity such as Cargill. The recent entrance of Cargill through the acquisition of Better Beef is of value to our members. And even with past and ongoing support by the provincial government for bio-fuel production such as ethanol, these new plants require an expanded feedlot industry in Ontario to provide a local market for their by-products and thus increase their likelihood of profitable operations. With appropriate industry-government developed support programs that nurture these opportunities, the feedlot industry can, and will grow.

In terms of long-term and reliable support, the OCA views responsive and timely safety net programs as the most critical. But a program can only be as responsive as the administration budget and delivery agent will allow. Business risk management initiatives such as the Canadian Agriculture Income Stabilization (CAIS) program are valuable to primary agriculture but frustration on turn around times and inability to make amendments to the program design lead to negative perception. For specific comments on program deficiencies find attached the Red Meat Sector submission to the Business Risk Management Advisory Committee. Also find attached the recent letter to Minister Dombrowsky outlining the three most critical changes required of the CAIS program.

In regards to provincial government streamlining and efficiencies, the OCA has serious concern over the ad hoc approach being taken on the development of agricultural regulations in this province. There is ample evidence that regulations such as the Nutrient Management Act place the Ontario beef industry at a competitive disadvantage on an inter-provincial and global stage. Fostering economic growth in primary agriculture requires a thoughtful approach to

regulation that first evaluates regulations in other jurisdictions that are realistic and science-based.

Finally on the matter of fiscal transparency and accountability we would willingly provide comments on the appropriate budget requirements for the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) if privy to the current budget in detail. With full budget disclosure we would be in a better position to evaluate need.

On a more positive note, we strongly endorse government continuing to utilize the model developed by the OCA and OMAFRA for program delivery directly from our association. To date, OCA has successfully delivered the \$3M component of the Mature Animal Abattoir Fund and the \$4M Livestock Mortality Recycling Assistance Program. In addition, we are both prepared and look forward to also administering the \$1.75M Industry Development Fund beginning in early 2007. The OCA can deliver programs in a low cost and efficient manner. We are accountable to both our members and the Ontario government.

In closing, no agricultural risk can be fully mitigated, however forward planning in programs and strategies by the provincial government, that prepares for eventualities such as foreign animal disease crisis or trade challenges, is what the agricultural industry needs. We think that the Province of Ontario in partnership with agricultural groups can develop a coherent strategy that will lend support to primary agriculture and thus strengthen rural Ontario. OCA is ready to work with you and your colleagues on such a plan.