



**Ontario  
Cattlemen's  
Association**

*Committed to Cattlemen*

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**The Honourable Greg Sorbara  
Minister of Finance**

**Ontario Cattlemen's Association  
November 3, 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 recent support announced at the International Plowing Match by the Premier, the Right Honourable Dalton McGuinty. By making the inventory valuation change retroactive to 2003, you have resolved a flaw in program design which kept CAIS from being as responsive to the needs of our members as it might have been during the depths of the BSE crisis. We acknowledge that this support placed Ontario in a leadership position vis-à-vis the other provinces. This change benefits several sectors in the agricultural industry, which have demonstrated need as defined through the CAIS program, and we greatly appreciate the injection of an estimated \$96 million to the Ontario agricultural economy.

We would also like to thank the Minister for the grant extended to the OCA to enable our organization to continue to address problems which our producers face as they struggle through the BSE crisis. OCA has demonstrated our ability to administer public funds in the past, and we appreciate the continued confidence which your government has displayed in our organization.

Ontario is a great province. We are lucky to live here. In Ontario we have an abundance of land, resources, hard working people and financial capacity. We appreciate that in your recently published economic outlook you have made a commitment to continue strategic and long-term investments in people and the economy. We appreciate that you are strategically directing resources towards areas that are most important to Ontarians. I am sure that you are aware that voters of this province consider agriculture to be the most important industry in the province.

The beef business is a major economic driver for this province. Just as the auto/auto parts business is the economic engine for urban Ontario, the beef business serves the same function in rural Ontario. The beef business is important because it takes place and generates income in every county of the province. Cow-calf and backgrounding operations occupy land which is not suitable for higher value cash crops, and feedlots are

located in areas where they are complementary to, and customers of, cash crop operations. As well, beef farming supports employment in packing plants and further processors, which are located primarily in urban centres where labour is available. OCA has commissioned what is essentially an economic impact study that will measure just how important the beef business is to Ontario. The study is being undertaken jointly by the University of Guelph School of Agriculture and Business, and Laurier University Department of Economics, and results will be available in December of this year.

Concurrent to this, OCA has also commissioned JRG consulting to undertake a ten-year vision for our industry. OCA will be seeking industry and provincial government input and expertise on formulating a vision for the Ontario beef industry to 2015. With this vision and a set of high-level strategies to realize the vision, OCA is doing what it can to ensure our members are positioned for a highly profitable and competitive beef industry into the future. These are just two of the initiatives which OCA is undertaking to foster our industry's development. Further material on OCA initiatives is attached with this submission.

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 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 beef industry will grow, and that growth will generate the funds to support schools, hospitals and other infrastructure which is vital for quality of life in rural Ontario.

As mentioned, we expect all sectors to benefit from this strategy of growth. However, producers must be financially in good condition to allow them to participate in this expansion. There is a sector of our industry which has been frequently over-looked throughout the BSE crisis. In 2006 delegates to our AGM overwhelmingly supported the concept of compensation for the loss incurred when selling cull cows. The average loss of value was about \$480 per animal when selling over the period 2003, 2004 or 2005. In our neighbouring province of Quebec, there was support put in place for the price of these cows. I am asking you to address this shortfall to beef producers by compensating them for actual losses incurred in 2004 and 2005, based on OCA data above. Although the recent federal announcement of funding to support retroactive implementation of Hybrid P1-P2 inventory valuation is welcome by our association, you are surely aware that it will not apply to breeding herds. Thus, once again, the cow calf producers were excluded from a much needed financial reimbursement.

In terms of long-term and reliable support, the OCA views responsive and timely safety net programs as the most critical. We would encourage you to continue to support CAIS and its successor program. OCA has taken a position of supporting CAIS but asking for changes in design to make the program more responsive to our producers' needs. Specifically, we believe that BSE payments must be included in the calculation of reference margin, as a matter of both fairness and equality of treatment, and as a necessity to ensure those who need support have access to it. As well, the program must be bankable with lenders. There must be the ability for professionals to figure out the support level due from the program. Finally, we suggest that producers own numbers be used when making any structural adjustments to claim forms, rather than industry averages.

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 (NMA) place the Ontario beef industry at a competitive disadvantage on an inter-provincial and global stage. We had hoped that lessons learned during implementation of the NMA would have been applied when introducing the Clean Water Act (CWA). However, that has not transpired. We view the CWA as the right objective with the wrong approach. Implementation will be tremendously expensive, and in some cases tip the balance of economic viability. 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. We would strongly recommend that the government implement mandatory impact analysis for all proposed regulation changes.

In closing, no agricultural risk can be fully mitigated, however forward planning in programs and integrated growth strategies by the provincial government, are what the agricultural industry needs. We think that the Province of Ontario in partnership with agricultural groups can develop a coherent integrated strategy that will lend support to primary agriculture and thus strengthen rural Ontario and reduce the requirement for ad hoc programming. OCA is ready to work with you and your colleagues on such a plan.