



ONTARIO PORK

February 10, 2020

The Honourable Rod Phillips
Minister of Finance
c/o Budget Secretariat
Frost Building North, 3rd Floor
95 Grosvenor Street
Toronto, Ontario M7A 1Z1
Submitted by e-mail: submissions@ontario.ca

Dear Minister Phillips,

Re: Ontario Pork - 2020 Budget Consultation Submission

Ontario Pork welcomes the opportunity to participate in the Ontario's Government's 2020 pre-budget consultation.

Ontario Pork represents 1,179 pork farmers who collectively marketed 5.5 million hogs and exported almost 213,784 metric tonnes of pork in 2018. The pork sector generated \$876.8 million in GDP, \$2.6 billion in economic output and accounted for over 13,000 full-time equivalent jobs in Ontario. Our mission is to foster a vibrant business environment for pork producers in this province.

With the necessary conditions in place, Ontario has the ability to grow the industry by increasing processing capacity by 40,000 to 60,000 hogs per week. Currently, processing challenges continue to impede production. If its reliance on Quebec and U.S. processing plants is reduced, the pork industry would be more stable and competitive leading to increased jobs and economic activity within the province.

Ontario Pork would be interested to work jointly with the government to develop short- and long-term solutions to the processing challenges the pork sector is facing.

The pork sector also continues to be challenged by escalating trade wars and market price declines caused largely by trade disputes, especially with China, and the drawn out ratification of the Canada–United States–Mexico Agreement (CUSMA).

The Ontario Risk Management Program (RMP), a cost-shared insurance program designed to help stabilize the industry by providing partial financial protection for farmers against downturns in commodity market prices, is the only provincial or federal program that the industry can access to mitigate price and cost fluctuations. The new provincial government's election platform contained a commitment to raise the RMP budget cap by \$50M.

Pork farmers compete for land, labour and financing with farmers in other sectors that have access to production insurance that guarantees up to 90% of average farm yield at market value, and those in the supply managed sectors who enjoy price and production supports that better manage operating risks

and declines in profitability. Pork, and other livestock farmers, do not have access to similar support programs.

Recommendation

With a mission to continually foster a vibrant business environment for pork producers, Ontario Pork is requesting that the government implement its platform commitment to increase the cap on the Ontario Risk Management Program (RMP) by \$50 million annually and allow any unused allocation to roll over into the subsequent year to ensure funding remains when farmers need it most.

Rationale

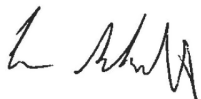
The Ontario pork sector has no other provincial risk management program to help mitigate price and cost fluctuations, unlike other farm sectors in the province. Livestock farmers consistently have significantly higher levels of unmet need under the current RMP funding cap, which allocates payments on a prorated basis based on the amount of available program funding, by sector.

Increased funding will allow pork farmers to better manage risk and focus on greater innovation, their farms' sustainability, farm job creation, and new market growth opportunities. RMP is an excellent investment by the province as every \$1 dollar invested into the program results in \$2.24 dollars in positive economic activity.

Pork producers appreciate the Ontario government's support for the RMP and its election commitment to increase the program's budget by \$50 million. The RMP is very important to Ontario's pork farmers, as well as other livestock farmers, who are not protected under the supply management system. Increasing the program's budget and allowing unused funds to roll over into future years will allow the program to support producers better when they need help most.

Ontario Pork is greatly appreciative of the provincial government's continued support of the industry and the opportunity to provide input to the 2020 pre-budget consultation.

Sincerely,



Eric Schwindt
Board Chair