



*Long-Term Thinking  
for Today's Issues*

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### **CFFO Long Term Solutions to the 2007-08 Pork, Beef and Horticulture Crisis A CFFO Position Statement**

#### **Preamble**

Several of Ontario's agriculture sectors, including pork beef and horticulture, have experienced severe financial difficulties in the second half of 2007 and into 2008. The provincial and federal governments are taking actions to stem the short-term problems these industries are facing. The CFFO believes that a long-term strategic plan needs to be developed to improve the position of these sectors of Ontario agriculture

#### **Factors Contributing to the Current Crisis**

1. The change in the relation of the Canadian dollar to the American dollar has destroyed the cost advantage of our export oriented industries.
2. Transportation and fuel costs are squeezing the margins of the industry.
3. **Beef and Pork:** Rising feed costs, after a long period of depressed feed prices, due to the ethanol boom has driven up their cost of production.
4. **Pork:** Country of Origin Labelling in the United States is scheduled to take effect next fall, which may negatively impact the live hog export market. The possibility of the Maple Leaf plant in Burlington closing, which is rumoured to be slated for the fall of 2009, which represents over 40% of the slaughter capacity in Ontario.
5. **Beef:** The new regulations regarding the removal of specified risk materials (SRM) has added significant costs to the slaughter of beef in Ontario. These costs are being passed down to the primary producer.

#### **Actions Taken by Government Thus Far (Jan 2, 2008)**

1. Provincially, the Ontario Government announced \$150 million dollars in new spending in December 2007.
2. Agricorp is processing claims on a priority basis.
3. Federally, the Advanced Payments Program, distributed primarily by ACC Farmers' Financial in Ontario, will be modified such that AgriStability (the new CAIS) will be used as security in negative margin situations.
4. The Federal Government has introduced a cull sow program as a means to reduce the Canadian sow herd by 10%.

While the CFFO is appreciative of the support that government is providing Ontario farmers, these solutions offered are short-term in scope and fail to address the long-term difficulties that these sectors face.

## **A Long-Term Plan for Ontario's red meat and horticulture sectors**

The CFFO believes that the following steps in a number of key areas would strengthen the infrastructure and profitability of the entire food industry in Ontario. In some instances, there are multiple recommendations for consideration that may not be compatible, but all deserve consideration.

### **Regulation**

- Labelling of food products in Canada needs to be more transparent and meaningful, in order to enable consumers to make informed purchasing decisions. Product of Canada labelling in particular needs to be revisited.
- Voluntary country of origin labelling in Canada would be a step towards achieving transparency in food labelling. In the long-term, mandatory country of origin labelling would ensure that consumers know where their food comes from.
- Ideally, the CFFO would like the same health, safety, labour, production, and environmental standards that Canadian farmers have to meet to be imposed on imported food stuffs into Canada. If this is not achievable, the cost of food safety regulations in excess of *Codex Alimentarius*, the international food safety trade standard, along with all the other standards met by Canadian farmers in excess of imported food standards, should be the financial responsibility of the government because it is a societal benefit.
- Federal and provincial inspection costs should be borne by government in order to be consistent with our primary trading partner, the United States.

### **Investment**

- Government should provide support for infrastructure, in the form of water, road, and electricity improvements to create a positive environment for the creation of a number of ultra modern food processing plants for the province.
- Producer-owned production facilities and value-chains may be the best way to ensure that Canadian farmers have an outlet for their product.
- There should continue to be investment in improved research, training and education for farmers through existing programs, increasing their awareness of the risks involved in the production of commodities, and the potential to find new, innovative markets.
- Ontario lacks training programs for those interested in food production, including butchers. Investment in a research and training program of this nature will ensure that local food production remains viable.
- Government and private investors should partner to make further investments in infrastructure and technology in existing facilities, in order to find more efficient means of production.
- Increased tax relief on investments in technology should continue to be a priority for the government, allowing producers and processors to take advantage of our strong dollar through investment in technology.
- There needs to be investment in technology that improves producer's ability to trace their animal through the food chain. Knowledge of the grade, quality and usage of their animal through the food chain would provide farmers with the ability to improve the quality of their animal according to processor and retailer needs.

**Marketing**

- Canadian farmers have a number of value-added opportunities to take advantage of, including healthful attributes of foods, and environmentally friendly food. These products can command a premium and still get buy-in from the consumer.
- Some farmer's marketing practices should focus on local, such as local processing and farmer's markets. Farmers may need to involve themselves all the way through to retail.
- There is a real opportunity to develop markets for niche production, including artisan products, such as cheeses, and other cottage industries. Developing strong brands will be a key to the success of these niche industries.
- Canadian processors and producers need to focus on exporting excellent food products rather than trying to compete to be the lowest cost producer.

**Market Structure**

- The possibility was raised that in order to slaughter hogs in Ontario, hog producers may be required to have an ownership stake in a processing facility.
- Regarding potential restructuring of the beef markets, farmers need to link farm to plate. There are no mechanisms that connect farm to plate in a manner that allows farmers to control their selling price.
- A volume managed and price managed system (similar to the processed tomato sector), that involved consultations between producers and processors in order to fill the needs of the market.

**Farm Structure**

- Focus support on the family farms and land-based agriculture.

*Adopted By*  
CFFO Provincial Council  
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