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**Official Report
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(Hansard)**

Thursday 2 April 2015

**Journal
des débats
(Hansard)**

Jeudi 2 avril 2015

**Standing Committee on
Finance and Economic Affairs**

Agriculture Insurance Act
(Amending the Crop Insurance
Act, 1996), 2015

**Comité permanent des finances
et des affaires économiques**

Loi de 2015 sur l'assurance
agricole (modifiant la Loi de 1996
sur l'assurance-récolte)

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS**

**COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES**

Thursday 2 April 2015

Jeudi 2 avril 2015

The committee met at 0903 in room 151.

**AGRICULTURE INSURANCE ACT
(AMENDING THE CROP INSURANCE
ACT, 1996), 2015**

**LOI DE 2015 SUR L'ASSURANCE
AGRICOLE (MODIFIANT LA LOI DE 1996
SUR L'ASSURANCE-RÉCOLTE)**

Consideration of the following bill:

Bill 40, An Act to amend the Crop Insurance Act (Ontario), 1996 and to make consequential amendments to other Acts / Projet de loi 40, Loi modifiant la Loi de 1996 sur l'assurance-récolte (Ontario) et apportant des modifications corrélatives à d'autres lois.

The Chair (Ms. Soo Wong): We're going to call the meeting to order. Welcome, everybody, to the Standing Committee on Finance and Economic Affairs. We are assembled here today to hold public hearings on Bill 40, An Act to amend the Crop Insurance Act (Ontario), 1996 and to make consequential amendments to other Acts.

As ordered by the committee, each witness will be offered five minutes for their presentations, followed by nine minutes for questioning from the committee members, or three minutes per caucus. Any questions from the committee before we begin? Okay, I see none.

ONTARIO PORK

The Chair (Ms. Soo Wong): At this point I'm going to call our first witness for the day. It's Ontario Pork: Amy Cronin, the chair. Good morning.

Ms. Amy Cronin: Good morning.

The Chair (Ms. Soo Wong): Thank you, good morning. Have a seat.

Amy, you know Hansard has already begun taking notes, so we need you to introduce yourself and your position with Ontario Pork. You may begin any time. As you heard, you have a total of five minutes for your presentation, followed by three minutes of questioning from each of the parties. This round of questions will begin from the official opposition party. Welcome.

Ms. Amy Cronin: All right. Thank you very much. My name is Amy Cronin and I am the chair of the Ontario Pork Producers' Marketing Board. I've been the chair there for three years, and I'm really pleased to talk to you today in support of amendments to the Crop Insur-

ance Act, 1996. I'm a pork producer myself, from Huron county. We've got 3,500 sows there and it's a farrow-to-finish operation. I represent about 1,550 producers across the province.

Ontario Pork is, like I said, made up of over 1,500 producers, but we're a big economic contributor to the province of Ontario. In 2014 we shipped approximately 4.97 million hogs. That contributes economically, because we've got both down- and upstream contributions there. We contribute about \$2.5 billion in economic output and over 15,000 full-time-equivalent jobs in our province.

Ontario Pork is an organization that represents the producers of the province. We advocate on their behalf and we help take care of things such as research, marketing, education of consumers, food quality assurance, environmental issues and more.

Today I want to talk to you about why crop insurance would be a benefit to the pork sector and, I would say, for all of livestock in Ontario. We are the only province that doesn't have the ability to implement crop insurance. We think that if Ontario were able to change the act, it would make us more competitive and put us on more of a level playing field with the rest of the country.

Livestock hasn't had production insurance in the past, but we do have crop production insurance. As a pork producer we also have crops, so I've been buying crop insurance since we bought our farm in 1998. I'll say that in the last 10 years we've only ever claimed once, but I've participated in insurance each year because I believe in having that tool available to me, having that insurance available to me as a pork producer, and knowing that because I pay a premium I won't necessarily gain from it in that particular year, but that when I do face difficult times I have something that's there to protect me, in the same way as I have house insurance and fire insurance.

For us, to expand that Crop Insurance Act would provide an additional business tool for pork producers in Ontario. It would give us equity with the rest of the province, but it would give us equity in another way, because we have to compete with crop producers in the province as well. They have had crop insurance for a long time, and it has been a beneficial tool for those producers. By adding a tool to the tool box for pork producers, it would put them on a level playing field with the crop insurance producers in the province as well, so it is something that we do support.

Crop insurance is right now a private-public partnership. It's 40% funded by producers and 60% funded by the government. With that partnership, it's an actuarially sound program. We feel that that would work well for livestock producers as well.

We have been involved in a lot of research activities over the last five years with regard to production insurance, working with partners across the country—and with the federal government as well—to try to design a livestock production insurance program that would work for producers. We're not there yet. We're getting closer, but we definitely need an amendment to this act in order to make that happen for our producers.

With that insurance that we've looked at as a province, we've done some different studies. Our first one was more of a modelling exercise using theoretical data. We were able to come up with what we thought would work well for a program. We also identified where we needed to start to think differently and about different attributes that an insurance program would offer.

For example, in the beginning, when we started to talk about production insurance, we were talking about the last two stages of production. We weren't talking about the initial stage, which is sows, and we identified very quickly that this was an aspect of production insurance that we would need. We were able to then take that into what we were considering and come up with more of a model that was more inclusive that would benefit all producers in the province.

Just most recently, in 2014, with the national hog mortality insurance task team, we were able to complete an actuary analysis with real farm data, as opposed to theoretical data that we were using.

The Chair (Ms. Soo Wong): Ms. Cronin, can you wrap up your presentation?

Ms. Amy Cronin: I sure will. Again, we feel that, as producers, we are prepared to get to a point with production insurance that we could implement it. We think that with the work that we have done with the federal government it's a possibility in the next 12 months, so we'd like to support the amendment that you're working on right now to include all livestock, not just pork. Thank you.

The Chair (Ms. Soo Wong): Thank you very much. Mr. Barrett, do you want to begin the questioning? You have three minutes.

Mr. Toby Barrett: Yes, Chair. Thank you, Amy. Thank you for presenting on behalf of hog producers. We're certainly aware of diseases that crop up. PED, for example, is the most recent crisis.

I realize you only had five minutes. That's unfortunate. Maybe take a bit of my time and just give us a bit more detail or some other things that you would have liked to have said. I'm concerned: Is there going to be a lot more paperwork on this program? I used to buy crop insurance, and it was a pretty simple process, but do you see any other problems as we get into the regulation on a new production insurance program?

Ms. Amy Cronin: There definitely would be, I think, a little bit more paperwork than there is with the crop in-

surance, because you're dealing with animals, which is different than crops. But the benefits are that—because hogs are biological, we also have disease. Crop insurance would be something that could directly impact that.

For example, in 2014, we had PED—porcine epidemic diarrhea—enter Ontario. So it would be a year where that program could have helped individual farmers who had PED and were struggling with that virus on their farms. We don't currently have a program in Ontario that will benefit individuals who are suffering or trying to battle through a virus on a farm like PED. Does that answer your question?

Mr. Toby Barrett: Yes, I think so.

Ms. Amy Cronin: I think, though, that we can develop this program, that the paperwork would be simplified, such as the Risk Management Program that we have in Ontario. That's a program that offers a lot of benefit, but the paperwork is not substantial and it's not overwhelming for producers. So I do believe we can introduce production insurance in Ontario, and that it would be effective and not too much of a paperwork burden.

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Mr. Toby Barrett: We assume this is something that you've just handed over to Agricorp. Do you see private insurance companies involved or anything like that, as we see in the United States?

Ms. Amy Cronin: Agricorp has worked well for us with regard to the RMP. I know they currently deliver AgriStability and agri-insurance as well, so I know they would be a good candidate. I can't speak to private insurance companies because they don't have experience with that and programs such as this one in agriculture.

Mr. Toby Barrett: Thank you.

The Chair (Ms. Soo Wong): Thank you very much. To the third party: Mr. Vanthof, do you want to begin the questioning?

Mr. John Vanthof: Thanks very much, Amy, for coming to present. You represented your industry very well and you brought a couple of issues, and one that I'm sure most people never thought of: that producers of different commodities within the province compete with each other. You compete for land, you compete—so if you're not all on a level playing field, it hurts the balance of production in the province. That's a very good point that a lot of people don't think of.

I was also encouraged to hear that you're already at the point, nationally, of actuarial analysis of this program. You're a lot further than a lot of people think.

One of the questions we still have—we're fully in support, but as you stated, 40% is funded privately by producers and the other 60% by the government. We are concerned that the 24% or 25% that comes from the province—where that's going to come from, because if that's new money, it's a good thing. If it's money that comes out of the RMP, that might not be of benefit to producers. Could you comment on that?

Ms. Amy Cronin: The Risk Management Program is a program that we value in Ontario, and we would not

want to see that \$100-million cap reduced. It's a challenge already, having to deal with a cap of \$100 million.

We've worked very closely with the members of the Ontario Agriculture Sustainability Coalition to make that \$100 million work. We need to keep in mind that the administrative fees come off the top of that \$100 million first, and then it's shared amongst six commodities. To reduce that program even further would reduce the beneficial impacts that the Risk Management Program offers to producers in Ontario.

Can I say where it would come from? No, I can't. I don't have that answer. I would be willing, though, to look at what there is that's being offered in the province and work with you to come up with a solution on that.

Mr. John Vanthof: This is a very tough question, but we are of the opinion that for this to be a serious effort, there is pretty good chance that we're going to need some new money for a program like this, not just take it somewhere out of the Ministry of Agriculture. I think we're pretty well to the bone at the Ministry of Agriculture already. Your comments?

Ms. Amy Cronin: Crop insurance is something that we've been lobbying the federal government for for a long time, and I think that needs to be a conversation that we have with them at the same time.

The main conversation is around equity. They offer it already to some producers in the country, but not to others. To take away from the ones you're going to benefit with a program to create equality flies in the face of equality. That would be my comment.

Mr. John Vanthof: Thank you very much.

The Chair (Ms. Soo Wong): All right. Thank you very much. To the government side: Mr. Potts.

Mr. Arthur Potts: Thanks, Amy. Thanks very much for coming here to downtown Toronto. I believe your headquarters for pork are in Guelph?

Ms. Amy Cronin: That's correct.

Mr. Arthur Potts: And most major product organizations are headquartered in Guelph?

Ms. Amy Cronin: Yes.

Mr. Arthur Potts: But you've come to Toronto. We really appreciate you making the trip. There was some pressure for us to maybe take this committee over to Kemptville. It wouldn't have encouraged any more people to come to delegate, would it have, if we had been in Kemptville as opposed to here or in Guelph?

Ms. Amy Cronin: I won't make a comment on Kemptville specifically, but production insurance is something that we as pork producers find value in. So making a trip to Toronto, I think, is worth it.

Mr. Arthur Potts: Fantastic. Now, you comment about an amendment you'd like to see. Were you just talking about this bill as the amendment to the Crop Insurance Act, or was there a specific act that you'd like to change within the amendments that are being proposed?

Ms. Amy Cronin: No, I've read the amendments that are being proposed to Bill 40, and I support that, so that it includes livestock products.

Mr. Arthur Potts: So as is, it's ready to go at this point, and then we'll enter into negotiations with the various sectors, including pork, if they are interested in taking us up on an opportunity?

Ms. Amy Cronin: That's right. It's important to realize that this just gives us enabling legislation. It's the first step. It allows us to continue the work that we've done on the actuary analysis of production insurance, and then we'd like to work with both yourselves and the federal government on coming up with a program that will benefit producers.

Mr. Arthur Potts: And would you expect, in the context after those discussions, if we come to an appropriate program, that most pork producers would take up the insurance? Would that be your expectation?

Ms. Amy Cronin: Yes. I think it's really important to have farmers involved in coming up with a program that will work for farmers. The Risk Management Program is a really good example of how that has worked in the past. We'll have to be cognizant of how that program is developed and the costs that are involved, but our goal would be to definitely have a program that would be attractive to all of our producers.

Mr. Arthur Potts: If I can pick up Mr. Vanthof's comment about competition, would you anticipate that with product insurance which would cover pork more farmers would take up the production of pork on their farms as an opportunity, because some of the risks associated would have been eliminated or diminished?

Ms. Amy Cronin: I think that when farmers are making expansion decisions, there are a whole lot of factors that come into play there. Starting to bring hogs onto your farm is a whole different part of the business. There are a lot of things that they would need to take into consideration. Having a tool box with tools available to help with predictability and sustainability definitely helps in making some of those decisions.

Mr. Arthur Potts: That's great.

The Chair (Ms. Soo Wong): Thank you very much, Ms. Cronin.

Mr. Garfield Dunlop: A point of order, Madam Chair.

The Chair (Ms. Soo Wong): Yes?

Mr. Garfield Dunlop: Excuse me. We're talking about amendments here. There's some confusion. Has the government got amendments already prepared?

Mr. Arthur Potts: No, no. I was clarifying her comment. She said there were some amendments they would like to see. I just wanted to be clear that she was specifically talking about this as an amendment to the Crop Insurance Act, and not that she wanted to see any changes to that.

The Chair (Ms. Soo Wong): No, no, no. This is the witness doing her comments, and Mr. Potts is asking for clarification.

Mr. Garfield Dunlop: Okay. I'm also asking for clarification, because I was under the impression the government amendments are already out there.

The Chair (Ms. Soo Wong): No. This is the witness presenting her five minutes, okay?

Mr. Garfield Dunlop: I completely understand how it works.

The Chair (Ms. Soo Wong): Okay.

Mr. Garfield Dunlop: Are there other amendments already proposed?

The Chair (Ms. Soo Wong): No, not that I'm aware of.

Mr. Garfield Dunlop: Okay, so we'll be—

Mr. Arthur Potts: Nothing in front of us.

Mr. Garfield Dunlop: Okay. Thank you.

The Chair (Ms. Soo Wong): Not right now.

Thank you very much, Ms. Cronin.

Ms. Amy Cronin: You're welcome.

ONTARIO SHEEP MARKETING AGENCY

The Chair (Ms. Soo Wong): Our next witness is the Ontario Sheep Marketing Agency: Ms. Jennifer MacTavish, the general manager. Good morning.

Ms. Jennifer MacTavish: Good morning.

The Chair (Ms. Soo Wong): Good morning, Ms. MacTavish. As you heard, you have five minutes for your presentation. This round of the questioning will begin with the third party. You may begin any time. Please identify yourself and your position with the Sheep Marketing Agency. Thank you.

Ms. Jennifer MacTavish: Sure. My name is Jennifer MacTavish, and I'm the general manager for the Ontario Sheep Marketing Agency. I want to start by thanking you for the opportunity to be here this morning to comment on Bill 40, amending the Crop Insurance Act.

The Ontario Sheep Marketing Agency, or OSMA, is excited to have the potential to have production insurance opened to livestock producers. The ability to expand the suite of risk management tools that are available to sheep producers is something that OSMA is committed to, and we look forward to working with the government on developing a program that's going to meet producer needs.

I just want to preface my comments by saying I'm going to couch them within a bit of an industry outline because I am aware that not everybody is familiar with the sheep industry in Ontario.

We'll start with a little history lesson, I guess. In 2003, the border closed due to mad cow disease. That impacted all ruminant animals, including sheep. In the immediate aftermath we saw a drop in prices and our ewe flocks shrink. Since then the industry has been struggling to rebuild its flock, keep the industry infrastructure in place and fill its market share.

Between 2003 and 2007, the percentage of sheep that were produced in Ontario dropped by 43%. At that same time, demand for product grew by 30%. That gap was filled by a 51% increase in imported product, primarily from New Zealand. An integral part of OSMA's strategic plan in the next five years is to build and implement programs that will enable sheep producers to prudently increase their production.

In 2013, the agricultural sector was challenged to double its annual growth rate and create 120,000 new

jobs. In response to this challenge, the sheep industry set a target to increase its ewe population by 20%. This would equate to an additional 52,000 Ontario lambs in the market. Each additional lamb in the market generates \$1,160 in economic activity, so to have 52,000 more lambs in the market means we're going to be generating over \$60 million for Ontario's economy.

Currently, Ontario's sheep producers only supply 22% of the local demand for product; 20% will come from out-of-province lambs, primarily from the west, and the remaining per cent comes from New Zealand and Australia. Last year, for instance, we imported over 18 million kilograms of lamb, totalling over \$165 million.

0920

The price fluctuations that characterize commodity markets do little to provide our producers with the confidence they need to make solid investments into their business. The uncertainty that comes with being a price-taker makes it difficult for producers to expand their production and capture more of this market share.

The development of a production insurance program would be an invaluable addition to the industry's risk management tool box. While price predictability and RMP work to address financial risks, production insurance would help manage production risks, such as death losses and abortions. The industry would look to tailor the program to target the issues that producers are facing, so that they can prudently expand their production and ensure that the identified and quantified increased demand for Ontario lamb is being met.

This increase in production is also important for Ontario's processing sector. Having more Ontario lambs supplied to them will help ensure that they remain in business, and it will keep jobs in Ontario and contribute to a strong Ontario economy.

Currently, producers are getting the clear message from processors and retailers that the Ontario lamb sector is simply not supplying enough product to match the retailers' demand. A producer who is currently marketing direct to a packer told us, "Our partners tell us they have high demand for our quality-assured Ontario product. They are asking us for more than triple what we are currently shipping in order to supply the volume consumers are asking for and" the efficiencies they need to run their businesses. In fact, it's conservatively estimated that the market is undersupplied by 48,000 lambs a year, which is 900 lambs a week.

A new ethnic market study commissioned by Ontario Sheep supports the rise in demand being reported by processing plants. The report indicates that "freshness was ... a leading quality attribute, and the majority of respondents found Ontario-produced lamb to taste and smell better than imported product."

Most encouraging in all of this is that lamb producers can increase production, put more Ontario lamb on retail store shelves and not impact the demand for any other protein.

OSMA is committed to continuing to provide producers with access to risk management tools that create an

environment of confidence for them to expand their business. With this in mind, we are excited to see there is an appetite to have production insurance opened to live-stock producers. We look forward to working with you to develop a program that will meet our industry's needs. Thank you.

The Chair (Ms. Soo Wong): Thank you very much. Mr. Vanthof, do you want to begin the questioning?

Mr. John Vanthof: Thank you, and thanks, Jennifer, for making your presentation. I think a lot of people didn't realize, and don't realize, how big of an impact that BSE had on the sheep industry.

Ms. Jennifer MacTavish: It still does, yes.

Mr. John Vanthof: And still does. On the cattle side, everyone—because of its mad cow disease connotation, people who weren't even in agriculture kind of understood what a lot of people didn't understand from the sheep industry. One thing about the sheep industry that's probably different—from my personal experience in my riding, I have a lot of people who are getting into agriculture with the sheep industry, because it's a lower cost to get in than a lot of other sectors.

Ms. Jennifer MacTavish: Yes, that's true.

Mr. John Vanthof: And it's very important to the province.

My question is probably going to be the same question all day. We're fully in favour of this change to the legislation. Where the rubber is going to hit the road is where the provincial part of the money is going to come from. As you know, it's 40% private and the other 60% is provincial and federal. The feds have the most, but the province has about 26% of the cost of this insurance program that they have to come up with. What we're concerned with, because we haven't heard any different, is that this money very well might come out of another agriculture program. It could come out of risk management. We'd like your comments on that.

Ms. Jennifer MacTavish: At the risk of sounding like I'm passing the buck, I'm going to echo the comments that Amy made earlier in her response. We are committed to the Risk Management Program. It is a program that is serving the needs of our industry. Producers are on board with the Risk Management Program, and we are making it work, even with the cap, so I would not generally be in support of tapping into RMP money to support a crop insurance program.

That said, I would be in support of finding some other alternatives, talking to the federal government and investigating ways that we can make this work, because I think that this is important for the industry.

Mr. John Vanthof: And as for the rest of the Ministry of Agriculture, do you see any areas in the ministry now—that there's a lot of fat in the ministry now compared to, let's say, 10 or 15 years ago?

Ms. Jennifer MacTavish: Well, 10 or 15 years ago, unfortunately, I wasn't working in Ontario, so I'm—

Mr. John Vanthof: Oh, okay.

Ms. Jennifer MacTavish:—and I don't have access to their books, so I'm not really sure that I can adequately

answer that question, other than to say that from my experience in the last two years, I've found the industry to be adequately meeting our needs. I'm not sure exactly where we would go to find the extra money.

Mr. John Vanthof: Thank you very much.

The Chair (Ms. Soo Wong): All right. Thank you very much. Ms. Albanese, do you want to begin this round of questions for the government side?

Mrs. Laura Albanese: I thank you for doing that overview of the industry. I think that, as a consumer, you often wonder why New Zealand products are cheaper. We appreciate the industry from one end, but we don't know—coming from an urban riding, I see it more from the consumer side, so thank you for that. I see that the industry has grown at an impressive rate, so I want to congratulate you in that regard.

I wanted to ask you: What contribution do you think the Ontario Sheep Marketing Agency will play in reaching the Premier's agri-food challenge?

Ms. Jennifer MacTavish: I think we're well positioned. We know that demand for our product is going to grow within the next 20 years, simply by the immigration trends that are coming in—the people who are coming into Canada. They're coming from cultures that eat upwards of six kilograms of lamb per year, in comparison to Canadians, who eat maybe one kilo a year. We're well poised, once we get the right tools in place for the producers.

We do have producers who are currently setting up value chains with processing plants and retail stores to help with some price stability. In the last three years, they've gone from supplying 50 lambs a week to supplying over 200 lambs a week. It has generated five new jobs for that processing plant and \$2.75 million for the Ontario economy. If we can keep that trend, I think that we're going to be great contributors to meeting the goal that has been set out.

Mrs. Laura Albanese: And how has the government helped in this growth?

Ms. Jennifer MacTavish: Primarily, the support has been in the Risk Management Program—

Interjection.

Ms. Jennifer MacTavish: Sorry.

Mrs. Laura Albanese: No, I was just trying to get the attention of the Chair.

Ms. Jennifer MacTavish: Okay.

Primarily, the supports come from the Risk Management Program. In the last couple of years, we saw lamb prices bottom out. They were quite low through 2013, and it was during that time that producers were expanding their flocks. The producers who were doing that to meet the retailers' demand were largely enrolled in that Risk Management Program. The ability for them to manage their input costs to some extent, and the prices that they're getting paid, are definitely something that helps them with their expansion.

Mrs. Laura Albanese: That's good.

The Chair (Ms. Soo Wong): To Ms. Vernile?

Mrs. Laura Albanese: I will forgo my next question.

Ms. Daiene Vernile: Thanks, Jennifer. This is very timely and topical, talking about lamb, with the Easter weekend coming up. You've told us that there is tremendous potential for growth, that there is this huge demand for your product. How do you scale up quickly to meet that?

Ms. Jennifer MacTavish: Yes, it's a problem. It's definitely a challenge. We don't want to scale up too quickly, because you end up with what we call in the industry "train wrecks." You bring breeding ewes into your flock that you might not have otherwise. You have to make sure you're selecting the right stock.

What we're doing to help producers scale up and be prudent around their expansion is, we're providing courses like the master shepherd course. We've targeted producers who've been in the industry for about three years and who have about 300 ewes and want to go up to 1,000. We talk to them about how you feed that many ewes, how you handle them, what kind of resources you need and how you select your breeding stock. It's basically a 12-module course.

The industry did this course back in the late 1980s, and the producers who graduated are now what we would consider our large-flock producers. They all have about 800 to 1,200 ewes, and they're committed to the industry they're in. We're trying to help producers, from a management perspective, to increase in a way that's going to be sustainable for them.

Ms. Daiene Vernile: Where were you before Ontario?

Ms. Jennifer MacTavish: Where was I before Ontario?

Ms. Daiene Vernile: Yes.

Ms. Jennifer MacTavish: I worked for the Canadian Sheep Federation.

Ms. Daiene Vernile: Okay. Thank you.

The Chair (Ms. Soo Wong): All right. This round is Mr. Barrett.

Mr. Toby Barrett: Thank you, Chair, and thank you, Jennifer. I haven't had a rack of lamb since dinner last night.

Ms. Jennifer MacTavish: You should have a leg for Easter supper, I hope.

Mr. Toby Barrett: I grew up with Shropshires, but I also grew up with blowflies and all those parasitic worms, stomach worms and all that kind of stuff. That's part of it.

I'm wondering how production insurance could help the large owners and how it would help the very small owners as well. The beginning people: Maybe they don't have the management tools or the fences or what have you.

Secondly, predators—coyotes and dogs. We lost so many to dogs. There are solutions to that I won't talk about, but I want to know—the municipal covers some of that. Should we rethink the provincial-municipal approach to predator control?

0930

Ms. Jennifer MacTavish: Wow, that's a whole other discussion. I'll just say that one of the main frustrations,

and I would say one of the most emotionally taxing things, for a sheep producer is the predation problem. There is nothing worse than walking into your field and seeing the aftermath of what a kill has done. It's the closest I've ever seen producers to crying, even when lamb prices are really low.

I would say that we do need help in controlling predators, and the relationship that we have now with municipalities in providing compensation for animals that have been preyed upon is an important tool for producers. I'll just throw a pitch in here for the relaxing cable constraints that the Ministry of Natural Resources is testing right now. They would be immensely welcomed by the industry as a way of controlling predators.

Parasites and access to medications: We have such a small industry that it's difficult for us to get products approved for use in sheep. So basically most of our animals are organic, because we don't have anything we can use on them.

Mr. Toby Barrett: I'm sorry; I couldn't hear you.

Ms. Jennifer MacTavish: They are organic.

Mr. Toby Barrett: Organic?

Ms. Jennifer MacTavish: We don't have any drugs that we can easily use to treat animals for parasites. What we're doing is looking at breeding genetic resistance to parasites into the sheep flock. It's something that they are doing in New Zealand right now, and we have put in a funding proposal for that, so that we can look at breeding in resistance for the flock.

Mr. Toby Barrett: And the very small producers—is there going to be any barrier as far as them getting into this again?

Ms. Jennifer MacTavish: Yes.

Mr. Toby Barrett: Filling out the forms—they may not have an accountant to fill out the forms.

Ms. Jennifer MacTavish: It's a huge barrier for new entrants. Even right now, bankers don't always understand the sheep industry. Most of the people who are coming into the sheep industry right now are actually coming from supply-managed farms. They can't afford to get in and take over their parents' quotas, but they want a farm, so they start farming small ruminants: sheep or goats. That's our biggest entry of producers right now.

Anecdotally, I'll tell you I was at the small ruminant club at the University of Guelph, and it was standing room only. There were students sitting on the ground wanting to know about the industry and the prospect of the industry. So there's lots of enthusiasm; it's just giving them the tools they need to get in.

The Chair (Ms. Soo Wong): All right. Thank you very much, Ms. MacTavish.

Ms. Jennifer MacTavish: Thank you.

ONTARIO FEDERATION OF AGRICULTURE

The Chair (Ms. Soo Wong): The next witness is the Ontario Federation of Agriculture: Mr. Don McCabe. Good morning. Oh, you have some more colleagues

coming to join you. All right. So, Mr. McCabe, welcome. I'm not sure you were here when I made the introductions. Your group will have five minutes for your presentation, followed by questioning from each of the parties, and each of the parties will have three minutes.

Before you begin, can you please introduce yourself and your position, and also your colleagues who are also presenting with you? Thank you.

Mr. Don McCabe: Thank you very much. We, the Ontario Federation of Agriculture, welcome this opportunity to appear before a committee here. My name is Don McCabe. I currently serve as president of the Ontario Federation of Agriculture. To my right is a fellow director from the Waterloo area; his name is Mark Reusser, and he serves on our executive. To my left is Bruce Buttar, a fellow director who is from the Northumberland county area.

The Ontario Federation of Agriculture represents 37,000 farmers and farm families from across Ontario. We are not a commodity-specific organization. We are a general farm organization, which means that when it comes to, like, your last presentation—we don't mess around with sheep issues, because those guys know what they're talking about. Our job is to worry about things in the more general sense of agriculture, whether it's insurance programs, energy or land use, and so on and so forth.

Coming to the crux of being here today and looking at Bill 40, An Act to amend the Crop Insurance Act: Bill 40 will make much-needed amendments to the Crop Insurance Act. It proposes to replace the term "agricultural crops and perennial plants" with the broader term "agricultural products" throughout the Crop Insurance Act, Bill 40. Bill 40 also proposes to rename the act itself to be called the Agricultural Products Insurance Act.

The Ontario Federation of Agriculture fully supports Bill 40 because the replacement term will enable more insurance plans to exist. Currently insurance plans for livestock and bee mortality are not possible under the current act, because they are neither crops nor perennial plants.

The 2003 federal-provincial Agricultural Policy Framework—the APF, as it was known back then—rebranded crop insurance at that point as production insurance and offered federal funding for premiums on eligible livestock insurance plans, which has meant that Ontario has not made use of those opportunities yet under our current framework. Therefore, Bill 40 will enable production insurance beyond crops and perennial plants in Ontario, as is the case in all other provinces in this country.

With that, I close my remarks, because at the end of the day, the Ontario Federation of Agriculture is very much in support of this bill, wishing to see it move ahead rapidly and allow producers to garner another level of protection that's absolutely necessary in today's volatile and interesting marketplace.

The Chair (Ms. Soo Wong): Thank you very much. Ms. Hoggarth.

Ms. Ann Hoggarth: Good morning, Don. I haven't seen you in a long time—since last night. Thank you for coming to Barrie for that forum.

Also, thank you for your presentation—even though it was short, obviously you support this bill—and thank you to you and all your members for what you do for the people of Ontario, for our GDP and for the economy. We really appreciate it. I, as a new member, did not realize how important the farming industry was to the GDP, and I thank you very much.

The agri-food sector is an important driver of the Ontario economy and a staple of our government's plan to help build Ontario up. How has this government helped to grow the industry?

Mr. Don McCabe: Well, I think that if this particular bill moves ahead, it will be offering a necessary addition of coverage to insure perils, where farmers are out there facing elements or things beyond their control. Being able to level the playing field with our competition is always vitally important.

With regard to future endeavours by this government, I would hope that they would very much look at the issue of ensuring that we stay on a competitive, level playing field with our colleagues: that, whether or not it's the discussion of the Great Lakes Protection Act and what some of our surrounding states do or whether it is issues of climate change, we look at the world as we move forward there. There will be a continued opportunity here for the government to illustrate its commitment to agriculture issues, ensuring that our industry is able to continue to lead in the economics of Ontario.

Ms. Ann Hoggarth: Thank you.

Mr. Arthur Potts: Don, thank you for being here. You've been a great asset to me, as a downtown urbanite, getting to better appreciate what's happening in the province in agriculture, and I appreciate it.

When you think about the suite of opportunities and the various different products that this will create opportunities for, where do you see some of the priorities for the province?

Mr. Don McCabe: Well, Ontario produces 200 different commodities. California is producing 400, but when I bring the California thing up, it's the issue of illustrating what climate and water can do for you. And we know where the water's at in California.

The issue here is that I do not expect this particular change to this act to ensure that there's coverage for all 200 commodities that are out there, because some of the commodities that are out there that get counted would be able to fill only the area of this room—spearmint, for example—and that's all we need, because we have to make sure that these plants will be operational and work properly. But at the end of the day, it's the opportunity, again, to extend much-needed coverage to producers, who will have a better opportunity to participate in a volatile marketplace.

Mr. Arthur Potts: We look forward to those discussions.

The Chair (Ms. Soo Wong): Ms. Vernile.

Ms. Daiene Vernile: Thank you very much, Don, for informing this committee on how this proposed legislation is going to affect you and the people you represent. Sitting beside you is a gentleman from my neck of the woods: Mark. Do you have anything to add to this?

Mr. Mark Reusser: I'm not sure there's much more than what Don has already said. We speak with one voice.

Ms. Daiene Vernile: But I gave you the opportunity. We'll connect later.

Mr. Don McCabe: Unfortunately, he's the boring one.

Laughter.

Mr. Mark Reusser: I would add one thing, and that is that when one looks at the possible increased costs of this program, we would hope that you don't rob from another portion of agriculture in order to support this one. If there are increased costs, it needs to be new money.

0940

The Chair (Ms. Soo Wong): Okay. Thank you very much.

Mr. Barrett?

Mr. Toby Barrett: Thanks, OFA, for the work you do and the volunteer time you put in.

I've talked to a number of livestock fellows and gals and cash-crop people since this legislation was introduced, and there seems to be not a lot of interest, or it's almost maybe that the assumption is, "Well, it's just going to kind of roll over like crop insurance, like we saw ginseng added to crop insurance, so we'll just see livestock added to this."

I'm a little worried because, in dealing with livestock, I'm just wondering about the complexities that we may have to deal with down the road. We can hand this over to OMAFRA or Agricorp, but I'm just concerned. Can you envision any snafus that may come down the road as we try and bring in hogs or try and bring in honeybees, for example?

Mr. Don McCabe: I think it will be an issue of due diligence on maintaining our job as watching this framework turn into reality. You can always end up with the greatest of principles being totally ruined by the other aspects of power that are placed into a framework.

I think the disinterest right now is maybe—and I'm interpreting your words there, Mr. Barrett, to say "the issue of disinterest."

I think the reality is that, as farmers, there's always another job to do. This one isn't top of mind right now, because there's not enough there to actually make the analysis of the business case, to ensure that this thing is properly structured.

Believe me, it only takes one misstatement by anyone to really, really get the attention of the rural community, and my phone lights up, the phones light up at the OFA, and my colleagues' phones light up.

Therefore, we're going to have to wait to see what the proof is in the pudding. But we definitely want to ensure that this puts Ontario farmers on a much more competitive edge than they currently are.

Mr. Toby Barrett: We go on trust. I mean, we support this. I used to buy crop insurance, and it was relatively seamless. I had a great neighbour who sold it to me, and we'd have a chat, and things worked well.

I'm just trying to visualize how the program would look. I know there are some programs in the United States, livestock programs, mainly in the west, to deal with drought and things like that—not necessarily an ad-hoc program, as I understand. We've seen the experience with ad-hoc programs. But are there any models out there, or in Europe or anywhere, that anybody knows about, that we can look to, to try and visualize or to bring this program along to be the best program possible?

We know there have been problems in the past at Agricorp with certain programs, or things fall through the cracks.

Mr. Don McCabe: One thing I've noticed about the history of the world is that when you get humans involved, there can be a screw-up. The reality becomes that we need to learn from every mistake that has been made previously, and we have nine other provinces right now that we can draw on, to make sure we pick the best and leave the rest.

When it comes to livestock insurance in particular, I would probably lean on Alberta, because I know that part of their programs allow opportunities. Therefore, the fact that you're carrying livestock insurance now opens the door for you to cover off liabilities or other concerns of the lending institutions, that you have shown due diligence to protect your own assets.

Mr. Toby Barrett: Okay.

The Chair (Ms. Soo Wong): Okay, that's great. Thank you.

Mr. Vanthof?

Mr. John Vanthof: Thanks, Don, for making the time to come here and enlighten us and for your always-direct comments.

One thing, and you alluded to it—this program has actually been approved by the federal-provincial ministers' conference in 2003. So we're 12 years later, moving at lightning speed.

But I think where the rubber's going to hit the road is where the money is going to come from. Once the negotiations are finished with, or as negotiations are engaged with various livestock groups, at the end of the day, where's the money going to come from?

We know that likely 40% is going to come from private, from the livestock groups, which is fine. If the structure is anything like current crop insurance, it will be about 35% from the feds and the rest from the province.

My question: Where could that money come from, and what would be the impact if that money came from the Risk Management Program?

Mr. Don McCabe: The Risk Management Program cannot be touched; it should be enhanced. That's the same place for the money for the issue of a crop insurance program, because crop insurance, or livestock insur-

ance or any type of insurance program, is not the Risk Management Program. The Risk Management Program addresses pricing this, and deals with natural perils.

The monies that are here—if there is an illustration of commitment by the farmers that are involved with these commodities to put their money up, I would only hope that society as a whole has already recognized the need to do this, and the federal government is speaking on their behalf to put up monies, and that the province would come up with the necessary additions to achieve this end, because it will not be big numbers at the end of the day in comparison to some of the other needs that we face in this province at this time.

Mr. John Vanthof: Thank you, Don.

The Chair (Ms. Soo Wong): Thank you very much, Mr. McCabe, and all your colleagues for being here.

Mr. Don McCabe: Thank you.

The Chair (Ms. Soo Wong): I believe that's all the witnesses we have. I believe we're going to call the meeting to an in camera session. We've got some issues that we have to address. Can we ask everybody to leave the room? Thank you.

The committee continued in closed session from 0947 to 0955.

The Chair (Ms. Soo Wong): I'm going to adjourn the committee, and we're going to resume on Tuesday, April 7. Thank you.

The committee adjourned at 0956.

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