



## **SUPPORTING ONTARIO'S AGRICULTURAL SECTOR Providing Opportunities and Support For Ontario's Farmers**

Ontario's highly diversified agricultural sector is the largest in Canada, employing about 90,000 people in 2005. Agriculture Canada forecasts that sales by Ontario farms will total more than \$8 billion in 2005 — five per cent higher than the average of the previous five years.

While overall prospects for the sector are good, the rising Canadian dollar, increasing international competition, subsidies in other jurisdictions, and trade disputes can challenge certain segments of the sector. The government recognizes such challenges and is working to encourage a strong, sustainable farm sector.

The government remains committed to a multi-year strategy that will stabilize and strengthen the province's agriculture industry for the future but requires the federal government's participation as a full partner to support the agriculture industry in the way it needs and deserves.

### **Supporting Ontario's Farmers**

In addition to meeting its commitment to fund business risk management and other programs under the federal-provincial Agricultural Policy Framework, in 2005-06, Ontario is providing:

- \$80 million for grain and oilseed farmers to offset their losses on the 2005 crop;
- \$35 million for producers of all edible horticulture crops to offset their past losses;
- \$10 million for an Ontario livestock and poultry traceability system;
- \$3 million to small and medium-sized producers of Vintners Quality Alliance wine; and
- an additional \$1 million to further support Ontario wine marketing efforts.

Ontario support for farm income stabilization and support programs will total \$834 million over the 2003-04 to 2005-06 fiscal years, an annual average of about \$5,900 per farm. In addition, much of this support involves federal matching contributions — 40 per cent Ontario and 60 per cent federal — so total federal-Ontario support could be more than double the above per farm average.

Ontario farmers also benefit from favourable treatment under a number of Ontario tax measures. For example:

- The value of the Farm Property Class Tax Rate Reduction was \$300 million in 2005, or about \$5,000 per farm.
- The value of the Retail Sales Tax exemption for agricultural products and goods used in the agriculture industry was \$265 million in 2005, or about \$5,600 per farm.

## **Investing In Agricultural Research**

Continued success for Ontario farms depends on new approaches. Research is the raw material of innovation, and the government provides significant support for agricultural research, examples of which include:

- \$25 million in 2005-06 to allow the University of Guelph to invest in its animal health laboratory;
- \$1 million in 2005-06 to the Grape Growers of Ontario for advanced research into hardier varieties;
- transferring Ontario's agricultural research stations and colleges to the Agricultural Research Institute of Ontario;
- creating a new Chair in Agricultural Research at the University of Guelph;
- funding of over \$50 million annually to the University of Guelph for agricultural research, education and laboratory services; and
- ReNew Ontario capital investments for agricultural research, education and laboratory services.

## **Encouraging Agricultural Innovation**

To help foster farm-level innovation, the government proposes to establish a new award for agri-food innovation excellence. Over the next five years, \$2.5 million is to be awarded to outstanding farmer-innovators. The government will work with industry and academia to identify award criteria, with the intention that the first awards will be presented at the next Premier's Agri-Food Summit.

## **Developing Renewable Rural Energy Sources**

The government supports a number of programs that benefit the broader rural community. Ontario's efforts to encourage ethanol production is one example. Another is the government's commitment to the development of renewable sources of electricity generation.

Net metering will allow electricity from water, wind, solar power and farm biomass to be sent to the electricity grid, giving farmers who generate their own power an opportunity to earn credits towards their energy costs. The Ontario Power Authority (OPA) is moving forward with a standard offer program aimed at small-scale, clean or renewable generation, increasing economic opportunities for small businesses, including farms.

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