



## Ontario Agriculture Sustainability Coalition | MPP Quarterly Newsletter, June 2015

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### New OASC MPP Newsletter

The Ontario Agricultural Sustainability Coalition (OASC) is comprised of Beef Farmers of Ontario, Grain Farmers of Ontario, Ontario Pork, Ontario Sheep, and Veal Farmers of Ontario. The coalition was formed in 2009 to develop and implement the Risk Management Program (RMP) in Ontario at the request of the Government of Ontario.

RMP is an insurance program designed by farmers, made for farmers, and with a premium paid by farmers. The RMP program was designed to help farmers manage risks beyond their control and to help stabilize the industry as many prices are global in nature and far beyond farmers' control.

This quarterly MPP email newsletter will provide MPPs and staff with news and updates from OASC's member commodity groups, in addition to other key information about Ontario's agri-food groups enrolled in RMP.

### MPP Farm Tours - Schedule Yours Now!

The Ontario Agriculture Sustainability Coalition (OASC) is conducting tours of Ontario farms with Members of Provincial Parliament. These farm tours will provide MPPs with the opportunity to see first-hand the difference the RMP is making for farmers across Ontario.

The tours will be happening throughout the summer, and photos and descriptions of the farms will be posted as the events unfold. Please contact Grant Gonzales at [ggonzales@counsepa.com](mailto:ggonzales@counsepa.com) or by phone at 416-920-0716 ext. 234 for more information and to schedule a farm tour.

### Support for Young Farmers

Doug and Derek Wilson operate a beef feedlot and cash crop operation in Corunna, Ontario. Together with their dad, they raise over 2,500 head of cattle a year for the Ontario Corn-Fed Beef program and they manage 3,000 acres of corn, soybeans and wheat. Having the support of the RMP in 2011-2012 allowed them to build a new barn and increase their production from 400 head to 1,500 head of cattle, and expand their operation.



"The RMP gave us the security to build a new barn and bunkers, and it gave us the cash flow to keep up with all of our other payments," shares Derek.

Early on, challenged by market prices, Doug and Derek appreciated the prompt payments from the program, and the resulting peace of mind for their family business plans to continue. However, since RMP was capped in 2013, the program has become less predictable, and less timely in providing the confidence to carry out their farming activities as planned. Increased investment in RMP by the provincial government will restore the program as it was designed and will provide these important program benefits to farmers.

"The RMP supports young farmers. It has allowed us to expand our operation. Without some sort of security, expansion is next to impossible," explains Doug.

The program, as it was intended to, has proven its ability to provide support for farmers when they need it the most. With strong prices in the marketplace in the cattle sector over the last twelve months, beef farmers have not had to rely on RMP which has allowed other sectors, that are in need, to benefit from support payments.

In addition to assisting farmers, RMP contributes to the success and sustainability of the agri-sector across the province. In fact, a study conducted by the University of Guelph found that every \$1.00 from RMP resulted in an additional \$1.17 in economic activity or 117% return on investment. While the existing cap has limited the effectiveness of the program, RMP remains to be one of the most important and popular agricultural safety net programs available to farmers.

"The program is important to beef farmers," says Derek. "If we don't have access to a risk management program, we won't have a beef industry in Ontario."

## **GFO: RMP Update**

The RMP ensures that farmers get the support they need to manage numerous variables which are beyond their control. For example, the fluctuating Canadian dollar, which could be further impacted by central bank actions - i.e. possible Bank of Canada interest rate cuts and U.S. Federal Reserve interest rate increases - coupled with other variables such as weather affecting crop yields, will determine this year's crop prices.

Last year, Ontario grains and oilseed farmers enrolled over 2.4 million acres in RMP. \$59 million in RMP payments went to help grains and oilseed producers who lost revenue due to falling market prices.

For the 2015 program year, 5,437 grains and oilseed producers enrolled in RMP.

## Year in Review - RMP Hogs in 2014

Last year proved to be one of strong hog prices and, consequently, payments to hog farmers participating in the program were minimal. This freed up program funding for grains and oilseeds farmers who saw market prices drop substantially from previous levels and were able to draw on the program to help mitigate their losses.

### Why RMP Works:

- Similar to insurance, RMP only provides relief to our industry when it experiences losses.
- Hog farmers enrolled in RMP contribute into the industry-managed Farmers Risk Management Premium Fund every year regardless of whether they receive a payment from RMP.
- In years of high need, the Premium Fund supplements RMP program payments. This industry-funded mechanism represents a more sustainable government/industry cost shared approach to providing industry support.
- Since the creation of the Premium Fund in 2013, hog farmers have contributed fifty cents into the Premium Fund for every dollar they have received in assistance from RMP.

## Growing Optimism in Ontario's Sheep Industry

Optimism is returning to the Ontario sheep industry and despite record low prices (in 2013) the Ontario ewe flock has increased by 22% in the span of two years. Ontario is now home to Canada's largest ewe flock; it has not been this large since pre-BSE. This kind of increase in production can be attributed to the stability afforded to producers through the RMP and Ontario shepherds appreciate the commitment that the Government of Ontario has made to RMP.

The Ontario sheep industry has set a goal to increase production by 20% by 2020, which will mean that Ontario shepherds can confidently start to increase their market share. Every year Ontario imports the equivalent in weight of 550,000 lambs, primarily from New Zealand and Australia. Displacing just one imported lamb generates an increase in GDP of approximately \$655. An additional 37,000 breeding ewes would mean 52,000 more market lambs contributing an additional \$49 million to Ontario's economy. The good news is that an increase in the number of Ontario market lambs will make it easier for Ontario processors to source local product and help to support brands such as Foodland Ontario.

The importance of RMP to the sheep industry cannot be understated. Through 2012-2013, when lamb prices were low, not only were producers participating in RMP able to stay in business, they were optimistic about, and committed to, the industry enough to be building value chains with

processors and retailers. As one producer said the "RMP is an excellent way to create a strong footing for lamb producers to build, expand and produce." According to OMAFRA, in just 8 months, a strengthened value chain delivered results - 5 new jobs in Ontario and \$2.75 million in economic activity. This would not have been possible without RMP. Though prices began to recover in 2014, some producers did trigger payments; but at a lower rate than in 2013.

## Young Producers Banking on Future in the Veal Industry

By **Lilian Schaer** (Originally published in Alliance - Winter 2013)

They're young, they're educated and they're passionate about their future in the veal industry. Tom Oudshoorn and his brother Paul raise about 1,500 calves both on their home farm in Auburn and on a second farm near Kincardine, where Paul now lives. They were still in high school - Tom age 14 and Paul age 16 - when they started raising their first 20 calves after a barn had become empty on their family's farm.



Their early farming years were fairly profitable and they continued to grow their business, working their way first around their high school and later their college class schedules. Both have since graduated from the agriculture program at the University of Guelph-Ridgetown Campus, with Tom finishing this past June, and are now full-time farmers keen to continue to expand their operation.

"Every day is a bit different when you're farming and I really like being my own boss," explains Tom, adding both he and Paul enjoy the benefit of making their own decisions, which comes with being self-employed. "As well, there are always ways you can improve and get better."

Thanks to the support of their family, the brothers were able to balance both school and farming while first Paul and then Tom completed their post-secondary education. Attending school was extremely beneficial, says Tom, as it helped them get a better understanding of the business side of the operation, make connections with others in the industry and gain ideas they could apply to their farm, particularly with regards to management and record-keeping.

Both Tom and Paul regularly participate in production workshops and seminars offered by Veal Farmers of Ontario (VFO) where they also take the opportunity to network with fellow veal producers who are willing to share helpful production tips with the young farmers. Membership in VFO also brings other benefits, says Tom, which has been helpful

as they are building their business.

"Being part of VFO means more access to information and knowing about new programs and opportunities coming out," he says, adding it was through VFO that they learned about the RMP and were also able to access some funding through the Livestock Auction Traceability Initiative program this past spring to invest in their on-farm traceability.

In an effort to improve the weight consistency of their finished calves, Tom and Paul have purchased a scale to weigh the animals during the finishing process. This allows them to ensure the calves they're shipping are within the appropriate veal weight-ranges to maximize pricing, as well as meat quality for the end consumer.

The Oudshoorns currently buy their calves directly from neighbouring dairy farms, which allows them to go on-farm, check the health of calves and pick out the animals they wish to purchase. Getting calves off to a healthy start is the most important part of the production cycle, believes Tom. "The first two weeks are critical in regards to disease. If you get healthy calves from the beginning they make for a lot less work down the road," he says, explaining that although they will sometimes purchase preconditioned calves, they mostly like to raise their own so they can ensure they've had the best start possible.

The brothers are also always seeking innovative ways to save money. For example, they have built their own mixer for milk replacer out of inexpensive materials. The system, with a capacity of 174 litres, direct-heats the water and mixes the powder and the liquid together using a paint mixer. A spout at the bottom of the barrel allows for easy pouring. Eventually they would like to upgrade to a stainless steel system, but until they reach that point, their self-made unit is doing the job, says Tom.

Their future plans include continuing to grow the veal operation as well as add some cash crops to their farming business.

### Closing Message from OASC Chair

The Risk Management Program, as it was designed, is a valuable safety net program for farmers. And it's more than just dollars and cents: it's reassurance. Enrolled in RMP, farmers can focus on their farming operations rather than on contingency plans, and continue to produce local, quality, and safe food for all Ontarians.

Bob Gordanier  
Chair, Ontario Agriculture Sustainability Coalition