



November 23, 2022

First Name, Last Name  
Member of Provincial Parliament  
Queen's Park  
Toronto, ON

**Sent via email:** [mpp@ontario.ca](mailto:mpp@ontario.ca)

Dear First Name, Last Name,

**Re:** OASC Calling on the Province to Increase Investment in RMP/SDRM Programs for Farmers

On behalf of the Ontario Agriculture Sustainability Coalition (OASC), the largest farm coalition in Ontario, we would like to thank you and your government for your ongoing support to Ontario farmers, particularly through your efforts to ensure that one of the largest sectors in Ontario had access to tools to help whether the COVID-19 pandemic. In 2021, OASC commodities accounted for \$10.6 billion in farm cash receipts and contributed \$22.7 billion to Ontario Gross Domestic Product in farm products, food manufacturing, and retail without the benefit of supply management. This activity accounted for approximately 333,000 jobs in Ontario.<sup>1</sup>

Despite the sector's significant impact on the Ontario economy, the current operating environment is becoming increasingly challenging for farm businesses. Many farm sectors are struggling to manage the impact of inflationary pressures on the price of farm inputs, debt servicing costs due to rising interest rates and supply chain disruptions due to ongoing pandemic issues, labour shortages and international conflicts. Market prices received by farmers are not keeping pace with historically high production costs. Ultimately, these challenges continue to present significant threats to domestic food production, food security, and the viability of Ontario farms.

Fortunately, Ontario recognized the unique operating challenges in the food production system many years ago through the creation of the Risk Management Program (RMP) and Self-Directed Risk Management Program (SDRM) for farmers. RMP/SDRM include producer premiums or contributions and were designed specifically to help farmers mitigate market volatility through targeted coverage that captures changes in market and production costs.

The program's only real shortcoming is that it is underfunded, forcing program payments to be prorated significantly in many years given the program's annual funding cap. *Table 1* below, shows the total calculated payments since 2013. As the table shows, calculated payments exceeded the funding cap in 6 of the last 8 years. In the last five years (2017-2021), calculated payments averaged \$253 million, well above the current funding cap of \$150 million per year.

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<sup>1</sup> <https://data.ontario.ca/dataset/ontario-agri-food-value-chain-by-commodity> and <https://data.ontario.ca/dataset/ontario-farm-cash-receipts>

*The Ontario Agriculture Sustainability Coalition (OASC) is comprised of the Beef Farmers of Ontario, Ontario Fruit and Vegetable Growers' Association, Grain Farmers of Ontario, Ontario Pork, Ontario Sheep Farmers, and the 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.*

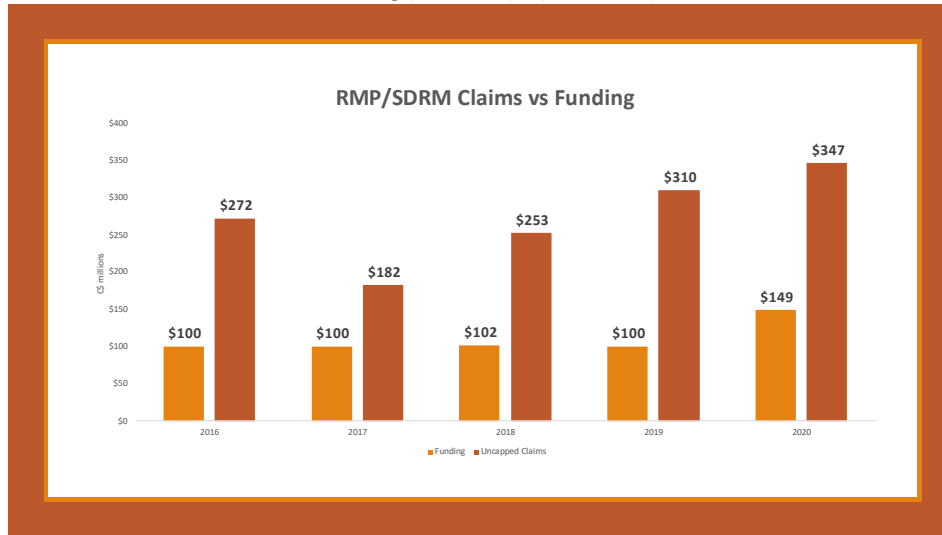


In light of the regular funding shortfalls, **OASC is requesting that the province increase investment in the program by raising the cap by \$100 million, bringing the total annual program budget to \$250 million.**

Table 1 – RMP/SDRM Calculated Benefits (\$ Millions) – (2013-2020)

	2013	2014	2015	2016	2017	2018	2019	2020
G&O	94.6	71	36.7	80.6	58.6	50.3	67.3	87.9
Cattle	37.4	3.2	24.1	82.3	40	61.5	84.8	60.5
Hogs	42.7	5.3	55.1	68.4	42.9	98.3	112	155
Sheep	3.4	1.9	1.2	2.5	1.8	2.6	3.8	2.8
Veal	3.7	1.2	1.3	4	1.8	1.7	3.5	0.7
SDRM	24.5	26.5	30.7	34.3	37	36.4	37.8	40.5
<b>Total</b>	<b>206.3</b>	<b>109.1</b>	<b>149.1</b>	<b>272.1</b>	<b>182.1</b>	<b>250.8</b>	<b>309.2</b>	<b>347.4</b>

Table 2 – RMP/SDRM Claims vs. Funding (\$ Millions) – (2016-2020)



Prior to the 2018 election, OASC requested an additional \$150 million be added to the annual program budget to ensure a greater portion of annual need could be met. Analysis at the time showed that a \$250 million dollar funding cap would provide sufficient room to cover program indemnities in most years. The additional \$100 million we are asking for now factors in the \$50 million that was added in 2020, which we are very appreciative

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of, while maintaining consistency with our original target of a \$250 million dollar program. We believe this is a reasonable and defensible request to make of the province, and one that will have a significant impact for Ontario farm operations, Ontario's economy and Ontario's food sovereignty.

Committing to increase the province's investment in RMP/SDRM is a commitment to partner with Ontario farmers, who make annual financial contributions to share program expenditures.

Partnering with Ontario farmers means more than just an added expense, it represents an investment with a proven return to the Ontario economy. A recently completed [study](#) undertaken by Harry Cummings and Associates and Agri-Metrics Consulting examined the economic impact that Ontario's RMP/SDRM program have on Ontario farms, farm production and the broader Ontario economy. Amongst other findings, the study found that every dollar spent on the program generates \$2.01-\$3.60 return on investment. In 2020, this led to an increase in economic output between \$282.6 million and \$506.2 million. The study also showed that between 2016-2020, government funding covered only 40.4% of calculated benefits due to the funding cap.

Increasing RMP/SDRM funding will increase the sustainability and responsiveness of the program and allow farmers to better manage risk and focus on innovation, maintain and hire employees, take advantage of new market growth opportunities, and allow us to weather the pandemic and post-pandemic storm that has greatly impacted our supply chains and increased production costs and market risks. Additional program funding will also provide positive mental health benefits for those enrolled in the program as financial risk and economic uncertainty is one the leading causes of the current mental health crisis in the agri-food sector.

This is a good investment for farmers, the province, and taxpayers, and would strengthen Ontario's food security position.

On behalf of our collective memberships, we urge you to support our request for increased investment into the critically important RMP/SDRM program.

We would be pleased to meet with you to discuss our request in further detail, and to discuss any questions or comments that you may have.

Sincerely,

Jack Chaffe  
President,  
Beef Farmers of Ontario

Brendan Byrne  
Chair,  
Grain Farmers of Ontario

Mike Chromczak  
Safety Nets Chair,  
Ontario Fruit and Vegetable  
Growers' Association

John de Bruyn  
Chair,  
Ontario Pork

John Hemsted  
Chair,  
Ontario Sheep Farmers

Pascal Bouilly  
Chair,  
Veal Farmers of Ontario

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