

**Investing in Rural Local Economies:
*Energy, the Environment, and Infrastructure***



**Submission to the Standing Committee on Finance and
Economic Affairs**

Legislative Assembly of Ontario

Ontario Pre-Budget Consultations

Presented by the National Farmers Union

February 1, 2011

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Table of Contents

Introduction.....3

Electricity/Green Energy.....4

The Environment.....5

Rural Infrastructure.....6

Conclusion.....7

Introduction

The National Farmers Union (NFU) welcomes this opportunity to bring the view of its family farm members to the Standing Committee on Finance and Economic Affairs for its pre-Budget Consultations.

While NFU members produce a wide range of commodities, we believe the problems facing farmers are common problems, and that producers of various commodities must work together to advance effective solutions. The NFU believes that the pursuit of only individual self-interest leads inevitably to self-destruction.

The NFU also believes that food production should lead to enriched soils, a more beautiful countryside, jobs for non-farmers, thriving rural communities and healthy natural ecosystems. The decimation of rural communities, growing environmental problems, plummeting farm numbers and the present farm income crisis raise serious questions about current agricultural and trade policies.

These views are reflected in the NFU's recommendations in three areas: Electricity/Green Energy, the Environment, and Rural Infrastructure.

Electricity/Green Energy

The NFU supports efforts to move away from our reliance on fossil fuels and nuclear power toward renewable, clean sources of energy such as wind and solar. Creating a culture of conservation will not only decrease the need for further electricity generation, but will keep money in the hands of farmers and rural communities.

The NFU believes that the development of energy resources should not be left to multinational corporations whose primary aim is the pursuit of profit – profit which leaves the province. By contrast, the financial benefits from smaller-scale electricity production controlled and owned by farmers and rural communities, stays in rural communities to provide local jobs, local energy generation infrastructure, and environmentally sustainable energy to our farms and businesses.

In Ontario, privatization of 'green' electricity generation has involved the awarding of overly generous contracts to multinational energy companies for industrial wind and solar developments through the FIT program. More public money is also earmarked to refurbish and build new nuclear plants. The industrial wind and solar developments already up and running, or under development, in rural areas across the province are creating deep divisions, further undermining attempts to build strong, resilient rural communities.

Recommendations:

- When allocating funds through the Green Energy Act, the Government of Ontario needs to make energy conservation the first priority, followed by the encouragement of small-scale solar and energy generation for personal and farm use.
- The Government of Ontario should allocate public research dollars to help farmers and rural businesses develop strategies and tools to conserve electricity and fossil fuels.
- The Government of Ontario should stop the on-going drive to privatize the province's electrical generation system.

- The Government of Ontario should increase support for small-scale generation projects, through both the microFIT and the FIT program, which are owned and controlled by rural communities and by farmers.

The Environment

The NFU believes strongly in the preservation of the natural environment. We strive for a system of food production, processing, and distribution that is, in all stages, economically viable, socially just, and ecologically sound. The current food system does not meet these criteria and, thus, is not sustainable. The heavy use of chemical, synthetic fertilizer, and genetically modified inputs are damaging to our natural environment.

The NFU believes that the Environmental Farm Plan (EFP) is a valuable program for farmers and rural communities.

The benefits of the EFP for farmers include: the education and collaborative approach of the EFP; funds for farmers to adopt environmentally better farm practices on conventional as well as organic farms and across commodities; and the access to funds for on-farm energy generation for farm use and energy conservation.

There are, however, two primary problems with the EFP. Firstly, it is under-funded. Secondly, the \$30,000 cap on the program is too high. These two obstacles limit the number of farms that are able to benefit from the EFP, and that actually make environmentally sound changes to their farms.

Recommendations:

- The Government of Ontario should allocate additional funds towards the EFP for present EFP-funded initiatives. The Government of Ontario should match every farmer's investment dollar-for-dollar.
- The Government of Ontario should provide additional funds towards the EFP in order to expand the range of initiatives it supports, including the provision of funds for farmers to make the transition to organic farming.
- The Government of Ontario should place smaller caps on the amount of funding a farm can obtain through the EFP. The use of smaller caps would allow the Government of Ontario to avoid providing funds to larger, corporate farms, which

might otherwise have the ability to qualify for large amounts of funding. Moreover, lowering the caps would mean more farmers would be able to make environmental changes on their farms.

Rural Infrastructure

The NFU believes that the preservation of rural infrastructure is vital to the viability of rural communities and family farms. Local economies are viable only if rural communities and family farms are socially, culturally, economically, and environmentally sound.

Unfortunately, much of the food processing and distribution infrastructure in Ontario is in severe decline. In recent years, abattoirs, food processing plants, and other value-adding businesses have closed and/or left Ontario. Examples include CanGro and Bick's Pickles – in the vegetable and fruit processing side and small abattoirs in rural communities like Oxford and Perth counties.

Small abattoirs are the key link between farmers and consumers in a local food system. Government support programs provided to small abattoirs have been for new and expanding markets, not for small operations wanting to maintain their size.

As a national farm organization, we are aware of the negative effects the loss of significant slaughter capacity in the Atlantic region has had on the local economy and on family farms in that region as both livestock and grain farmers lose markets. In Ontario, along with a decreasing number of small slaughter facilities there are also few large slaughter plants remaining.

The Ontario government has invested in the marketing side of local food through the Ontario Market Investment Fund and Broader Public Sector Investment Fund. However, this investment is meaningless without processing infrastructure. Processing infrastructure in the province provides farmers with opportunities to diversify crops, keeps jobs in rural communities and protects the environment by cutting down on the travel of food.

Recommendations:

- The Government of Ontario should promote the expansion of the province's food processing and distribution infrastructure for the benefit of Ontario's family farmers and local economies.
- The Government of Ontario should direct funds not only to expanding operations, but to operations wanting to stay small but which require upgrades to meet regulations.
- The Government of Ontario should tailor food safety and inspection standards to small operations. When it comes to regulations, one size does not fit all.

Conclusion

Ontario is currently at an important crossroads. While the Government of Ontario appears to be attempting to address environmental concerns, it is clear that it is taking the wrong approach. Rather than promoting activity by multinational corporations that take wealth out of the province, the Government of Ontario should be promoting environmental sustainability through smaller scale projects at the local level. Rural local communities would also benefit from an investment in rural infrastructure. Over the past two decades a great deal of it has disappeared to the detriment of farmers and rural communities. The social and economic viability of rural areas would benefit greatly from a reinvestment in rural infrastructure.