

## **2022 Ontario Pre-Budget Consultation OCO Submission**

On behalf of the Ontario organic sector, we thank you for the opportunity to contribute to the Ontario budget development process for 2022. We commend the Ontario government for its support of Ontario agriculture and food businesses, especially during the hardship of the Covid-19 pandemic and the strains it has caused on our food and farming systems. We also thank the government for their support of the Ontario organic sector over the past decade; notably the creation of the Foodland Organic brand, and the funding of programs aimed at knowledge transfer and training for organic operators have helped to grow Ontario's organic sector to where it is today. The Organic Council of Ontario is the voice for organics in Ontario. Our membership is composed of over 1,400 operators in Ontario, and over the years we have administered many of the above mentioned support and knowledge transfer programs.

However, despite having the largest organic market in Canada, Ontario is lagging behind other smaller provinces who have invested more strategically in their own organic sectors. We believe that in order for the sector to continue to grow — and to prosper — more targeted investment is needed from the province.

**In the upcoming budget we urge the government of Ontario to:**

- 1. Pass The Organic Products Act to regulate the use of the term "organic" within Ontario**
- 2. Invest in recruitment, training, and retention of organic support staff and specialists at OMAFRA equivalent to at least one full-time equivalent (FTE)**
- 3. Invest \$9 million over three years in an Organic Growth Strategy to support transition, small-scale certification, access to organic advisors and capital, expansion of organic research programs, and increased promotion of Ontario's organic products. This investment is intended to mirror the investment Quebec has made previously (2015-2020) in their own organic sector that has enabled such positive growth there.**

### **Organics are no longer niche.**

Organic food and beverage products are one of the fastest growing agri-food sectors, reaching \$112 billion USD (~\$142.3 billion CAD) in sales globally in 2019, with the North American market accounting for nearly half of these sales. The global organic market continues to expand rapidly, with current trends indicating that it may reach \$150 billion USD in just a few years. Demand for organic products has increased across the world through the pandemic, fuelling growth in this sector, and this trend is expected to continue post-pandemic.

Canada is the sixth largest organic market in the world, and the ninth highest per-capita consumer of organic products globally. Canada's organic retail sales were over \$8.1 billion in 2020, an increase of 14.9% from 2017. 66% of Canadians purchase organic products on a

weekly basis, and in line with global trends, 23% of Canadians bought more organic products in 2020 compared to 2019 in spite of the pandemic.

### **Ontario is no exception, but is failing to seize the opportunity**

Ontario is Canada's largest domestic organic market, with an estimated \$982.5 million market for organic food and beverages, accounting for nearly 40% of organic grocery sales nationally. This market is rapidly expanding, experiencing 17.8% year-over-year growth since 2017. 71% of Ontario consumers purchase organic products on a weekly basis, well over the national average of 64%.

However, while domestic demand is strong, Ontario is failing to scale up organic supply to fill it. As a result, Ontario farmers are increasingly losing out to organic imports. Ontario continues to be the largest importer of organic products in the country; in 2020, Ontario brought in an estimated \$389 million in tracked organic imports, representing a full 46.7% of tracked organic imports in Canada. Many of the products being imported are commodities that Ontario is capable of producing, such as apples, carrots, peppers, berries, and tomatoes. On the other side of the equation, Ontario contributed only 5.2% (\$31.7 million) of Canada's tracked organic exports in 2020. This is a significant trade deficit that has been present for many years now. With no current provincial investment in developing the Ontario organic agri-food sector, this trend will only increase.

### **Other jurisdictions are outpacing Ontario organics**

Despite market impetus that should encourage a flourishing organic sector in Ontario, other jurisdictions are simply outpacing us. Only 1.45% of Ontario's agricultural lands are currently under organic production, and Ontario accounts for only 4.5% of all organic acres in Canada. In comparison, Quebec accounts for 14.5% of Canada's organic acres. Similarly, Ontario is home to approximately 25% of Canada's farmers, but only 16% of Canada's organic farms. In Quebec this trend is reversed: 44% of Canada's organic farms are located there, while only 15% of all Canadian farmers reside there. Quebec consumed \$436 million in organic products in 2020, less than half of Ontario's total consumption of organic products in the same year, despite the two provinces sharing a comparable population size. Quebec producers are filling the market demand for Ontarians' consumption as producers in Ontario lack the capacity and support to fulfill our domestic need.

Quebec is not the only jurisdiction leveraging organic opportunities that Ontario is leaving on the table. The majority of Ontario's organic imports come from the United States, where organic production is rapidly expanding. From 2018-2019 alone, the United States expanded its hectares under organic production by 14.5%; in the same time frame, Canada's organic hectares expanded by only 0.7%. The European Union (EU) is also investing heavily in its organic sector, planning to increase its agricultural land under organic production from its current rate of around 8.5% to a minimum of 25% by 2030.

Other jurisdictions are able to continually expand their organic production capacity because their producers are supported by dedicated funding and support programs that are lacking in Ontario. For example, unlike Ontario, Quebec decided early on to protect the value of the organic claim through strong regulation and enforcement, including on products traded intra-provincially. The Quebec government is also maintaining a 2018-2025 strategy with specific organic sector supports and targets. The strategy includes:

- A target of doubling Quebec's area under organic production to 98,000 hectares by 2025 (this target has already been surpassed; as of 2020, Quebec reports reaching 108,158 hectares under organic production, well above its projection of 73,500 hectares in 2020);
- Financial assistance of up to \$20,000 per operator to mitigate the risks of the three-year transition period;
- Up to 85% financial assistance for consulting and technical supports for organic and transitioning farmers;
- Enhanced organic crop insurance for a variety of organic products;
- \$2.7 million granted to Organic Filiere du Quebec to implement a campaign to promote Quebec organic products.

Similarly, the European Union's push to expand organic production falls under a dedicated action plan. This plan includes measures such as supports for transition, exchange of organic best practices, increased promotion of organic farming, and improving organic integrity by reinforcing traceability and cracking down on fraud.

The organic trade gap in Ontario is already substantial; with the rate of expansion seen from other provinces and global trading partners, Ontario farmers risk falling severely behind market trends and losing a competitive edge. This gap cannot be bridged overnight; it takes time to learn organic practices and complete the transition process, and even for the most enthusiastic farmer, a lack of dedicated support programs in Ontario is prohibitive and unnecessarily increases transition-related risk. The further behind we fall, the more difficult it will be to catch up. The time to act is now, while there is still a chance to close the gap with our competitors.

### **Organic agriculture makes more money and employs more people.**

According to Canada's 2016 Census of Agriculture, organic operations have higher average operating incomes than conventional farms in their revenue class. For example, among farms with gross revenue over \$1 million, organic farms had 18.9% higher operating incomes on average. They also employ more labour, with 23.5% reporting one or more year-round employees compared to 17% of conventional farms. A U.S. study of organic "hot spots" (counties with higher than average organic business clustering) found that county poverty rates drop by 1.3 percent and median household income rises by over \$2,000 in counties with high organic activity that neighbor other high-organic counties (OTA, 2017).

### **Organic agriculture is a climate solution.**

Canada's agriculture sector produces 2-3% of Canada's GDP, but a disproportionate 11.5% of Canada's national greenhouse gas emissions. Organic and ecological farmers have enormous capacity to reduce this impact. Farmers for Climate Solutions, of which OCO is a proud member, has identified a number of beneficial management practices (BMPs) for reducing agricultural greenhouse gas emissions and increasing farm resilience to climate change. Several of these, such as reducing nitrogen fertilizer use or preserving wetlands and trees on farms, are built into the Government of Canada's General Principles and Management Standards for organic production systems already. Other BMPs that are not explicitly mentioned are still generally encompassed by the broader principles of organic production, such as preserving and enhancing the health of the agroecosystem, working with and emulating ecological systems and cycles, and farming in a responsible manner that preserves the surrounding environment long term.

#### **If Ontario converted 5 percent of its agricultural lands to organic production, it could:**

- **Reduce fertilizer applications by 21.5 million kg**
- **Reduce pesticide applications by about 148,000 kg**
- **Reduce antibiotics and medications in feed by 3539 kg**
- **Sequester 2,234,403 kg of soil organic carbon**

Investing in organic agriculture means investing in climate solutions that benefit the environment while simultaneously alleviating risks to Ontario's farmers.

### **Now is the time to invest in Ontario's organic sector.**

While organic businesses are having some of the greatest economic and environmental impacts in rural communities and the province, there is little dedicated government support for this growing sector in Ontario. Six other provinces have adopted provincial organic regulations and strategies to protect the organic claims made on products sold within the province, while Ontario continues to lag behind. There are currently no ministry staff solely focused on organic, no research, program, or promotion dollars specifically devoted to organic, and no supports for conventional farmers wishing to transition to organic.

Organic regulation represents a key step towards providing a level playing field for organic operators in Ontario. Such a regulation would seek to harmonize Ontario's proposed organic regulation with that of the Federal Organic Standard introduced in 2009 and subsequently adopted by Alberta, British Columbia, New Brunswick, Nova Scotia, Manitoba and Quebec. Legislation as described above and introduced twice already in Ontario's Legislature (*Bill 153, 2018, Bill 54, 2020*) would assure consumers that all organic products sold in the province have

been certified. It would also support the investment made by producers in achieving and maintaining organic certification.

Ontario's organic businesses face unique challenges to expansion and growth. Significant risks and stigma associated with organic conversion persist. Producers are concerned about the risks of transitioning to organic, access to capital and affordable skilled labour, and access to supports and advisors specific to the organic sector. A significant investment is needed to overcome these barriers and secure Ontario's future as a global organic leader.

**Organic: A triple bottom line investment.**

Ontario needs to invest in its organic sector now more than ever to capture a growing global opportunity, replace imports, improve rural livelihoods, increase climate resiliency, and to build public trust and domestic food security for years to come. An investment in organic agriculture is an investment in all agriculture.

On behalf of the Organic Council of Ontario,



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