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national farmers union
In Union is Strength

A brief to the Ontario Ombudsman from the National Farmers Union regarding the Ontario Ministry of Agriculture, Food, and Rural Affairs and its violation of its public trust

Toronto, Ontario November 21, 2007

1. Introduction and request

The National Farmers Union (NFU) formally requests that the Ontario Ombudsman investigate the Ontario Ministry of Agriculture, Food, and Rural Affairs (OMAFRA).

OMAFRA is failing in its duty to properly direct and shape Ontario food and agriculture systems. By failing to pursue policies that preserve and strengthen (1) rural communities and economies, (2) the healthfulness and safety of our food, (3) the sustainability of our production systems, and (4) the ability of our family farm food producers to thrive today and in coming generations, OMAFRA is failing to live up to its duty to act in accord with citizens' wishes and to safeguard citizens' interests. That is to say, OMAFRA is failing in its responsibility to protect and advance the public trust.

Further, because OMAFRA's ongoing malfunction threatens to cause irrevocable damage to Ontario soils, family farms, rural communities, and the ability of this province to feed future generations, the Ministry's actions must be subject to the most rigorous scrutiny. These are issues of the highest possible urgency. Failure to take corrective action may prove disastrous. We ask that you investigate thoroughly and immediately.

2. A public trust

Citizens have entrusted the government of Ontario with the responsibility of overseeing, shaping, and regulating our food production and distribution systems. Citizens trust that government policies will ensure that:

- Our food supply is safe, nutritious, and health-enhancing;
- Our farmers produce food in ways that preserve the vital fertility of our soils for future generations;
- Our food production systems protect nature and our environment and, thus, the human and animal wildlife communities that rely on those ecosystems;
- Our food processing and distribution systems create living-wage jobs that can underpin stable and thriving rural and urban communities;
- The family farm is the principle unit of food production, and political and economic policies safeguard and strengthen those family farms;
- Young people can enter farming, earn a living, and support their families—thus ensuring the continuation of our intergenerational family farm tradition; and
- Our fields, farms, towns, and economies are sustainable for many generations into the future—that food production and attendant processing will neither overdraw its resource and energy bases, nor degrade the natural systems upon which we all depend.

Almost universally, Ontario citizens agree that the preceding are the proper and legitimate goals of agricultural policy, and citizens expect their government to pursue these aims. Even government agrees. Speaking February 8, 2006, to the Premier's second annual Summit on Agri-Food, where leaders came together to focus on the future of agriculture and food in Ontario, Premier Dalton McGuinty said, "Our agri-food sector is a key contributor to our economy, a huge employer of people and exporter of goods, and an anchor in our smaller communities. But we have to look beyond today to ensure that the sector—and the people in it—are positioned for long-term success." McGuinty went on to advocate an agri-food sector that is "sustainable, and provides opportunity for profit by all participants ... globally competitive, responsive to consumer needs and contributing to provincial prosperity, the environment and the health of all citizens." Notice that the Premier's speech affirms all the key elements in the above list: sustainability, the health of citizens, a clean environment, a commitment to smaller communities, a commitment to profitability for family farms, and the need to create jobs. There is near-universal consensus on what OMAFRA *should* be doing, and citizens *trust* that OMAFRA *is* guided by that consensus. Unfortunately, OMAFRA is *not* guided by that consensus; thus it is violating its public trust.

To clarify, our assertion is not simply that OMAFRA is trying to meet citizens' expectations and is failing, prevented by overwhelming forces arrayed against its success. Instead, we assert that OMAFRA is not trying to meet citizens' expectations; it is guided by another set of goals and expectations altogether. In the sections that follow, we will demonstrate this fact.

OMAFRA has lost its way. The Ministry is not guided by the Premier's words, or by citizens' expectations. Led astray by a too-close relationship with agri-business and in search of short-term political goals, the Ministry is mismanaging both our food system and our rural economy, leaving them weak and vulnerable. With a policy direction that stresses exports and so-called efficiency over sustainability and the long-term public good, the Ministry has turned its back on its entrusted role to protect citizens and to maintain a thriving, health-giving, sustainable food system. In the wake of the Ontario Lottery scandal, the Ombudsman observed that the Lottery and Gaming Corporation had "lost sight of the fact that it is supposed to be the guardian of the trust of the public."[1] The core assertion of this report is that the Ombudsman's comments, with equal accuracy, describe what has happened at OMAFRA.

A note to OMAFRA staff

Even as this report is critical of OMAFRA as an institution, the NFU recognizes that the Ministry is staffed by dedicated employees, committed citizens of our province, and men and women who want the best for their families and communities. The NFU has a good working relationship with many OMAFRA staff at a several levels of the organization. We respect them all and their choice to devote their lives to shaping this province's food and agricultural systems.

The NFU questions neither employees' professionalism nor their commitment to positive outcomes. Instead, the NFU looks forward to working with OMAFRA staff who share our hope that the Ministry can do much better. The issue has become whether the institution of OMAFRA is allowing staff to achieve the kind of outcomes citizens expect and desire. Nothing in this document should be considered a questioning of the actions of individuals within OMAFRA, but rather a statement of growing concern that the Ministry has lost its way. The problem at OMAFRA is not a problem of staffing, the problem is in senior leadership and direction.

[1] Kerry Gillespie, "Ombud: Lotto abuse tolerated," *Toronto Star*, March 26, 2007.

3. OMAFRA acknowledges its public trust

The Ontario Government explicitly uses the language of "public trust" in its documents and speeches. This section will cite some examples.

The following two paragraphs from OMAFRA's website explain the mandate of Ontario's Farm Products Marketing Commission (FPMC):

> [The current FPMC legislation] was enacted to enable producers of a commodity to collectively market their product in an orderly manner and balance the power between many small individual sellers and relatively few larger buyers. The legislation made a variety of powers available to marketing boards. It also provides for a system of accountability for the use of those powers. As power flows down from the legislature to marketing boards, accountability must flow back….
>
> A very high level of responsibility and accountability rests with the Commission. The Commission holds an important '*public trust*' in the exercise of its duties and in the supervision of the powers and authorities exercised by marketing boards. The Commission ensures the individual commodity systems operate in an effective and responsible manner with due regard to the effects on agri-food sectors and consumers, while at the same time maintaining the public policy goals of the legislation. [emphasis added]

In later sections, this report will examine whether OMAFRA and the FPMC fulfill their public trust to "balance the power between many small individual sellers and relatively few larger buyers." For now, we merely note that the government acknowledges that trust.

Another example is offered by a speech entitled "A New Day in Agriculture," presented by then-Minister of Agriculture Steve Peters On June 8, 2005:

> As a government, we know that our greatest responsibility is to serve the people of Ontario….
>
> We owe it to future generations to fiercely preserve the rich agricultural land this province has been blessed with….
>
> I refuse to stand aside and allow this treasure to be paved over and lost to future farming.
>
> Ontario farmers shine as our province's greatest stewards of our environment.
>
> They understand that the quality of our soil and water must be preserved and respected….
>
> And this government will not shy away from its responsibility to protect the water you drink, the food you eat and the air you breathe.

> We will never compromise our integrity to serve the public interest….
>
> I am proud that, together with our agriculture industry, we are taking a lead role in establishing traceability[,] provincial Hazard Analysis Critical Control Point standards[,] and new regulations that will provide a seamless, scientifically-based food safety system[,] from field to fork.
>
> These regulations do more than protect the public and give consumers peace of mind.
>
> These regulations work for the industry as well—by branding Ontario Food products to the world as the safest, highest quality goods, produced in an environmentally sustainable manner.
>
> This will strengthen our province's agriculture, our economy and the *public trust*.
>
> As our Premier has said, "We will always work toward the goal of building an Ontario that is a worthy home for our dreams[,] for our hopes[,] and for our children and grandchildren."….
>
> Ours is a time to make a difference. To use our time wisely so that it honours the *trust* of those we are here to serve—the people of Ontario. [emphasis added.]

Minister Peters gave a similar speech October 6, 2005, reaffirming his commitment to the public trust. Note that not only does the Minister acknowledge that a public trust binds his Department, he also specifies the elements that make up that trust through phrases such as "We owe it to future generations … preserve the rich agricultural land … stewards of our environment … the quality of our soil and water must be preserved … serve the public interest … scientifically-based food safety system from field to fork … branding Ontario food products to the world as the safest, highest quality goods, produced in an environmentally sustainable manner…for our children and grandchildren…." In both speeches, the Minister eloquently advocates precisely the same list of goals as is outlined on page two of this report.

Here is a final example of the Ministry acknowledging its public trust: OMAFRA's Code of Professionalism directs staff to "Conduct duties in such a manner as to inspire confidence and respect for the position of *public trust* held by Ministry staff." [emphasis added]

Clearly, there is complete agreement, both outside OMAFRA and also *inside*, that the Ministry has a public trust to safeguard Ontario food, farms, soils, economies, and communities. In the following sections, we will show that, despite OMAFRA's acknowledgement of its public trust duty, the Ministry is systematically and intentionally breaking that trust.

4. Details of OMAFRA's breaches of trust

As stated above, the public trust between Ontario citizens and OMAFRA is that the former trusts the latter to oversee and shape our food and agriculture systems so that they will produce health-enhancing food; employment; thriving, multigenerational family farms; a clean and flourishing environment; sustainable production; fertile soils; and vibrant rural communities and economies. However, the ongoing farm crisis, a building rural crisis, the unprecedented expulsion of young farmers, food safety scares, a proliferation of environmental threats, and mounting evidence that our food production system is unsustainable all point to the conclusion that OMAFRA is ignoring its public trust.

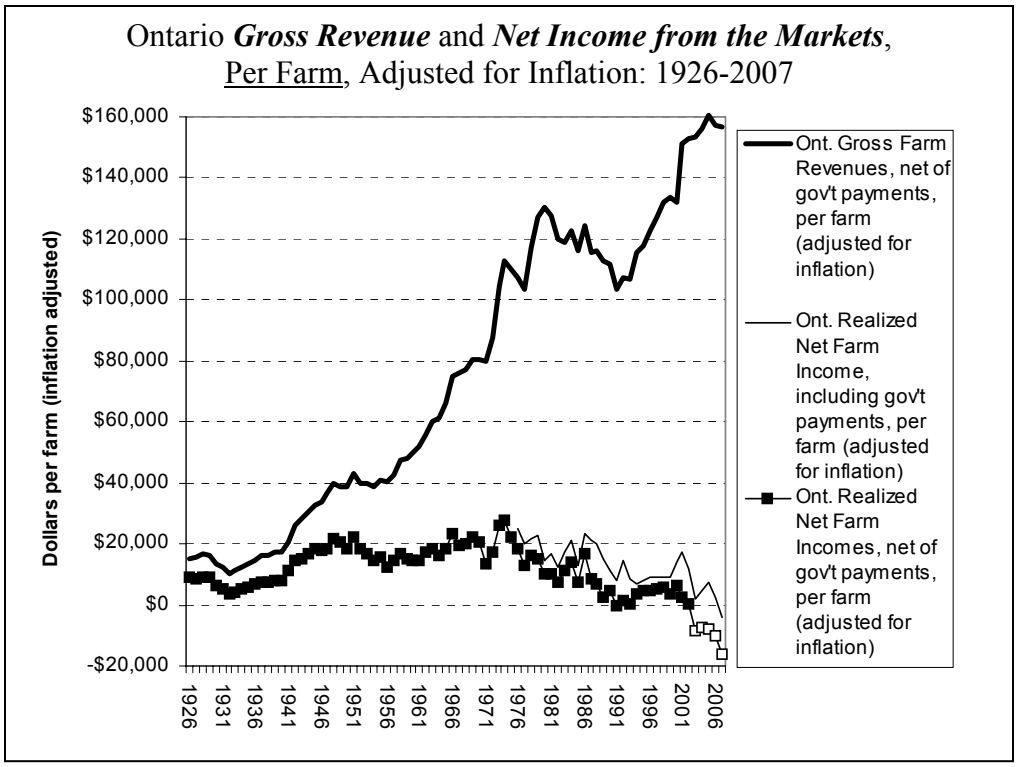
What follows is some of the evidence that underpins the conclusion that the Ministry has, in failing to meet the public trust, come under the purview of the Ombudsman through the provisions of the *Ombudsman Act*.

A farm income crisis

Question: What five years have been the worst in history for Ontario farmers and their net incomes?

Answer: The most recent five.

The graph on the following page is created from Statistics Canada data. It shows the drop in Ontario net farm incomes, from the already-low levels of the 1990s to the record-low levels of the most recent five years. Net incomes hit record lows even as gross revenues hit record highs.



The fact that farmers' gross revenues are at record highs shows that their record-low net incomes are not the result of a failure to produce or sell—production and sales have never been higher. Further, the growing gap between rising production and falling net incomes—indeed the seeming *inverse* relation between the two—highlights a *structural failure* in our markets. The cause of the farm income crisis cannot be found in a weather-related production problem or a short-term price fluctuation. The cause of the income crisis is rooted in deeply-dysfunctional agricultural markets and in government policies that force farmers to integrate into those misshapen markets, to the detriment of our farms and communities but to the benefit of other players in the agri-food chain. What follows is the evidence for these assertions.

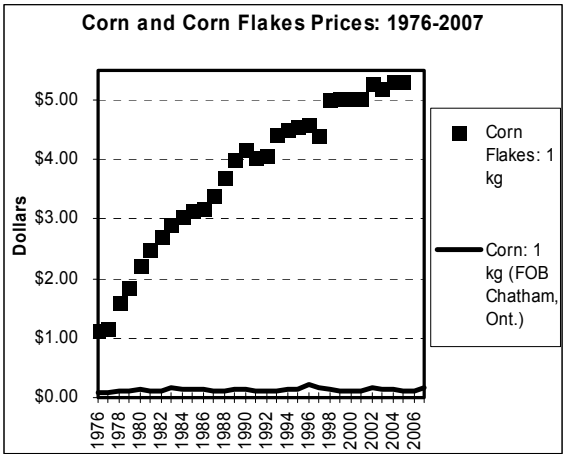
A note on rising grain and oilseed prices

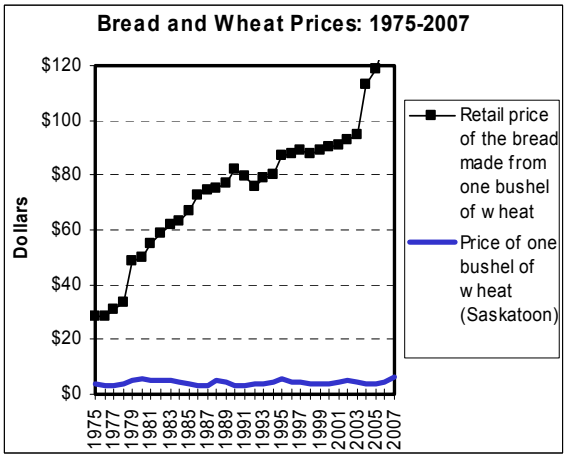
Prices for corn, wheat, soybeans, and other grains and oilseeds have risen rapidly. Some see this as reason to think that the farm income crisis may soon be a memory. That conclusion may be premature.

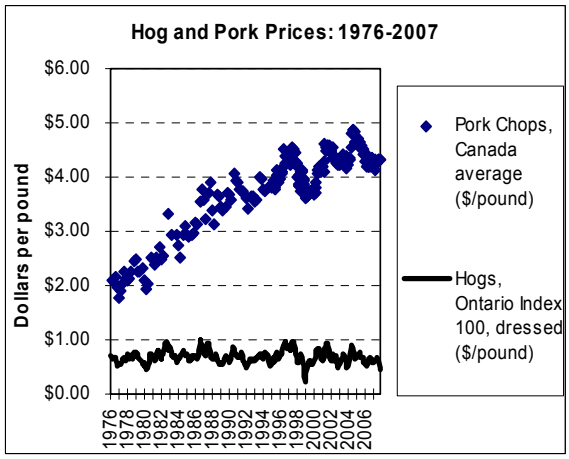
As the following sections demonstrate, a large cause of the farm income crisis is that others in the agri-food chain—fertilizer and fuel makers, food processors and retailers—are capturing profits that formerly went to farmers. Today, input costs are rising fast. Fertilizer and fuel prices are up sharply, and prices for everything from tractors to veterinary drugs have risen similarly. Further, as grain and oilseed prices rise, farm support payments fall. While it is good that farmers will increasingly receive their revenues from the markets rather than from taxpayer-funded support programs, the combination of declining support payments and rising costs may largely take the income bloom off the commodity-price rose.

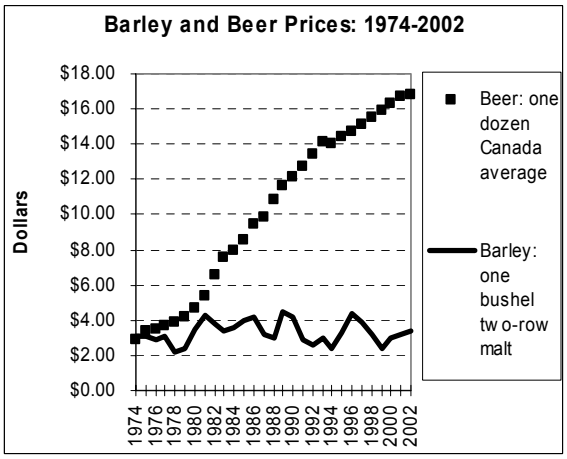
While farmers have racked up record losses, the corporations that control the rest of the agri-food chain have posted record profits. A 2005 NFU report shows that while 2004 was the best year in history in terms of agribusiness profit, that same year was the second-worst in history for farm net income. (For a detailed catalogue of the profits of the dominant agribusiness corporations, see the NFU's November 30, 2005, report *The Farm Crisis and Corporate Profits*.) It is almost certain that agribusiness profit levels in 2005 and 2006 have topped 2004 levels.

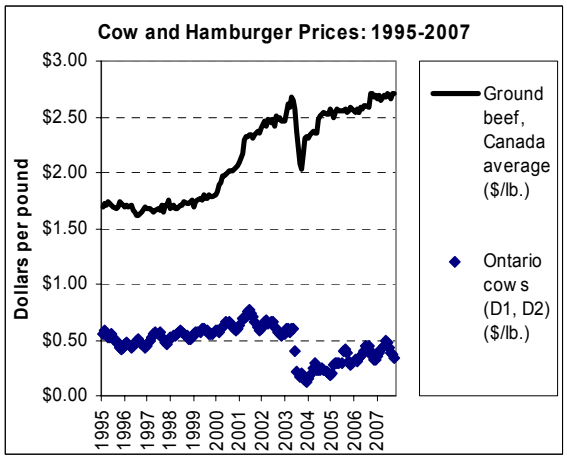
The following graphs provide a glimpse into food pricing and the relation between what consumers pay and what farmers get, and into the relation between what farmers get and what the dominant food processors and retailers keep for themselves:

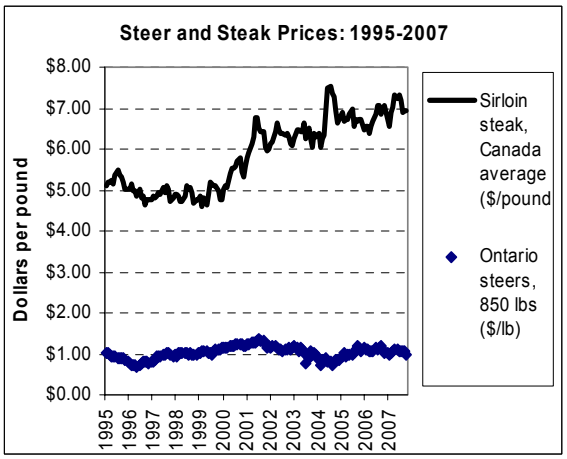










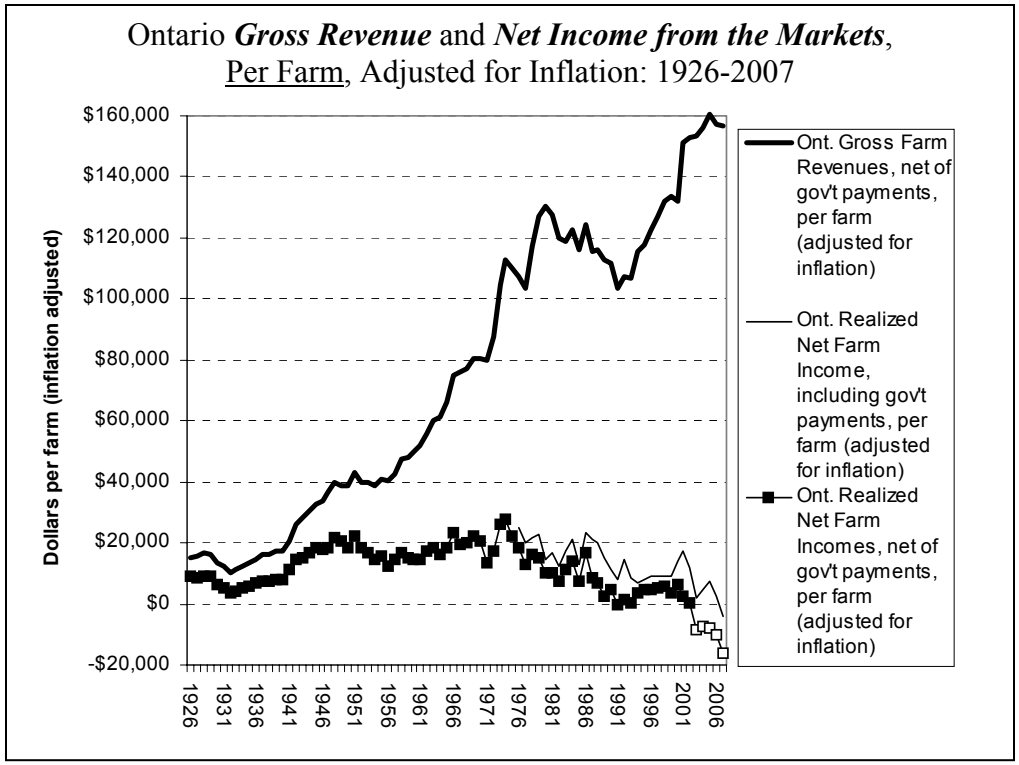


Farmers continue to produce corn, wheat, pigs, cattle, barley, and other foods for prices that are (even allowing for recent grain price increases) largely unchanged since the mid-'70s. Over the same period, however, the retail prices of corn flakes, bread, pork chops, hamburger, steaks, and beer have doubled, tripled, and more.

Note one further element in the graphs above: the expanding wedges between the two lines in each graph. These wedges illustrate the growing disparity between what consumers pay and what farmers receive—the growing amount that processors and retailers keep.

While companies such as Kellogg's, Canada Bread, Maple Leaf, Cargill, and other processors have doubled and tripled the amounts they take from consumers, those processors have not passed more than a few pennies of that money back to farmers. Nor have these corporations passed on their ever-widening slice of the food dollar to workers: instead, many processors have pushed down wages (in real terms and often in absolute terms—i.e., dollars-per-hour wages have fallen, both adjusted for inflation and even unadjusted). Ever-larger food processors and retailers are using their growing market power to push up prices to consumers, push down prices to farmers, push down wages to workers, push up profits for their shareholders, and push up salaries for executives. In these developments, one can begin to see the roots of our growing farm and rural crises. While the corporations that dominate the other links in the Ontario agri-food chain have been doing well, farmers—the central link in that chain—have been left further and further behind. Farmers are making too little because others are taking too much.

Profiteering is not limited to the downstream section of the agri-food chain, to processors and retailers. Seed, chemical, fertilizer, equipment, and other input manufacturers have similarly increased the amount they take from our farms. To explore this further, let's take another look at the gross revenue and net income graph that appeared at the beginning of this section.



Note another growing wedge, this time between Ontario farmers' gross revenues and their net incomes. That wedge represents farmers' expenses—the amount of money captured by input

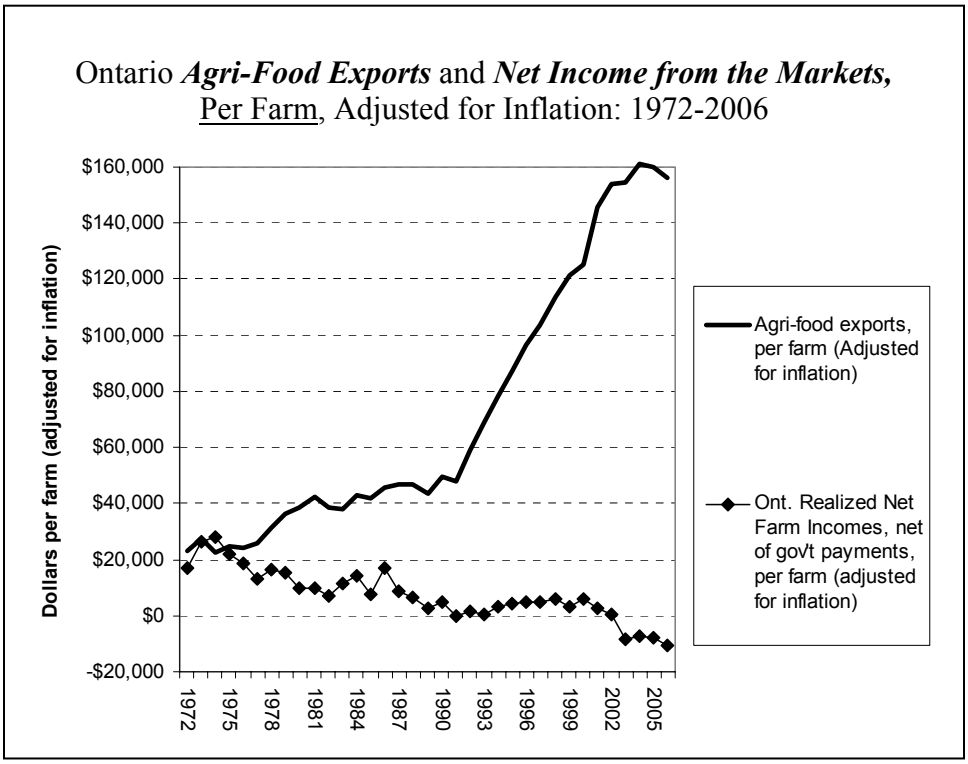
supply manufacturers and service providers. Ontario farmers' net income has been negative for the past five years, indicating that input suppliers have positioned themselves to capture *more than 100%* of farmers' revenues, leaving farm families with negative returns. Such was not the case in the 1940s, '50s, '60s, '70s, or early '80s. The ability of seed, chemical, fertilizer, and other agribusiness companies to capture over 100% of farmers' revenues is a recent phenomenon and a reflection of the market power that these corporations have amassed for themselves, an accumulation of market power that has been aided by supportive government legislation.

Where profits are made and where profits are taken are often not the same places. The ability to *make* profit often is a function of efficiency. The ability to *take* profit is a function of power. Rising market power means that the dominant agribusiness corporations can now take the profits made by farmers. The farm crisis is caused by agribusiness profiteering that is a direct result of these corporations' growing market power, augmented by supportive government agricultural, competition, and trade policies.

The preceding explanation of the farm crisis is not one that elected members of the Ontario Legislature or staff at OMAFRA want to hear. Nor is it a situation they have the courage to face. But they cannot simply remain silent: tractors in Toronto streets and plywood on windows on rural Mainstreet all force comment. Thus, unwilling to speak the truth but unable to remain silent, Ministers and their staff instead resort to talking around the issues and spreading false information about the causes of farm and rural decline. These false diagnoses then beget false cures—false promises of salvation. Politicians and civil servants have trotted out a long line of "solutions" for struggling farmers. They have then often used policies, regulations, and spending to drive farmers toward these purported solutions—implying that prosperity is just around the corner if farmers would just <*insert latest panacea here*>. What follows is a survey of some of the recent "cures" prescribed by OMAFRA and government.

For two decades, OMAFRA and its Ministers have told farmers they need to export more. For instance, in its 2002-2003 Business Plan, under a banner of "Key Commitments and Strategies," OMAFRA stated its goal to have Ontario account "for 25 per cent of Canada's agri-food exports by 2005" and pledged that "The ministry will continue to market Ontario products to the world." The Business Plan reported that "export growth is on track for the required minimum annual average growth of 4% necessary to reach the long-term target." In a section of the Plan headed "Ministry Contribution," OMAFRA said that "Ministry activities contribute directly by assisting clients to achieve increased export sales. Also[,] visible ministry leadership contributes to fostering a global marketing mindset amongst participants in the food, beverage and agriculture industries. This mindset and focus by industry leads to increased exports." Reading other OMAFRA reports and Business Plans yields many similar references.

The Ontario government has used its leadership, spending, and policy-creation powers to spur increased production in Ontario for exports. Farmers responded to the government push, doubling and redoubling exports, as the graph below demonstrates. Net incomes, however, failed to respond as OMAFRA et al. promised. The following graph tells the tale:



While the previous graph compares farmers' net incomes to gross revenues, the above compares farmers' net incomes to *exports*. The conclusions are similar, however: net incomes do not rise as exports rise; to the contrary, net incomes actually fall.

Our farm families today are producing and exporting more. They have captured new markets and gained market-share in existing ones. They have taken advantage of new trade agreements to sell into an increasingly globalized market. Farmers have done everything that governments recommended and required. Yet farmers continue to see their net incomes decline. Contrary to predictions, increased exports have not led to increased incomes. A skeptic could even contend that, far from a direct correlation between exports and incomes, there is an *inverse* relation.

Anyone can make a mistake. OMAFRA can't necessarily be faulted for its initial advice that farmers should produce and export more; in the 1970s and early '80s, ramping up exports looked like a winning strategy. Nor, perhaps, can the government of Ontario be faulted for its early work in paving the way for those exports: agreeing to the signing of multi-lateral and bi-lateral trade agreements; increasing market integration, deregulation, and harmonization; funding export-development organizations such as OFEX (Ontario Food Exports); etc. But OMAFRA *should* be blamed for *continuing* to push export-maximization policies even as decades of data piled up showing that farmers are hurt, not helped, by those policies. By the early 1990s, OMAFRA should have realized and admitted that export maximization was not helping our farm families. That it did not—that it instead continued to push this policy—is a violation of its responsibility to act in the interests of farmers and rural citizens, and a violation of its public trust.

How maximizing exports can hurt farmers

There is an easy explanation for how rising exports can indirectly trigger falling incomes: It's not the exports themselves that cause the income declines, it's the policies required in order to gain those exports that push down farmers' incomes.

By advancing market integration and globalization policies, the Ontario government helps thrust the province's farmers into a single, hyper-competitive global market. By erasing economic borders, Ontario farmers are pushed to compete with 1 billion other farmers around the world. Econ 101 tells us: increased competition means decreased profits.

At the same time, however, agribusiness corporations are taking advantage of globalization and ever-weaker competition laws to merge, thereby increasing their size and decreasing the level of competition they face. Econ 101 again: *decreased* competition means *increased* profits.

The "Free Trade" and market integration policies that underlie export maximization affect farmers and agribusiness in opposite ways: corporations gain power and profits; farmers lose both. Farm income declines resulting from export maximization are entirely predictable.

But export maximization was not the only false cure offered up, over-sold, and pursued despite mounting evidence of growing harm. The Ontario government also instructed farmers to increase the efficiency of their operations, to get bigger. Some have referred to this policy direction as the "get big or get out" approach.

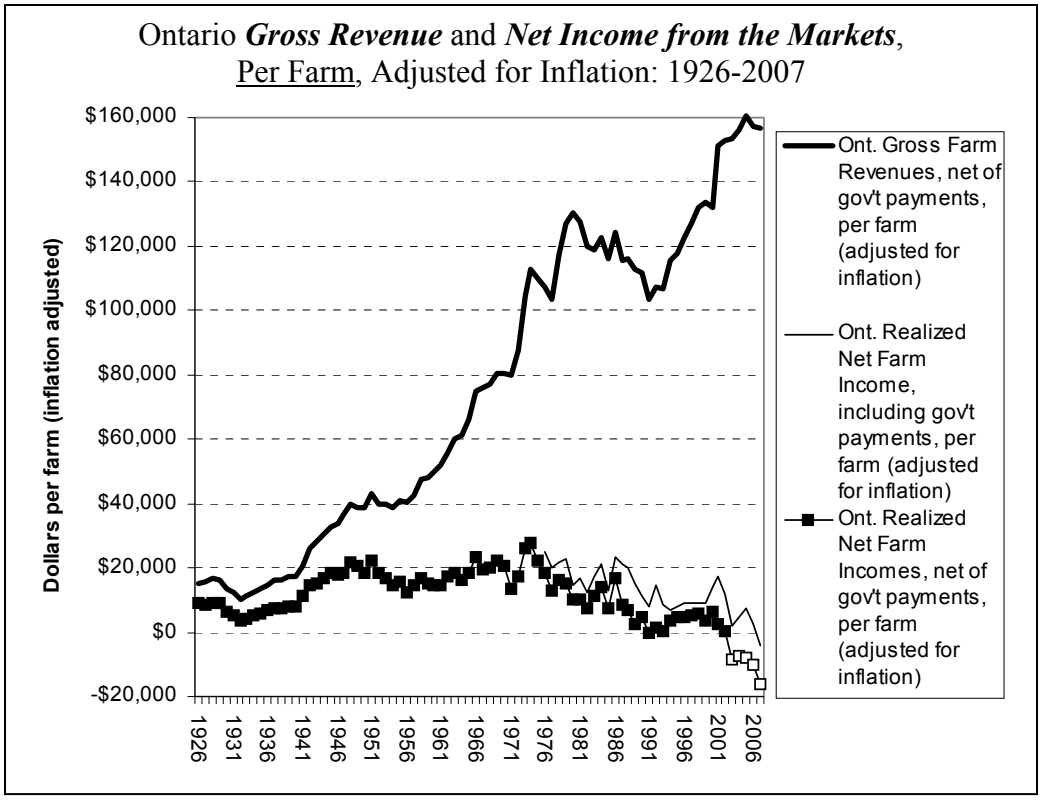
Here is an example of OMAFRA's policy position, written by OMAFRA staff:

> To remain competitive, farmers must evolve and adopt new, more efficient production methods. . . . As . . . farmers strive to compete in a global marketplace, they continually look for new efficiencies, whether in the form of economies of scale, new technology, or vertically-integrated operations. Since the end of the Second World War, agriculture has become increasingly industrialized. This has meant fewer but more efficient farms.[2]

Farmers responded to this government advice: most farmers got bigger, and many were pushed out to make room for those who sought to enlarge their holdings.

[2] Ontario Ministry of Agriculture and Food, *Discussion Paper on Intensive Agriculture Operations in Rural Ontario*, January 2000; www.gov.on.ca/OMAFRA/english/agops/discussion.html

Let's look at that Ontario Gross Revenue and Net Income graph one last time. It shows us that since the 1960s, the average Ontario farm has tripled its output (measured in dollars adjusted for inflation). Farmers' net incomes, however, have gone *down*. Until the mid-1970s, gross revenue and net farm income moved in tandem with each other, to a large extent. After the mid-'70s, however, gross and net became unhooked—even as farmers produced more, they got to keep less. The mid '70s coincides with the push by government for farmers to consolidate their farm operations, to use the supposed benefits of "economies of scale" to increase their gross income, presuming that net income would follow upward. But farmers' efforts to become larger have not been rewarded by higher incomes. The reality is the opposite: as our farms have become larger, so have their losses.



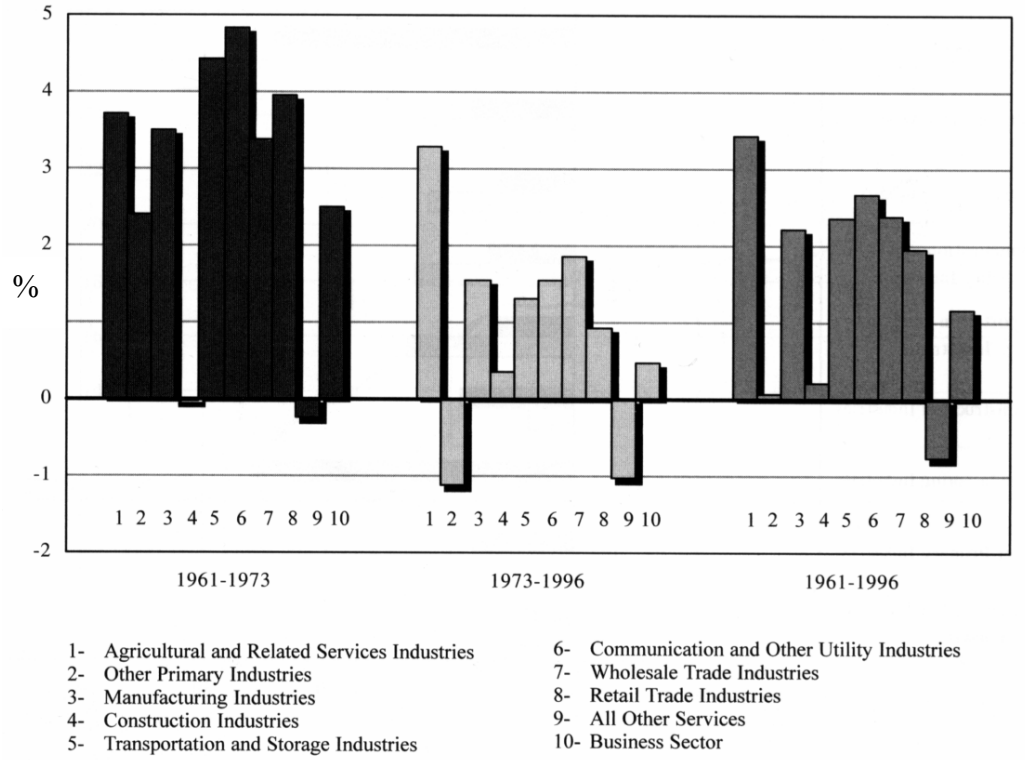
Farmers have increased both the size of their farms *and* their efficiency. Over the past 40 years, Canadian farmers have posted economy-topping efficiency gains. In 2001, Statistics Canada published *Productivity Growth in Canada*,[3] a report that calculates multifactor productivity measures for Canadian industries. "Multifactor productivity growth" is the term Statistics Canada uses for "efficiency gains."

[3] Statistics Canada, *Productivity Growth in Canada*, January 2001, Cat. No. 15-204-XPE.

The graph below is reprinted from *Productivity Growth in Canada*. The middle set of bars (the lightest grey) shows that for the 23-year period 1973 to 1996, the largest increases in multi-factor productivity—the largest increases in "efficiency"—were in Agriculture and Related Service Industries.[4] This also holds true for the 35-year period 1961 to 1996 (the far right set of bars).

Between 1961 and 1996, agriculture's multi-factor productivity increased by 3.4% per year. The average increase for all businesses (the "Business Sector," in the graph) was just 1.2% per year. *Since the early 1960s, farmers have increased their efficiency at a rate unmatched by other sectors and at a rate almost triple that of the business sector as a whole*.

Multifactor productivity by industry group, annual growth rates, selected periods



Reprinted from Statistics Canada's *Productivity Growth in Canada*, January 2001, p. 19.

Most recently, Agriculture and Agri-Food Canada's 2003 report *An Overview of the Canadian Agriculture and Agri-Food System* lists multi-factor productivity growth of agriculture and related industries at 3.0% per year for the years 1981 to 1997—10 times the growth rate for food processors and *30 times* the growth rate for the economy as a whole.[5]

Non-governmental studies reach similar conclusions. A report prepared by the Centre for the Study of Living Standards in 1998 entitled *Productivity: Key to Economic Success*[6] found that between 1984 and 1995, the average annual growth rate in agriculture's total factor

[4] "Agriculture and Related Service Industries" is made up primarily of farmers but also includes custom applicators, veterinarians, and agricultural consulting.
[5] Agriculture and Agri-Food Canada, *An Overview of the Canadian Agriculture and Agri-Food System*, June 2003.
[6] Centre for the Study of Living Standards, *Productivity: Key to Economic Success*, March 1998.

productivity was 4.62% per year—far surpassing that of any other sector and 13½ times the average rate of productivity growth for the business sector as a whole.

Not only did Ontario farmers do what OMAFRA asked, not only did farmers become larger and more efficient, farmers *led the entire economy* in racking up efficiency gains.

But pushing farmers to become larger and efficient has not worked—farm families gained neither prosperity nor security. Even as farmers have doubled their size and efficiency, they have been punished by declining incomes. Most important, OMAFRA has been in possession of data that demonstrates the failure of its expansion and efficiency policies for *two decades*. Yet OMAFRA *continues* to push policies based on the lie that farmers will prosper if they just get big enough and efficient enough. In pursuing those policies—policies that damage family farms, rural communities and economies, the sustainability of agriculture, and the health of the environment—and in pursuing them even in the face of mounting data that reveal the policies to be ill-conceived, counterproductive, and damaging, OMAFRA has violated the public trust. It has pursued policies whose outcomes are opposite to those desired by the citizens of Ontario, opposite to the public interest, damaging to the province's economy, and damaging to the food security of all citizens. In judicial parlance, OMAFRA "knew, or should have known" that its policies hurt farmers and communities.

Implicit in the NFU's request for the Ombudsman to investigate OMAFRA is a critical distinction: Record low farm incomes need not, by themselves, indicate massive and culpable failure on the part of OMAFRA. Hypothetically, it could be the case that significant and intractable economic, weather-related, or other problems have simply overwhelmed OMAFRA's ability to pursue policies that adequately support farmers' abilities to prosper (in imagining such scenarios, the Depression and droughts of the 1930s come to mind). Or, it could be the case that no such overwhelming problems exist.

Thus, there is a clear distinction: **Either** farmers are suffering record low net incomes due to a myriad of overwhelming problems with which OMAFRA has tried to deal but cannot reasonably be expected to cope, **Or** our record-low farm incomes come amid a generally buoyant food economy within which nearly any reasonable efforts by OMAFRA to safeguard farm incomes should succeed. If the former is true, the Ombudsman has no reason to question OMAFRA. However, it is the later scenario that is the case.

The current farm income crisis is not inevitable. It is not the result of economic or meteorological forces that overwhelm OMAFRA's ability to cope. To the contrary, Ontario farmers are enduring record-low net incomes even as they achieve record-high gross revenues; record-high exports; record-high production, production per acre, production per farm, and production per farmer; and record-high and economy-topping efficiency. Most telling, however, is that farmers are enduring record-low net incomes (record-low "profits") at a time when the transnational corporations that dominate every other link in the agri-food chain are enjoying record-*high* profits. OMAFRA has set the table for both an agribusiness profit feast and a farm financial famine.

The Canadian agri-food chain is awash in billions of profit dollars. Those dollars are landing in record- or near-record-large chunks at the offices of the companies that produce farmers' fuel and fertilizers, the companies that produce seeds and chemicals, the banks that advance us our credit, the companies that slaughter and process our beef, the companies that process

our grains into consumer products, and the retailers that sell those food products to consumers. This is not the 1930s. There is no global economic collapse, no dust bowl, no massive unemployment, no stock market crash. By nearly every measure—the sole exception being net farm income—the farm and agri-food sectors have never been more robust and prosperous. Never has there been so much money in food, and never has so little stayed on our farms.

Farmers are starving financially at the centre of an agri-food chain glutted with profits. It is for this reason that the NFU alleges that OMAFRA is negligent and culpable. OMAFRA is not overwhelmed by insurmountable forces: rather, it is apparently disinclined to act to remedy pressing problems. OMAFRA refuses to exercise its proper role as regulator and to restrain the corporate power and profiteering that is at the root and core of the farm income crisis in Ontario.

The culpability of OMAFRA extends even beyond the preceding, however. OMAFRA has not only neglected to *help* family farmers, more shameful, it has continued to pursue and push policies that its own data must have shown was *hurting* farmers—pushing farmers off the land, decimating communities, leading to less-sustainable production practices, expelling our sons and daughters. For decades, OMAFRA has encouraged farmers to get bigger and more efficient. And over those decades, OMAFRA has had the data to show that that same policy does not lead to higher net incomes. Similarly, for years, OMAFRA has pushed farmers to produce and export more, even as its own data has shown them that this strategy correlates with lower, not higher, net farm incomes.

News reporter, satirist, and social critic Henry Mencken once characterized the journalists' duty thus: "to comfort the afflicted and afflict the comfortable." Mencken therein identified a vital social role in the rebalancing of power. In certain circumstances, that is also the proper role of government: to ensure that power relations are as balanced as possible and to intervene on the side of those who would otherwise be unfairly disadvantaged. Government must rebalance power, to the benefit of the least powerful.

OMAFRA has done the opposite. It has pursued policies that have added to the power, profit, and "comfort" of the most powerful and profitable players in the system, while at the same time undermining the power and profitability of our farm families. Moreover, in doing so, its policies have also damaged rural communities, rural and urban economies, the environment, and the sustainability of our food system. The Ombudsman of Ontario must help farmers hold this Ministry to account. We implore the Ombudsman to investigate.

A demographic crisis

The farm income crisis is fuelling a *demographic* crisis. The intergenerational family farm—the basis of Ontario food production for nearly 300 years—is disintegrating.

In 1991, Ontario contained 68,633 farms. The most recent Census of Agriculture (2006) recorded just 57,211 farms—a drop of 17% in 15 years.

Far more troubling, however, is the fact that young farmers are being hit disproportionately hard. Statistics Canada's 1991 Census of Agriculture recorded 18,440 farmers under the age of 35. The 2006 Census recorded only 7,070—a loss of 62%!

This expulsion of young farmers, if not reversed, will lead Ontario family farms over a demographic cliff. If there are few young farmers, the inescapable outcome is a precipitous drop in farm numbers within a generation. Today, the ratio of Ontario farmers over 55 to those under 35 is 5:1. In 1991, that ratio was 2:1. Clearly, we aren't bringing in new "trainees" to take the place of soon-to-retire older farmers. If this remains the trend, how many farms will remain in a decade or two?

By failing to create conditions wherein young people can farm and make the intergenerational transfer into managing their families' operations, OMAFRA is contributing to a future where there will be dramatically fewer farms in the future. This situation is in stark contrast to the wishes of Ontario citizens, most of whom want the family farm to remain the principal unit of food production, most of whom understand that local families are the best stewards of our soils and landscapes, and most of whom understand that maintaining farm numbers and farm prosperity is an important way to maintain prosperous and stable rural communities and to maintain jobs in cities and towns.

Further, once lost, young farmers cannot be easily replaced—it's hard to "make" a farmer. When young people leave the farm, they exit an intensive apprenticeship program. This apprenticeship is the lifelong process wherein we form the multi-skilled crafts- trades- and business-person we call a farmer. In addition to requiring a large number of skills (mechanic, marketer, botanist, accountant, purchasing agent, human resources manager), farming requires intimate knowledge about a particular *place*. Apprenticing to be a farmer is a process of learning a set of skills and learning how to deploy them on a particular patch of ground—on this hillside, in that valley, in this part of this field on this day under these conditions. Often, farming relies on a form of traditional knowledge about what has happened in a particular place in the past, and about accumulated strategies to deal with specific occurrences.

Thus, the gratuitous expulsion of young farmers represents not only the loss of master craftspeople rigorously apprenticed in farming, but also the loss of the irreplaceable and specific local knowledge upon which food production depends. OMAFRA has breached the public's trust that the Ministry's policies will ensure that there are future generations with the skills and abilities to grow and produce food for this province.

That OMAFRA policies have driven tens-of-thousands of young farmers off their families' farms is perhaps the most telling, and damning, indicator of the failure of the Ministry's policies.

An increasingly unsustainable food system

As the preceding demonstrates, our modern food system is minimizing its use of farmers—over the past 15 years, we have "economized" by reducing our use of farmers by 17%, and by reducing our use of young farmers by 62%!

Unfortunately, even as it is minimizing the number of farmers, our food system is *maximizing* its use of nearly every other resource and input—water, energy, steel, fertilizer, chemicals—rendering the system increasingly unsustainable.

Our modern food system—high-calorie, high-meat-consumption, highly processed, corporate-directed, long-distance shipped, drive-through delivered—is a recent creation. It doesn't have a distinct start date, but is a creature of the 1960s and '70s; it didn't exist at the end of World War II, but its components and connections were in place by 1980.

Possibly because of the newness of the ways in which we produce, process, and distribute food, we find it hard to comprehend just how impermanent and unsustainable our system is. One way to begin to wrap our minds around its extravagant resource use and, hence, its unsustainability is to look at its energy consumption.

Total energy use in the North American food system—farm inputs, in-field operations, livestock feeding, transportation, processing, distribution, refrigeration, retailing and restaurants, in-home preparation, waste collection, etc.—works out to the energy equivalent of 9 barrels of oil per person per year (see box below for data sources and details of calculations). If the rest of the world adopted our food production and distribution model—that is, if 6.7 billion humans tried to produce like Perth county farmers and to eat like middle-class Torontonians—global energy use would rise by 50% (we would need the energy equivalent of an additional 40 billion barrels of oil per year to run the globalized version of the North American food system, raising global annual usage from 79 billion barrels-of-oil-equivalent to 120 billion barrels-of-oil-equivalent per year). Of course, this projected 50% increase in fossil fuel use would also mean a 50% increase in greenhouse gas emissions.

For ease of calculation, the preceding expresses energy use in terms of "barrels-of-oil-equivalents." The actual North American food system utilizes a *mix* of energy sources: oil (diesel fuel for tractors and trucks, farm chemicals); natural gas (nitrogen fertilizer); and electricity from coal, hydro-electric dams, and nuclear plants (food processing, refrigeration, on-farm infrastructure, restaurant and in-home preparation). Overall, about 40% of the energy used in North America comes from oil. Oil provides about the same proportion of the global energy supply—36%.

Thus, an increase in global energy use of about 40 billion barrels-of-oil-*equivalent* would mean an increase in *actual* oil use of about 16 billion barrels per year (40% of the 40 billion; the rest of the energy would come from coal, natural gas, etc.). This theoretical increase in *actual* oil use of 16 billion barrels per year would raise global oil consumption

from its current level of 30 billion barrels per year to 46 billion barrels of actual oil used each year.

The world has only 2.2 trillion barrels of oil left, maybe less (according to the United States Geological Survey; see box). Even at current rates of consumption, we are burning through that supply at a perilous pace. By adding another 16 billion barrels of actual oil consumption to our annual total, bringing our total use of oil up to 46 billion barrels per year, we would vaporize the entire global oil supply in just 48 years. If the world follows our lead in farming, processing, and eating, in one generation we will use up all the oil in the world. (Natural gas supplies might last a decade longer, and coal supplies perhaps a few decades longer, but not beyond that.)

Details of figures, calculations, and sources

If the world adopted the North American-style high-calorie, highly-processed, high-energy-use food system, the global population would use up the planetary oil supply in a generation. The first time you reach the preceding conclusion you assume you missed a zero; it can't be right. It is. Here are the numbers:

- Annual per-capita energy use in US and Canada[1]: 58 barrels of oil equivalent
  US Energy Information Administration (EIA)
- Portion used in the food system: 15.6%[2]
  John Hendrickson, University of Wisconsin
- Annual per-capita used in food system: 9 barrels of oil equivalent
  Calculated from above (15.6% of 58 barrels)
- Global population: 6.7 billion people
  US Census Bureau
- Annual global requirement if the world adopted our system: 61 billion barrels-of-oil-equivalent
  Calculated from above (6.7 billion people X 9 barrels)
- Annual increase this represents over current usage 40 billion barrels-of-oil-equivalent
  Assumes 1/3 of world pop. already employs a NA-style production system
- Annual amount of actual oil that would be included in that 40 billion barrels: 16 billion barrels
  Oil supplies about 40% of total energy usage
- Total actual oil used annually now: 30 billion barrels
  British Petroleum "Statistical Review of World Energy June 2007"
- Total annual oil use (actual oil) if world adopted North American system: 46 billion barrels
  Current 30 billion plus additional 16 billion
- Total amount of oil left in the world: 2.2 trillion barrels[3]
  United States Geological Society (USGS)
- Years our oil would last if used up at 46 billion barrels per year: 48 years[4]
  Calculated from above (2.2 trillion barrels / 46 billion barrels per year)

Notes:
1. US numbers used: figures for the US and Canada are nearly identical.
2. Hendrickson surveyed several sources. Other estimates are as high as 17%.
3. This figure is USGS's best estimate of all oil currently discovered (proven reserves) as well as oil likely to be discovered (so-called "P50" reserve estimates—the estimate of ultimately recoverable oil that has an estimated 50% likelihood of being correct).
4. Artificially assumes a stable population.

And if those numbers aren't sufficiently alarming, the use-up-the-oil-supply-in-48-years scenario detailed above is based on a static population of 6.7 billion. Twenty years from now, the global population is projected to be 8 billion. Population growth means that the figure of 48 years "until oil ends" is more accurately 39 years. And economic growth in China and elsewhere will cut that number still further.

And the news gets even worse. The vast majority of geologists agree that our real problems with oil supplies will begin not when we've nearly exhausted the supply, but rather when we've reached the point where we've burned just over half of our ultimate global supply. The second half of the Earth's energy endowment will flow more slowly (thus requiring greater financial and energy inputs to wrest it from the ground) than did the first half. To grasp this idea, consider the difference between the ease of producing oil from an early-oil-era Texas gusher compared to the difficulty in squeezing the same amount of oil from the tarsands. Think about prospecting in Oklahoma or the Edmonton area, compared to trying to find oil in the High Arctic or on the bottom of the North Sea. Think about the relative ease of discovering the huge oil fields of the past versus the challenge of pinning down the small pools that remain.

Thus, we will begin encountering dramatic constraints in oil availability not when we near the end of our supply, but soon after we pass the half-way point. And once we pass that point, no matter how many resources we put into finding and pumping oil, remaining supplies will come out of the ground and onto the market more and more slowly. Though demand will continue to increase, it will not be possible to increase supply. The gap between demand and supply will grow. Once we pass the half-way point in our energy supplies, we will start to experience real trouble in "fuelling" our food system, not to mention the heavy demands of the rest of our economy.

Question: If the entire world adopted the North American food production and distribution model, if we increased consumption of actual oil in the food system by 16 billion barrels of oil per year, and if this brought total oil use up to 46 billion barrels per year, how long would it take for us to reach a point where *half* the world's total oil endowment was exhausted?

Answer: 10 years.

Proliferating the North America diet would mean that, in ten years, we'd pass the half-way point in global oil consumption. Then, no matter how many rigs or dollars we deployed, oil production would begin to decline. And it would decline faster and farther as time went on.

If the entire world attempts to eat like Hamiltonians, global energy use will rise by 50%, CO_2 emissions will likewise spike, already-rapid depletion rates will accelerate, and in a decade energy supply constraints will launch shockwaves into every sector of our economy. One of the worst things that could happen to Ontarians is a decision by the rest of the world to grow and eat as we do.

Clearly, it is impossible for the world's 6.7 billion citizens to produce their food the way Ontarians produce theirs. Likewise, it is impossible for the global population to transport, process, retail, and prepare their food the way we do. It is impossible for them to use 4 or 5 kilograms of grain protein to make one kilogram of beef protein. And it is impossible for them to expend 2200 kilocalories of fossil fuels energy to produce a diet

soft drink[7] that contains one kilocalorie of food energy[8] (distribution and refrigeration would add significantly to the 2200 kcal total; recycling the can would reduce the total somewhat). A global food future based on the proliferation of ever-larger tractors and trucks, on synthetic nitrogen and RoundUp, on Doritos and Pizza Pops, Wal-Mart and MacDonald's: that global future is *impossible*.

The bottom line is this: The impossibility of "scaling up" the Ontario food system to a world scale *is a reflection of our system's massive unsustainability*. We are doing something that, if everyone tried to do it, could bring our civilization to its knees. Any system that would create global energy bankruptcy in a decade if widely proliferated obviously has no future. Anything more clearly unsustainable is hard to imagine.

However, the problem is more serious than just the impossibility of scaling the Ontario food system up to global proportions, because our system is unsustainable even if restricted to the places in North America, Europe, Australia, and elsewhere where it is now being practiced.

As the preceding shows, Ontarians are, essentially, eating fossil fuel energy. Nitrogen fertilizer, key to our food production, is made from natural gas. Natural gas-derived nitrogen is vital to our current, industrial model of food production. And it becomes increasingly vital as we move forward with a model that is based on huge farms, fewer farmers, more technology, more energy, less use of natural cycles, and less stewardship.

But natural gas—a primary feedstock for our foodstuffs—is rapidly depleting. North America already may have reached its peak of gas production (production has been declining since 2002). There are now well-advanced plans to build incredibly expensive liquid natural gas (LNG) receiving terminals in New Brunswick and Quebec. Clearly, the North American supply situation must be grave; otherwise Canada would not be gearing up to import costly LNG from overseas. Another indicator of gas supply problems is that major fertilizer and chemical producers are relocating production facilities to Russia, to the Persian Gulf, and to North Africa—places where gas is, for now, still plentiful and cheap. Major nitrogen maker Agrium recently announced that it will close its nitrogen plant at Kenai, Alaska, and build one in Egypt.

Explicit evidence of North American gas supply constraints comes in an October 10, 2007, news release from Canada's National Energy Board.[9] The release warns of a sharp (15%) drop in Canadian natural gas output in the 2007-2009 period. The report cited reduced drilling, but that is probably not a full and frank explanation for such a significant drop. Whether this decline can be reversed and production levels restored to 2006 levels after 2009 remains unclear. What *is* clear is that by 2009 natural gas demand by Alberta's tarsands may put significant additional demands on North American natural

[7] 600 kcals for the soda and 1600 kcals for the can
[8] David and Marcia Pimental, *Food, Energy, and Society*, p. 194.
[9] National Energy Board news release, *Short term decrease seen for Canadian natural gas deliverability*, October 10, 2007.

gas demands—soaking up any increased production that may be squeezed out of the system beyond 2009. North America is running out of gas.

In the short and medium term, natural gas and nitrogen fertilizer will become much more expensive for North American farmers. In the long term, our civilization will begin to experience critical shortages of natural gas and the essential food-production nutrients we derive from it. And the long term isn't actually that long—globally, we are only decades away from peak natural gas production. Following that peak, our supplies of natural gas inevitably will decline. And prices will rapidly increase. The economics for fertilizer and food production are unknown. What *is* known is that natural gas and fertilizer availability will begin to contract at almost the same time we reach our peak global population—9 billion to 10 billion people.

As we move to add another 3 billion people to the planet, as we invest massively in ethanol projects to turn food into car fuel, as we build ever-larger barns to turn food grains into pork and chicken, we should ask: What does it mean that the main feedstock for our soil fertility and our food production system comes from a non-renewable and soon-to-be-contracting source?

Increasing demand created by rising populations, livestock feeding, and ethanol production may soon run smack into the disciplining factor of declining energy and fertilizer availability. Humans have farmed on Earth for about 10,000 years. Descendants of Europeans have farmed in Ontario for nearly 300. The world's supplies of natural gas may be largely gone in 50 (with the peak of production passed, and supplies contracting). *Cheap* natural gas in North America may be gone in less than 10. Natural gas depletion poses a clear, present, and pressing danger to our food system. Oil and natural gas depletion cast into stark relief our food system's unsustainability over the coming decades—never mind the coming centuries and millennia. A fundamental question is: Does talk of food system "sustainability" have any meaning or credibility as long as that system remains wholly dependent on non-renewable resources?

Further, energy supplies to produce fertilizer and food are only one factor. There are numerous other indicators that our food production, processing, and distribution systems are massively unsustainable. Here's a scan of the stormclouds looming on our global food system's horizon: irrigation water shortages, ocean fisheries in an advanced state of collapse (see journals *Science* and *Nature*), climate change, impoverished biodiversity leading to increased plant and animal disease susceptibility, intensive livestock production and its links to the creation of antibiotic-resistant bacteria and pandemics, health threats from the increasing concentration of livestock wastes, epidemics among pollinators, and loss of irreplaceable productive soils to urban sprawl and erosion.

Compounding these problems of unsustainability inherent in the industrial *production* model, we also have exacerbating problems in the processing and distribution system. At one time, oranges that came "all the way from China" were rare and precious enough to be remarked upon in song; today, three or four continents have food representatives in the average Ontario meal, and the great challenge is to find food that *doesn't* come from

halfway 'round the world. We will begin experiencing transportation fuel supply constraints within the next couple of decades. And the hope that we will find alternative energy sources as plentiful and cheap as our fossil fuels is simply that: a hope. The data—and even a passing acquaintance with thermodynamics and energy flows within the Earth's biosphere—would tend to push one toward skepticism when it comes to the question of whether we can replace fossil fuels. Thus, we are aggressively globalizing our food distribution system at the very moment that we are running out of fuel to power the trucks, trains, jets, and ships that are the porters in that global system, and at the very moment that we are running out of room in our "sinks" to absorb the exhausts from those carriers. In our ever-more-far-flung food distribution system, we are using more and more energy in a world that every day has less and less. Sustainability requires the opposite.

Our food production, processing, and distribution systems rely on massive influxes of non-renewable resources that may soon begin to decline in availability. At the same time, irrigation water supplies worldwide are being stressed to the limit. Global population growth, the need to eradicate hunger, and the plan to divert food into fuel seems to require that we nearly double global food production in the next 50 years. Climate change is bearing down on us from one side, and the possibility of bird flu or super-bug bacteria are looming on the other. Attempting to apply an appropriate metaphor to the lack-of-thinking apparently going on at OMAFRA with regard to the sustainability of our food supply is difficult; "whistling through the graveyard" and "running with scissors" both come to mind.

From OMAFRA, farmers are not hearing the preceding messages. Farmers are not hearing that the world is entering an extremely hazardous phase of attempting to re-power itself from new energy sources and to dramatically reduce energy use. This information has been largely kept from farmers, and from the rest of the population. As a result, farmers are investing billions of dollars in production systems that may prove incompatible with new energy realities. Farmers cannot respond to information they do not have.

It is critical that OMAFRA begin working now with farm families to initiate the long process of re-positioning Canadian agriculture. We must look toward a future when energy use must be curtailed—either because of supply shortages or the need to slow climate change. This is a key part of any plan to ensure the sustainability of the Ontario food system.

The core and essence of OMAFRA's public trust is to ensure that we have food, but even more critically, that our children and grandchildren have food. OMAFRA is failing in that trust. The *first* priority of a civilization must be to ensure the sustainability of its food supply. Only then—secondarily, and ensuring that sustainability is not undermined—should food be treated as a profit-source, an export good, or an economic-development driver. Under OMAFRA's policy leadership, we have reversed those priorities—maximizing profits and exports today, while ignoring our ability to feed ourselves in the future.

On this issue, the silence from OMAFRA is complete; the lack of understanding total. The Ministry has not produced a single substantive paper that deals seriously with the combined threats of population and demand growth, energy depletion, climate change, and other mega-risks to food system sustainability. In the looming shadow of such risks, from OMAFRA offices there should be issuing a clamour of hard questions and a glow from all-night meetings in search of answers. The opposite is true: OMAFRA is alternately ignoring and denying these ominous threats.

The NFU recommends to the Ombudsman that the heart of its investigation must be an assessment of the economic, environmental, resource, and social sustainability of Ontario's food system.

A crisis in confidence in our food supply

The connection between food and health is neither simple nor one-dimensional; there's more to the story than the observation that we die without food. The nature and quality of that food determine the nature and quality of our health, and ultimately affect length of life.

In Ontario and nationally, we have developed a food safety system that is meant to minimize and eliminate some potential risk factors for our citizens. But many of these so-called "food safety" policies are focused primarily on acute food safety problems, problems that manifest within hours or days of humans' encountering foods that are unsafe in certain ways—contaminated by salmonella, e-coli, etc. While our food regulators have been aggressive in working to reduce these acute risks, they have been much less aggressive in tackling more chronic and systemic problems of food quality, problems with increasingly clear connections to diseases such as cancer, heart disease, and diabetes.

One reason OMAFRA and other Ministries have hesitated to tackle the big health problems present or potentially present in the food supply is that these "chronic" problems are partly linked to the large-scale, increasingly industrial model of food production and processing that OMAFRA and others within government promote. There is emerging evidence that the current epidemic of breast, prostate, and other cancers may be linked to toxic chemicals that we are using in ever-greater volumes in our societies—some of those chemicals have their origins on our farms and others are used at other links in the agri-food chain. There are further potential threats to health from preservatives, colours, and other food-system additives. Over-processing and the degradation of nutrients also carry chronic health risks.

In addition to these risks inherent in our increasingly industrial system, globalization of our food supply brings risks as well. Chinese melamine in pet foods is the most recent and dramatic instance of a larger policy wherein governments allow food imports that do not meet Canadian safety standards (or our labour and environmental standards). These

foods then compete directly with Ontario-produced food products, potentially putting at risk both the health of Ontarian citizens and the health of the rural economy.

There is, in OMAFRA and elsewhere in government, a failure to properly balance the need for trade and profit with the need to enhance the healthfulness of food. The push to globalize and industrialize food production and trade is having the predictable effect of reducing food quality. If the long-term health of Ontario citizens is to be protected and enhanced, then we must re-establish nutrition and long-term food safety to the top of the list of OMAFRA priorities. Currently, this is not the case.

The National Farmers Union encourages the Ombudsman, in its investigation of OMAFRA, to meet with nutritionists, doctors, health researchers, and food-system critics in order to fully assess the risks inherent in our current system.

Damage to the rural economy

All Ontario citizens, not just family farmers, benefit from a food system that is thriving and is functioning in the public interest. A flourishing food and rural sector can serve as a base for a healthy larger economy. But our rural economy is not flourishing, nor are our rural communities and farms. Why?

Adjusted for inflation, agri-food exports are four times as high as they were a generation ago. Our gross production is twice as high. So why are farmers and rural communities doing only half as well? There has never been more food or money produced in rural Ontario; yet why is rural Ontario being wracked by a farm income crisis, an exodus of young farmers, contracting rural economies, and a mood of pessimism in many towns? The answer is that, increasingly and largely as a result of policies advanced by OMAFRA, rural Ontario citizens are no longer the primary beneficiaries of the abundant and increasing wealth they produce. That wealth is largely captured *elsewhere*. This wealth extraction is a result of two complementary factors: on the one hand, agribusiness is increasingly powerful and foreign-based, and, on the other hand, government policies—deregulation, free trade, market integration, etc.—increasingly supercharge these corporations' abilities to extract wealth from the rural areas where farmers, workers, and others create it.

This concept of "primary beneficiaries" is key to understanding the linked farm and rural crises hitting Ontario. Farmers are no longer the primary beneficiaries of the food wealth we produce—hence the farm crisis proceeding alongside record agribusiness profits. Similarly, Ontario rural and urban workers and citizens are no longer the primary beneficiaries of the vast food processing and agricultural service industry wealth they create—that wealth flows more and more to an ever-smaller number of ever-larger corporations. The farm and rural crises are caused by aggressive wealth extraction.

An indicator of the failure to capture benefits for citizens and workers is that Ontario today has fewer people employed in the food and beverage processing sectors than we

did in 2000. Despite large increases in production and exports (Ontario agri-food exports are 26% higher than in 2000), we have fewer people working, and many of those who are working are working harder and for less money, partly as a result of food system globalization that has pitted Ontario workers and communities against workers and communities in less-democratic nations around the world.

The decline of our farms and the decline of rural communities and economies are unarguably related—all the result of OMAFRA and federal policies that too often focus on the well-being of the largest players in the system at the expense of the smallest, and that accelerate wealth extraction by allowing or encouraging agribusiness giantism while simultaneously weakening farmers' relative power in the system.

By damaging rural economies, OMAFRA's policies damage all Ontario citizens. And by undermining the economic prosperity and resilience of these communities and economies, OMAFRA is acting against the wishes of citizens, violating its public trust.

To a significant extent, the job of safeguarding and enhancing rural economies has been *entrusted* to OMAFRA. OMAFRA has violated that trust.

Damage to food security

For the many rural and urban Ontario families and individuals struggling with low incomes, food insecurity is a daily reality. "Shameful" does not adequately describe the spectre of hungry kids in a rich province. Over and above this income-related food insecurity, however, there is the potential for an expanding, more general food security problem in Ontario.

Major food-system changes have occurred in the past 25 years: Ontario's food system today is increasingly owned by foreign transnationals; fewer people know how to farm or how to produce food; many young people who have that knowledge are being forced off the farm; our food system is increasingly tied into far-flung and perhaps brittle global distribution systems; and our food system is increasingly dependent on fossil fuels and industrial inputs. Compared to 25 years ago, the security of our food supply has declined, and it continues to decline.

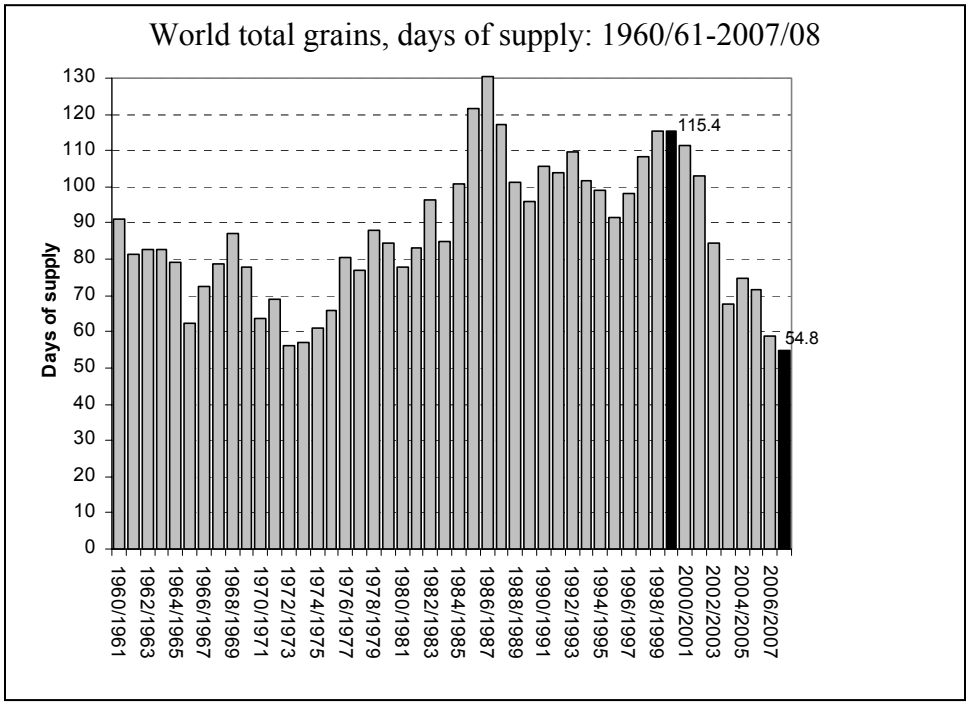
To suggest that someday we will struggle to access the food we need perhaps stretches the imagination. But as the BSE crisis has shown us in Ontario, as the hoof-and-mouth crisis demonstrated in the UK, and as a (bird) flu epidemic may yet show us, we are increasingly vulnerable to disruptions in our food supply.

Though Canada is a major food producer and exporter, we must not be complacent. At one time, the US was one of the world's largest oil exporters. Now it's one of the largest importers, and we see almost weekly reports of the US grappling with growing energy insecurity. If we follow through, as some would have us, with a plan to increasingly turn food into fuel, then North American energy insecurity will become directly hooked to

food security. In terms of food security we face numerous problems, both extant and on the horizon.

In addition to homegrown and regional threats to food security, we are increasingly vulnerable to disruptions worldwide. Global population is rising fast—we're adding the equivalent of a North American population to the world every 6 years, and we're trying to feed everyone from a static cropland area. Fish stocks are collapsing. Globally, we are proliferating a meat-based diet produced on factory farms that turn 3 to 5 pounds of grain protein into 1 pound of meat protein. Our world is, every day, becoming less food secure.

Globally, we are in the fastest food supply drawdown since World War II. As the graph below shows, in 7 of the past 8 years, the world has consumed more food than farmers have produced. Moreover, this consistent pattern of demand exceeding supply has meant that we've cut our supply of stored grains in half; from a 115-day supply to a 55-day supply. This is the most sustained and significant food supply drawdown since the Second World War, perhaps longer. The world is consistently failing to produce enough food. It is becoming increasingly food insecure.



But some might argue: We are in Ontario; what does global food insecurity have to do with us? It has everything to do with us because, increasingly, there is no Ontario food supply; there is merely our corner of a global supply.

OMAFRA and the federal government are pursuing food and agriculture policies that are integrating Ontario's food supply into the global food supply. This means that if global food security deteriorates, Ontario food security deteriorates—*it's the same food supply*.

There are no longer any barriers; the trade agreements have torn them down. OMAFRA's policy of aggressively pursuing globalization and market integration means that a food-insecure world will increasingly mean a food-insecure Ontario. And North American policies to connect food and fuel will further undermine global and local food security. It may become literally true that a missile attack in the Middle East will be experienced in Sarnia in the form of higher bread prices—a push for biofuels means that oil price shocks will telegraph as food price shocks.

Changes within Ontario and changes internationally are combining to undermine food security for this province's citizens. Whether OMAFRA perceives or understands the continued erosion of food security in this province is not clear. The Department appears not to have a plan to deal with declining food security. Indeed, most of its policies—globalization, market integration, export-maximization, deregulation, reducing farmer numbers, increased industrialization, and increased foreign ownership—are making the problems worse. The National Farmers Union in Ontario believes strongly that if the Ombudsman does not intervene and help refocus the priorities of OMAFRA, Ontario will become less and less food secure—more and more people will be hungry, and economic disruptions or instability originating in the food sectors will have negative impacts on other sectors of our economy.

Fundamental to OMAFRA's mandate is the public's trust that there will be *secure* access to quality food supplies at fair and predictable prices. Unfortunately, the day when we can take that situation for granted is behind us. By failing to properly prepare for the emerging reality of declining food security, OMAFRA is violating the public trust.

5. Conclusion

Food is the cornerstone of life. It is *the* public trust. Food and food production play integral roles in our economy and in our health, and in the stewardship of our environment, soils, and natural landscapes. If we get our food and agriculture policies wrong, it is very hard to get our overall provincial policies right.

Above, the NFU has outlined the evidence for the claim that OMAFRA is failing to deliver what the vast majority of Ontario citizens expect it to deliver. Moreover, in many cases, the problem is not that it is trying and failing, rather, it is pursuing other goals altogether. OMAFRA is putting profit before sustainability, exports before family farms; it is disproportionately advantaging the largest players to the detriment of the smallest.

The NFU asks the Ombudsman to investigate OMAFRA—both the means it is employing and the ends it is pursuing. We ask you to determine whether OMAFRA is pursuing agricultural and food policies that are likely to deliver the results that citizens trust the department to deliver. We ask you to act rapidly and energetically. We ask you to be courageous and diligent. Much is at stake. We look forward to your report.