



ONTARIO PORK

October 4, 2010

Hon. Carol Mitchell
Minister of Agriculture, Food and Rural Affairs
11th Floor, 77 Grenville St
Toronto ON M5S 1B3

Dear Minister:

On behalf of Ontario Pork we were pleased to meet with you on September 27th to submit the proposed Business Risk Management Program (BRMP) for Ontario's hog industry for your consideration. The implementation of this program is our primary focus and priority for our industry at this time and we welcome your leadership and assistance in making it a reality.

The program design and costing model is the result of numerous meetings over the past year with officials in OMAFRA and is patterned after the recently extended RMP for grains and oilseeds. The proposed program is a price insurance program, paid in part (30%) through producer premiums with the remainder shared on a 60:40 federal/provincial basis. Benefits and premiums are based on the difference between a floor price, based on OMAFRA cost of production data, and average market prices.

As you are aware, Ontario's pork industry has been devastated over the past several years and has seen overall production capacity falling over 25 % since 2005. Production has declined to the point which threatens Ontario's world class meat processing and value added food industry. A major processor has recently cut back its work force by a significant amount and there is concern about the impact on processors should hog production decline even further.

We believe this BRMP plan will arrest this slide, stabilize production, and allow producers the predictability to reinvest in their farms and in new technology and innovation. This will enable Ontario to reduce its growing reliance on imported pork products and permit Ontario processors to become leaders in value added pork products. BRMP will maintain the "buy local" option for Ontario consumers.

Producers require a bankable and predictable complement to AgriStability and BRMP fulfills this need. As you are aware AgriStability has served many producers well, but it has a number of flaws that often makes it ineffective as a risk management tool. For example the program provides diminishing returns as reference margins shrink and it has not met the needs of diversified farmers. Both of these inadequacies have unfortunately applied to pork producers, more so than other commodities, who increasingly find themselves ineligible for any coverage or benefits.

However, Ontario's hog industry requires the support of its provincial government to help level the playing field both domestically and internationally. Ontario pork producers are faced with an unlevel playing field with a number of other provinces, and particularly because of Quebec's ASRA program. This program has maintained the Quebec industry throughout the recent industry downturn and Quebec as a result remains poised to make further inroads to the Ontario market. BRMP will allow our processors to protect the jobs and export growth opportunity that a stable local supply of hogs will provide.

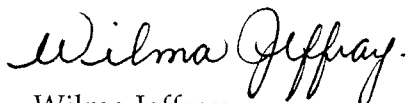
In conclusion, we want to let you know that Ontario Pork is very willing to consult with you further and to answer any questions you or your officials may have. We have consulted widely with our own producers at the county, district and board level. Through OASC, we have hosted town halls and district discussion forums and we have recently heard from all of our 12 Ontario Pork districts at our fall Policy Conference. As a result of all of this producer engagement we are convinced that pork producers

overwhelmingly support this BRMP proposal. Additional consultation and engagement will be considered when we agree on the details of the final program including premium costs and program requirements.

Finally, we are also prepared to work with you to advance the proposal through the provincial and federal decision process. We support the principle that risk management programs should ideally be supported by both the federal and provincial governments under the traditional cost sharing arrangement. But in saying this, we must be careful to acknowledge the realities. The fact is that other provincial producer and business interests are working to secure a greater share of Ontario's market, or will at the very least, endeavour to advance their own interests. Therefore, we are sceptical that the leadership to make BRMP happen in Ontario will come from the current federal government notwithstanding the robust advocacy program we are planning. As a provincially focused organization, we will work with you to help BRMP become a provincial reality initially with the province first committing its 40% share. We also commit to a joint effort to secure the needed federal government cost sharing involvement.

We thank you for your support, accessibility and your willingness to address any outstanding issues within the next 30 days.

Sincerely,

A handwritten signature in black ink that reads "Wilma Jeffray". The signature is written in a cursive, flowing style.

Wilma Jeffray
Chair