

# Economic Impact Study of the Ontario Agri-business Industry (Updated)

Prepared for the Ontario Agri Business Association



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# 1. Executive Summary

The Ontario Agri Business Association ("OABA") engaged MNP LLP ("MNP") to update an economic impact study of the Ontario agri-business industry and its sub-sectors including crop input suppliers, grain elevators, and feed manufacturers based on the most recently available data and industry information.

### **Economic Impacts**

As shown in **Table A**, in 2021 the industry generated:

- Total output of \$8.2 billion, consisting of \$4.4 billion of direct output, \$2.8 billion of indirect output and \$1 billion of induced output.
- Total GDP of \$3.6 billion, consisting of \$1.6 billion of direct output, \$1.3 billion of indirect output and \$1 billion of induced output.
- Total employment of 24,650 full-time equivalents (FTEs), consisting of 9,150 FTEs of direct employment, 10,800 FTEs of indirect employment and 4,700 FTEs of induced employment.
- Total government revenues of \$1 billion, of which \$0.53 billion was federal revenue, \$0.46 billion was provincial revenue and \$0.01 billion was municipal revenue.

	Output (x 1,000)	GDP (x 1,000)	Employment (FTEs)	Federal Taxes (x 1,000)	Provincial Taxes (x 1,000)	Municipal Taxes (x 1,000)
Direct	\$4,370,000	\$1,637,000	9,150	\$252,000	\$187,000	\$26,000
Indirect	\$2,771,000	\$1,312,000	10,800	\$165,000	\$133,000	\$45,000
Induced	\$1,030,000	\$604,000	4,700	\$120,000	\$146,000	\$51,000
Total	\$8,171,000	\$3,553,000	24,650	\$537,000	\$466,000	\$122,000

#### Table A: Total Economic Impacts of the Ontario Agri-business Industry, 2021

Notes:

Direct impacts are those related to the operation and activities of businesses in the sector.

Indirect impacts are those that arise due to spending at supplies to businesses in the sector.

Induced impacts are those that arise due to spending of employment income by employees of businesses in the sector and suppliers.

# **Key Insights**

**Feed manufacturing is the largest of the sub-sectors**. In 2021, feed manufacturing accounted for approximately 60 percent of output, 45 percent of GDP and 31 percent of employment and 32 percent of government revenue generated by the agri-business sector.

**Since 2016 the industry has grown.** The direct output of crop input suppliers grew by approximately 13 percent between 2016 and 2021, direct output of feed manufacturers grew by approximately 13 percent over the period, and the direct output of grain elevators declined modestly.

**Costs are increasing.** There are indications that labour and input costs are rising. This has led to some consolidation within the sub-sectors and fewer businesses overall.



# 2. Introduction

# **Study Background**

In 2013, MNP LLP ("MNP") was commissioned by the Ontario Agri Business Association ("OABA") to conduct an economic impact study of the Ontario agri-business industry and its sub-industries including crop input suppliers, grain elevators and feed manufacturers. Subsequently, MNP completed an update of the study in 2016. In 2022, MNP was commissioned to carry out an update of the study based on the most recent industry data available.

The scope of the updated economic impact study included:

- **Updated industry profiles** an updated summary of key statistics relevant to the economic performance of Ontario's crop input suppliers, grain elevators and feed manufacturers.
- **Updated economic impacts** an updated analysis of the economic impacts generated by the Ontario agri-business industry. The analysis quantified output, GDP, tax revenues and employment.
- Industry trends analysis a high level review and update of the key factors and trends impacting the Ontario agri-business industry.

## **Organization of the Report**

The remaining sections of the report are organized as follows:

- Section 3 provides an introduction to and definition of the Ontario agri-business industry, along with an industry value chain depicting the linkages between the Ontario agri-business industry and its suppliers and other sectors.
- Section 4 provides a summary of the key statistics relevant to the economic performance of the Ontario agri-business industry and an overview of historical changes in the industry's statistics.
- Section 5 contains an overview of the key factors and trends impacting the Ontario's agri-business industry along with primary production sector trends, food and beverage processing sector trends, government policy and consumer trends.
- Section 6 presents a summary of the economic impacts generated by Ontario's agri-business industry.
- The appendices include a list of data sources that informed the study, data gaps, a glossary of economic terms, a summary of the methodology used to estimate the economic impacts, along with relevant assumptions, and background information about MNP.

### Limitations

The report is provided for information purposes and is intended for general guidance only. It should not be regarded as comprehensive or a substitute for personalized, professional advice.

We have relied upon the completeness, accuracy and fair presentation of all information and data obtained from public sources believed to be reliable. The accuracy and reliability of the findings and opinions expressed in the presentation are conditional upon the completeness, accuracy and fair presentation of the



information underlying them. As a result, we caution readers not to rely upon any findings or opinions for business or investment purposes and disclaim any liability to any party who relies upon them as such.

Additionally, the findings and opinions expressed in the presentation constitute judgments as of the date of the presentation and are subject to change without notice. MNP is under no obligation to advise of any change brought to its attention which would alter those findings or opinions.

# 3. Definition of the Ontario Agri-business Industry

### **Definition of the Industry**

For the purpose of this study, the Ontario agri-business industry is defined to encompass the crop input supply, grain elevator and feed manufacturing industries. The graphic below shows the activities associated with each of the three sub-sectors groups.

#### Figure 1: Agri-Business Industry Sub-Sectors

Ontario Agri-business Industry							
Crop Input Suppliers	Grain Elevators	Feed Manufacturers					
	Main Activities	1					
<ul> <li>Agricultural seeds, processed seeds, wholesale, and retail seeds</li> <li>Plant protection sales and services</li> <li>Agricultural equipment and technology sales</li> <li>Fuel delivery services</li> <li>Soil sampling services</li> <li>Custom crop spraying and fertilizer application</li> </ul>	<ul> <li>Grain blending, handling, and marketing services</li> <li>Grain drying services</li> <li>Grain storage</li> <li>Grain and supplemental ingredients grinding, crushing, and mixing services</li> </ul>	<ul> <li>Poultry and livestock feed, supplements, and premix manufacturing</li> <li>Feed technical and nutritional support</li> </ul>					



## **Industry Value Chain**

A value chain illustrates the activities carried out by an industry that add value at each stage in the production process. Using the value chain as a starting point, linkages between an industry's main components and other industries can be highlighted. This is done by identifying inputs provided by suppliers and external service providers that the industry uses to create and deliver goods and services.

The value chain graphic in **Figure 2** displays the linkages between the Ontario agri-business industry and its suppliers by illustrating its main components and the industries and organizations with which it interacts.







# 4. Profile of the Ontario Agri-business Industry

This section contains an overview of key statistics for the Ontario agri-business industry. MNP developed this content based on available industry statistics from organizations such as Statistics Canada, Agricorp and WSIB. For a full list of our data sources, please see Appendix A, and for an overview of the assumptions used in preparing this section, please refer to Appendix B.

### **Ontario Crop Input Suppliers**

#### **Industry Overview**

Ontario's crop input suppliers supply a range of essential products, including seed, plant nutrients and crop protection products, as well as related services, to the province's horticultural and field crop sector. In 2021, Ontario's farm cash receipts for field crops, including fruits and vegetables, totalled \$10.5 billion, a 53.7 percent increase, from 2016.1 The proportion of total Canadian farm cash receipts accounted for by Ontario rose from 19.9 percent in 2016 to 22.4 percent in 2021. A primary reason for this growth was an increase in the value of cannabis seeds, vegetative plants and flowering tops, which accounted for approximately 46 percent (\$1.71 billion) of the growth in farm cash receipts in Ontario. As of 2021, sales from cannabis seeds, vegetative plans and flowering tops and wheat contribute 16.9 percent of total farm cash receipts in Ontario. It is important to note that cannabis was legalized in Canada effective October 2018 and the increase in farm cash receipts is largely attributable to legal cannabis.2 Wheat was the second largest contributor to growth in Ontario's farm cash receipts between 2016 and 2021, increasing \$516 million over the period percent.

Ontario's crop input supply sector sells a wide variety of seeds, which are based on local growing conditions, planned end use of the crop, and the management abilities of the individual producer. Crop input suppliers also provide Ontario producers with a wide range of fertilizers that supply plants with essential nutrients (nitrogen, phosphorus, potassium) and minerals required for healthy plant growth. Crop input suppliers use soil test results and crop removal data to develop science-based recommendations to help the crop meet quality and yield potential.

The crop input sector also provides a wide range of science and technology-based services to farmers, including agronomy services, professional application of crop protection products and fertilizers and precision agriculture to improve nutrient placement and efficiency. Crop input suppliers aim to support the competitiveness of Ontario's agriculture sector to satisfy the needs of end consumers. Through an effective combination of science, technology and products, the crop input supply sector seeks to ensure that farmers are able to:

- Protect their crops from diseases and pests;
- Improve the quality and yield potential of their crops; and
- Demonstrate environmental protection and environmental sustainability.

<sup>&</sup>lt;sup>1</sup> Statistics Canada, Farm Cash Receipts, 2021.

<sup>&</sup>lt;sup>2</sup> Between 2016 and 2020 the value of farm cash receipts for cannabis seeds, vegetative plants and flowering tops approximately doubled annually. Between 2020 and 2021 the growth rate in the value of farm cash receipts declined to 32 percent.



#### **Key Statistics**

Table 1 summarizes the key statistics for Ontario crop input suppliers. For information on MNP's estimation methodology and assumptions, please see Appendix B. Key highlights include:

- In 2021, there were estimated to be 137 businesses and 3,850 employees within the Ontario crop input supplier sub-sector. Labour renumeration was estimated to account for over 50 percent of operating expenses, up from 37 percent in 2013.
- The size of the industry (measured by total operating revenue) rose to \$4.78 billion in 2021, up by 36.8 percent from \$3.49 billion in 2013. While revenues rose, gross profit in 2021 declined to 16.0 percent from 20.0 percent over the same period, as a result of the costs of goods sold rising percent faster than operating revenue. The increase in the cost of goods sold is the result of rising input costs (e.g., fertilizer) and export restrictions from China.<sup>3</sup>
- Net operating income in 2021 was \$116.0 million, down from \$238.1 million in 2013. As a percentage of total operating revenue, net operating income in 2021 was estimated to be 2.4 percent (down from 6.8 percent in 2013).

Values in Canadian Dollars (x 1,000)	2011	<b>2013</b> <sup>4</sup>	<b>2021</b> <sup>5</sup>
Income Statement Elements			
Total operating revenue <sup>i</sup>	2,840,769	3,493,996	4,780,000
Cost of goods sold <sup>i</sup>	2,384,705	2,796,813	4,014,000
Gross profit	456,064	697,183	766,000
Labour remuneration <sup>i</sup>	157,072	169,633	333,000
Other operating expenses	246,528	289,469	317,000
Total operating expenses <sup>i</sup>	403,600	459,102	650,000
Net operating income	52,464	238,081	116,000
Industry Statistics			
Number of establishments <sup>ii/6</sup>	201	204	137
Total number of employees <sup>iii</sup>	2,941	3,043	3,850

#### Table 1: Key Statistic Estimates for Ontario Crop Input Suppliers

<sup>&</sup>lt;sup>3</sup> World Bank Blogs. Fertilizer prices expected to remain higher for longer. 2022. Retrieved from: <u>https://blogs.worldbank.org/opendata/fertilizer-prices-expected-remain-higher-longer</u>.

<sup>&</sup>lt;sup>4</sup> Statistics Canada's Annual Wholesale Trade Survey (total operating revenues, total operating expenses, costs of goods sold, and labour remuneration for industries at a five digit North American Industry Classification Structure (NAICS) codes were not available for 2013. The 2013 data represents MNP's extrapolation based on 2011 financial data and hence should be treated with caution.

<sup>&</sup>lt;sup>5</sup> To estimate financial statistics (total operating revenues, total operating expenses, costs of goods sold, and labour remuneration) MNP requested a custom tabulation of Statistics Canada's Annual Wholesale Trade Survey at four-digit NAICS. The latest data available was for the year 2020. The extrapolations for 2021 were based on growth in wholesale trade from Statistics Canada's Monthly Wholesale Trade Survey and growth in employment for Agricultural supplies merchant wholesalers [4183] from Survey of Employment Payroll and Hours. For information on MNP's extrapolation methodology and assumptions, please see Appendix B.

<sup>&</sup>lt;sup>6</sup> Statistics Canada advises users to exercise caution when interpreting or comparing the number of establishments over time as fluctuations may be due to changes in methodology.



Sources: <sup>i</sup> Statistics Canada, Annual Wholesale Trade Survey, 2011, 2013, and 2020 Statistics Canada, <sup>ii</sup>Canadian Business Patterns. <sup>iii</sup> Statistics Canada, MNP Input-Output Model estimates, Survey of Employment, Payrolls and Hours.

### **Ontario Grain Elevators**

#### **Industry Overview**

Grain elevator facilities are located throughout Ontario in geographical locations where grains, oilseeds, and dry beans are grown. The major crops handled by Ontario's elevator system include wheat, corn, soybeans, white and coloured beans, canola, oats and barley. Grain elevator operators receive grains, oilseeds, and dry beans from crop producers in a dry and clean condition before storing them for marketing to domestic and export value chains. Grain elevators can be categorized into two main types of facilities, terminal elevators (may also be referred to as transfer elevators) and country elevators. Terminal elevators are typically located in areas with water access and play a key role in facilitating the movement of Ontario grains and oilseeds into the U.S. and global export markets via vessel shipments. The elevators located on water are regulated by the Canadian Grain Commission under the authority of the Canada Grain Act. Terminal elevators may also be able to receive and transport the commodities by rail. Terminal elevators may also serve as a receiving point for grains and oilseeds being imported into Ontario and Canada, typically from other Canadian or U.S. sources.

Country grain elevators serve as the primary local delivery point for Ontario farmers during harvest periods and throughout the year. Ontario country grain elevators receive, and purchase grains, oilseeds, and dry beans grown by Ontario farmers and are regulated under the Ontario Grains Act. Country grain elevators typically receive farmer grains via truck or wagon delivery and ship via truck. Several Ontario country elevators also have rail access which allows them to ship and receive grains and oilseeds via rail. Country grain elevator operators also provide assistance to farmers with the marketing of their crop through the use of financial instruments such as futures and options to help producers hedge their financial and market risk exposure. Country grain elevator operators have invested significant capital into storage capacity and grain drying equipment to facilitate primary deliveries of Ontario grown grains, oilseeds, and dry beans. These Ontario grown grains and oilseeds are then merchandized into various value chains based on specific quality attributes and processed into numerous value-added food and industrial products. Examples of products include flour, corn oil, corn syrup, cereal, vegetable oil, soybean meal, tofu, whiskey, animal feed and ethanol.

Ontario country grain elevators play an important role in ensuring food safety and a supply of highquality grains and oilseed. In order to meet consumer needs, procedures and protocols are put in place by the grain elevator sector to maintain the standards for the commodities received. An increasing number of grains and oilseeds are produced under an Identity Preserved (I.P.) system which tracks the production from the certified seed through to their storage to ensure that the integrity of that specific crop variety is maintained. The OABA has developed a 'Good Operating Practices for Country Elevators' manual for their members to help them set up food safety and quality control programs that meet industry and government standards.



#### **Key Statistics**

 Table 2 summarizes the key statistics for grain elevators in Ontario. For information on MNP's estimation methodology and assumptions, please see Appendix B. Key highlights include:

- In 2021, there were estimated to be 257 businesses and 2,900 employees within the Ontario grain elevator sub-sector. Labour renumeration was estimated to account for 2.13 percent of total expenses, up from 1.3 percent in 2016.
- The size of the industry (measured by total operating revenue) rose to \$11.0 billion in 2021, up by 16.3 percent from \$9.46 billion in 2016. Costs of goods sold rose by 16.4 percent to \$9.68 billion from 2016 to 2021.
- Net income in 2021 was \$471.9 million, up from \$267.4 million in 2016.

#### Table 2: Key Statistic Estimates for the Ontario Grain Elevator Industry

Values in Canadian Dollars (x 1,000)	2012	2016	2 <u>021</u>
Income Statement Elements			
Total revenue <sup>i</sup>	7,478,133	9,457,194	11,000,000
Cost of goods sold <sup>i</sup>	6,661,156	8,315,374	9,680,000
Labour remuneration <sup>ii</sup>	97,003	123,107	188,500
Other expenses	498,919	751,282	820,400
Total expenses	7,257,078	9,189,763	10,688,900
Net income <sup>i</sup>	221,055	267,431	311,100
Balance Sheet Elements			
Fixed assets <sup>i</sup>	1,111,835	1,938,408	-
Other assets <sup>i</sup>	416,921	568,124	-
Total assets	1,528,756	2,506,532	
Industry Statistics			
Number of establishments <sup>iii</sup>	270	284	257
Total number of employees <sup>ii, 7, 8</sup>	2,381	2,985	2,900

Sources: <sup>i</sup> Agricorp, Grain Financial Protection Program, 2012 and 2016. Estimates for 2021 were developed in consultation with OABA. <sup>ii</sup>Workplace Safety and Insurance Board (WSIB), Enterprise Information Warehouse, 2012 and 2015 and MNP estimates <sup>iii</sup> Ontario Agri Business Association, 2013, 2016, and 2021. Please see Appendix B for details on methodology used to develop 2021 estimates.

<sup>&</sup>lt;sup>7</sup> The total number of employees in the grain elevator industry in Ontario are reported by WSIB as Full-Time Equivalents (FTE's). According to WSIB, an FTE is equivalent to a full-time staff working 2,000 hours a year.

<sup>&</sup>lt;sup>8</sup> Any overtime generated by existing FTEs over the 2,000 standard hours of work may be classified by WSIB as additional FTE hours. Therefore, the number of employees from one reference period to another may not be comparable as the 2015 FTE estimates may not reflect an actual increase in physical employees, but an increase in overtime hours worked by existing FTEs.



# **Ontario Feed Manufactures**

#### **Industry Overview**

Ontario's feed manufacturing sector supplies essential animal nutrition products, including complete feeds, supplements and premixes to livestock, poultry and aquaculture producers. Animal nutrition products represent the largest input cost for livestock and poultry production, accounting for up to 75 percent of total costs, depending on the species.<sup>9</sup> In 2020, approximately 28.8 million tonnes of feed were consumed by Canadian livestock, of which 7 million tonnes (24.3 percent) of feed were consumed by livestock in Ontario.<sup>10</sup>

Ontario's feed manufacturing sector is a large value-added market for Ontario grown or processed grains and oilseeds, including corn, soybean meal, wheat, barley, and canola meal. Most feed companies provide a variety of products targeted to specific species and their actual growth stage (starter, grower, and finisher rations). Complete finished feed comes in many forms - it can be pelleted, or produced in a mash form, which is a fine textured feed. Feed is delivered to the farm in a bulk or bag format. Most feed companies have their own fleet of trucks that they use to deliver feed to farmers and pick up raw ingredients. Feed companies may also retail feed to local markets through an established network of 'dealers' located across the province.

Feed companies employ knowledgeable sales and technical staff to provide technical expertise to producers. Nutritionists advise producers on what rations will provide the best results for their livestock or poultry. The feed industry has also filled a need within the producer community for information on new research and technology that was formerly provided by government extension agents. The Canadian Food Inspection Agency (CFIA) enforces the Canada Feeds Act that regulates the production and sale of livestock and poultry feeds.

In response to food safety, feed manufacturers have adopted Good Manufacturing Practices and Hazard Analysis Critical Control Point (HACCP) programs to meet the needs and requirements of both producers and processors. All ingredients that are intended to be fed to livestock in Canada are required to be approved by the CFIA. Under the Government of Canada's *Feeds Regulations, 2021*, the majority of feed establishments are required to identify the biological, chemical and physical hazards associated with their feed related activities, which includes an analysis of the hazards in order to proactively prevent the risk of contamination.<sup>11</sup>

<sup>&</sup>lt;sup>9</sup> Animal Nutrition Association of Canada, https://www.anacan.org/feed-industry.

<sup>&</sup>lt;sup>10</sup> Animal Nutrition Association of Canada, Canadian Livestock Feed Consumption, https://www.anacan.org/feed-industry/public-resources/canadian-livestock-feed-consumption/.

<sup>&</sup>lt;sup>11</sup> Government of Canada. Feeds Regulations 2021. Retrieved from: https://inspection.canada.ca/animal-health/livestock-feeds/consultations/fact-sheets/eng/1601317514882/1601317636003?chap=0



#### **Key Statistics**

*Table 3* summarizes the key statistics for Ontario's feed manufacturers in 2010, 2013, and 2021. For information on MNP's estimation methodology and assumptions, please see Appendix B. Key highlights include:

- There is some indication that rising input costs have put pressure on operators across Canada to merge and consolidate to reduce costs, improve profitability.<sup>12</sup> In 2021 there were estimated to be 128 feed manufacturers and 2,430 people employed in feed manufacturing in Ontario. Compared with 2013, the number of businesses had declined, while employment has increased.
- Total revenue in 2021 was estimated to be \$2.52 billion, up by 12.7 percent (\$283.6 million) from 2013. In 2021, revenue from goods manufactured accounted for 89.5 percent of total revenue, while the remaining 10.5 percent was attributable to other revenue sources.
- Total expenses in 2021 were estimated to be \$2.13 billion which is slightly below total expenses in 2013.
- With revenue growing faster than expenses, the industry's net income in 2021 was estimated to be positive with \$392.0 billion in earnings (up by \$313.7 million from 2013).
- Between 2013 and 2021, feed exports declined by 7.8 percent (\$5.7 million), while imports increased by 53.9 percent (\$75.6 million).

Values in Canadian Dollars (x 1,000)	2010	<b>2013</b> <sup>13</sup>	<b>2021</b> <sup>14</sup>
Income Statement Elements			
Revenue from goods manufactured <sup>i</sup>	1,441,601	1,881,787	2,260,000
Other revenue	171,113	358,650	264,000
Total revenue <sup>i/15</sup>	1,612,714	2,240,437	2,524,000
Labour remuneration <sup>i</sup>	110,316	121,555	174,000
Other expenses	1,430,822	2,040,562	1,958,000
Total expenses <sup>i</sup>	1,541,138	2,162,117	2,132,000
Net income	71,576	78,320	392,000
Industry Statistics			
Exports <sup>ii</sup>	51,406	72,540	66,890
Imports <sup>ii</sup>	125,064	140,303	215,920
Net Exports	(73,658)	(67,763)	(149,030)
Number of establishments <sup>iii</sup>	159	157	128
Total number of employees <sup>iv</sup>	2,315	2,318	2,430

#### Table 3: Key Statistic Estimates for the Ontario Feed Manufacturing Industry

<sup>&</sup>lt;sup>12</sup> Ibis world. Animal Feed Production in Canada. December 2021.

<sup>&</sup>lt;sup>13</sup> Statistics Canada's Annual Wholesale Trade Survey (total operating revenues, total operating expenses, costs of goods sold, and labour remuneration for industries at a five digit North American Industry Classification Structure (NAICS) codes were not available for 2013. The 2013 data represents MNP's extrapolation based on 2011 financial data and hence should be treated with caution.



Sources: <sup>i</sup>Statistics Canada, Annual Survey of Manufactures and Logging, 2010 and 2013, 2020; Statistics Canada, Survey of Employment Payroll and Hours (SEPH); <sup>ii</sup>Statistics Canada, International Trade, 2010, 2013 and 2021. <sup>iii</sup> Statistics Canada, Business Register. Please see Appendix B for details on methodology used to develop 2021 estimates.

# 5. Key Factors and Trends

# Key Factors and Trends Impacting the Ontario Agri-business Industry

There are several internal and external factors or trends that have impacted Ontario's agri-business industry from 2013 to 2021. The main trends impacting Ontario's agri-business industry are presented below. Trends related to primary production, food processing, government policy, and consumer preferences also impact the agri-business industry. Such value-chain trends are described after this sub-section.

1. **Resilient agricultural production**. Ontario is one of the largest producers of grains and live animals in Canada. As of 2021, Ontario produced 16.6 million metric tonnes of crop yield, up from 14.8 million metric tonnes in 2016. The rate of increase (11.9 percent) over the period was higher than the national rate (-22.8 percent).

Canada's crop yield composition is primarily made up of wheat – all types (32.6 percent), corn for grain (20.5 percent), canola (20.1 percent), soybeans (9.2 percent), and barley (10.2 percent). Ontario also produces a significant amount of the nation's total crop yield, increasing its national share of total national production from 16.7 percent in 2016 to 24.2 percent in 2021. In the same year, Ontario's corn, soybeans, and wheat (all types) production cumulatively accounted for 38.5 percent of Canada's crop production volume.

From 2016 to 2021, the production of livestock in Ontario has remained relatively stable, increasing slightly in 2021 to 62.3 million (3.7 percent). Over the same period, Ontario has consistently contributed approximately a third of total Canadian livestock production. From 2016 to 2021, Ontario's production of pigs increased by 15.2 percent, hens and chickens increased by 6 percent, sheep increased by 0.3 percent, cattle decreased by 1.2 percent, and turkeys decreased by 35.0 percent.<sup>16</sup> Against the national growth rate for each of these livestock types, Ontario has outperformed in the production of pigs (11.8 percentage points), hens and chickens (1.3 percentage points), and sheep (0.5 percentage points). Ontario livestock production underperformed against Canada for cattle (-2.0 percentage points) and turkeys (-7.2 percentage points) from 2016-2021.

2. The Need for an Educated and Skilled Workforce. With the advent of new technological solutions, the agri-business industry is reinventing how to manage output. Despite the adoption of innovative approaches to crop and livestock production, labour shortages are a concern as younger generations are becoming less inclined to work on farms. Investments in education and training are

<sup>&</sup>lt;sup>14</sup> To estimate financial statistics (total operating revenues, total operating expenses, costs of goods sold, and labour remuneration) MNP used data for 2020 from a custom tabulation of Statistics Canada's Annual Wholesale Trade Survey and growth in employment for Agricultural supplies merchant wholesalers [4183] from Survey of Employment Payroll and Hours. For information on MNP's extrapolation methodology and assumptions, please see Appendix B.

<sup>&</sup>lt;sup>15</sup> 2013 estimates for total revenue were based on applying historical shares of NAICS 311119 on data for NAICS 3111. Actual data for NAICS 311119 for 2018 to 2020 report revenue between \$2 to \$2.1 billion.

<sup>&</sup>lt;sup>16</sup> Statistics Canada. Census of Agriculture 2021. Selected livestock and poultry, Census of Agriculture historical data. Table 32-0155-01.



a continuous need in the agri-business industry to support farmers in attracting and retaining a skilled workforce.

3. Proximity to Local and International Markets. Agri-businesses benefit from being located in close proximity to their suppliers and customers. According to the Ontario Ministry of Agriculture, Food and Rural Affairs, Ontario is strategically located in a free trade zone with access to 450 million consumers and is within one day's drive of key markets within Canada and the U.S.<sup>17</sup> The province of Ontario is home to over 48,000 farms and more than 4,500 food and beverage food businesses which are both suppliers and customers of the agri-business industry in Ontario.<sup>18,19</sup> Crop input suppliers located in rural communities benefit from being able to sell and serve farmers where they operate.

Ontario's agri-businesses industry also benefits from an extensive transportation infrastructure such as the 400-series high-speed highways, integrating with major Canadian networks and the U.S. interstate system. Ontario's highway, rail and sea networks with advanced traffic-management systems help speed deliveries and connect agri-businesses with markets across Canada, the U.S., Latin America and other markets around the world. Ontario agri-businesses' proximity to local and global markets, combined with the province's highly efficient transportation infrastructure, makes delivering products and services to market fast and convenient.

- 4. Food Safety. The feed industry plays a significant role in the production of healthy and safe food products. The feed manufacturing industry strives to meet regulations and guidelines relating to the identification and control of risk, both in the ingredients used to produce feed and in the processing of the feed itself. The feed industry also aims to be on top of food safety, traceability systems and best management practices and collaborates with members at different stages of the food chain to ensure the production of healthy and safe food products. Ontario's feed manufacturers have adopted Good Manufacturing Practices and HACCP programs in order to meet the needs and requirements of both producers and processors. In addition, over 50 Ontario feed manufacturing and related facilities, representing over 70 percent of Ontario's commercial feed production are HACCP-certified under the FeedAssure™ program.<sup>20</sup>
- 5. Sustainability. To cope with climate change, the agriculture sector has been transforming to using sustainable practices. The adoption of land practice methods such as in-field winter grazing or feeding, incorporating shelterbelts, plowing down green crops are examples that farmers have employed in their businesses. Canadian farms are also shifting their focus towards drought-tolerant crops. For instance, from 2016-2021, Canada reported a 24.3 percent increase in barley acreage.<sup>21</sup> The growing demand for organic products prompted farms to respond, with the number of farms producing organic products rising by 31.9 percent from the previous census in 2016.<sup>22</sup>
- 6. Investing in Technology. The use of agricultural technology (often called "agri-tech") involves the development, design, assessment, and production of computer software and hardware to enhance and manage essential agricultural activities. Particular areas of innovative use of agri-tech include:
  - *Precision farming and the Internet of Things (IoT):* leveraging technology to grow crops efficiently by utilizing GPS guidance, sensors, drones and satellite mapping, and soil sampling.

<sup>&</sup>lt;sup>17</sup> Ontario Ministry of Agriculture, Food and Rural Affairs. Investing in Ontario, Highlights. February 12, 2021.

<sup>&</sup>lt;sup>18</sup> Statistics Canada, Census of Agriculture, 2021.

<sup>&</sup>lt;sup>19</sup> Statistics Canada, Business Register.

<sup>&</sup>lt;sup>20</sup> Animal Nutrition Association of Canada. Fundamentals of the Commercial Feed Industry in Canada. 2021.

<sup>&</sup>lt;sup>21</sup> Statistics Canada, Census of Agriculture, 2021.

<sup>22</sup> Ibid.



This technology enables the farmer to collect data on their land to determine inputs and measure output.

• *Agrigenomics*: the application of genomics in agriculture. With this technology, genetic markers that are known to be desirable attributes of agricultural products can be identified for breeding. This technology's purpose is to improve varieties and prolong yields.

Throughout Ontario, the most used type of technology is soil sample testing (36.4 percent of farms) and slow-release fertilizer (30.5 percent of farms).<sup>23</sup>

- **7. Transitioning towards renewable energy production.** According to Statistics Canada, in 2021, the number of farms in Ontario that reported producing renewable energy rose by 63.8 percent to 8,483 since 2016.<sup>24</sup> Solar energy production is the most common form of renewable energy generation.
- 8. Regulation. Many aspects of agri-business operations, including labour and environmental compliance, are strictly regulated by multiple levels of government. With increasingly tight labour and workplace safety and environmental regulations, agri-businesses must make significant investments of capital and time to comply.
- **9.** Capital Intensive. A vast majority of agri-businesses use a large portion of their capital to buy new technology, equipment and machinery. High capital investment is required for agri-businesses like grain elevators to manage large amounts of grain and oilseeds during the harvest period. While this allows grain elevators to raise their productivity, it also means that they assume a greater financial risk.
- 10. Seasonality and climate. The agri-business industry is dependent on the agriculture sector, which is a highly seasonal sector. The agri-business sector must competently manage seasonality, such as supplying fertilizer for a very short spring planting season, to be successful. Agricultural adaptation to variability in climate plays an important part in ensuring food security. Resilience in the agricultural sector can be fortified by leveraging improved weather forecasting technology and early detection systems, enhanced animal and plant breeding techniques, and the identification of invasive species and pests.
- **11. Urbanization.** Urban areas in Ontario are increasing in population and expanding. Increases in urbanization are putting pressure on the agriculture sector and agri-business operations in nearby areas, in terms of having to comply with stricter environmental regulations for instance.

### **Primary Production Sector Trends**

This section of the report looks at key trends in the agri-business industry value chain, including primary production, agri-food processing, government policy and consumer trends.

The top trends in the primary production sector include:

Consolidation at the Farm Level. Since 2016, the number of farms in Ontario has declined by 2.5 percent to 48,346 (Figure 3). Average farm size, in terms of acres, on the other hand increased by (24.5 percent) between 1991 and 2011 and has remained relatively stable since, leading into 2021. Due to a response to changing market conditions and on farm technology improvements, family

<sup>&</sup>lt;sup>23</sup> Statistics Canada. Canadian Agriculture at a Glance. *Ontario is an agricultural powerhouse that leads in many farming categories*. June 15, 2022.

<sup>&</sup>lt;sup>24</sup> Ibid.



farms continue to consolidate so the number of farms continues to decline. At the same time, farms are becoming more efficient and capital intensive. Consequently, annual production of principal field crops has been steadily improving from 2000 to 2021, supporting the notion of industry consolidation.

The trend in farm consolidation is evident within the livestock sector as well. In 2021, there were 3,793 farms reporting dairy cows, which is down from 4,400 farms in 2016.<sup>25</sup> Similarly, the number of farms reporting hogs and pigs also fell from by 11.7 percent to 2,437 in 2021. Furthermore, according to the 2021 Census of Agriculture, the number of farms generating annual revenue greater than \$2 million increased since 2016, while over the same period, the number of medium-sized farms (generating no greater than \$500,000 in annual revenues) declined, implying consolidation.





Source: Statistics Canada, Census of Agriculture 2021.

2. Farm Value Appreciation. Farmlands play an important part in the production capability of the agri-business industry. Farmland values (based off farm resale activity) have grown every year since 1993, largely due to decreases in the availability of prime agricultural land and the expansion of urban centers into historically agricultural areas. Historically low interest rates, strong commodity prices, and the growing demand for housing in urban areas, have accelerated this process.

The average value of a benchmark farmland property in Ontario has more than quadrupled between 2003-2021 (**Figure 4**). Most of the growth in value has occurred since 2011. In 2021, the average value per acre, across all regions in Ontario was \$14,713, indicative of a 22.2 percent year-over-year increase from \$12,038. The South West and Central West regions of Ontario observed the highest increases, ranging on average from \$15,050 to \$33,900 per acre in 2021. <sup>26</sup> Demand for Ontario farmland is coming from large farm operators and cash crop producers absorbing farmland on the peripheries of urban areas or in short community distances to large urban centres.

<sup>&</sup>lt;sup>25</sup> Statistics Canada, Census of Agriculture, 2021.

<sup>&</sup>lt;sup>26</sup> Farmland Values Report, Farm Credit Canada, 2021. Available here: https://www.fcc-fac.ca/fcc/resources/2021historic-farmland-values-report-e.pdf



Other high provincial year-over-year increases in 2021 was seen in British Columba (18.1 percent), P.E.I (15.2 percent), Nova Scotia (12.3 percent), and Manitoba (9.9 percent). The average value of Canadian farmland rose by 8.3 percent in 2021, following a gain of 5.4 percent in 2020.<sup>27</sup>

In 2021, the market value of farmland and buildings reached \$168.5 billion in Ontario, more than triple the value in 2001 (\$40.9 billion). In Ontario, the average market value of land and buildings per farm, which has quadrupled from approximately \$685,000 in 2001, to \$3.49 million in 2021 (**Figure 5**). According to Farm Credit Canada, higher commodity prices, low interest rates, and a growing demand for housing in urban areas are contributing factors to the rising value of farmland.<sup>28</sup>



Figure 4: Farmland Values in Ontario, Index (2003=100)

Source: Farm Credit Canada, Farmland Values Report, 2021.



#### Figure 5: Average Market Value of Land and Building per Farm in Ontario (\$ millions)

Source: Statistics Canada, Census of Agriculture 2021.

<sup>27</sup> Ibid.

<sup>&</sup>lt;sup>28</sup> Ibid.



3. Changing Age Demographics at the Farm Level. As shown in the Figure 6, the average age of farm operators in Ontario has been increasing. The decline in younger and middle-aged operators has pushed the average age of Ontario's farm operators from 55.3 in 2016 to 56.7 in 2021. <sup>29</sup>Although this statistic is reflecting a marginal increase, the underlying drivers causing the average age to increase is the decline in participation from younger operators. From 2016-2021, the number of farm operations below the age of 35 declined by 15.0 percent and those between the ages of 35-54 fell by 20.9 percent in 2021.<sup>30</sup>



#### Figure 6: Average Age of Farm Operators in Ontario, 1991-2021

Source: Statistics Canada, Census of Agriculture 2021.

4. Increasing commodity prices. As shown in Figure 7, commodity prices have been trending upwards over time. Higher market prices increase the risk exposure to agri-businesses that are highly reliant on the health of the crop and animal production sector. With the faster reach to information through technology, global markets tend to have a bigger and more immediate impact on domestic markets.

Typically, when commodity prices move higher, fertilizer and input prices move upward as well. Tightening in input markets puts pressure on farmers to maximize their yield to be profitable.

The Grain Farmers of Ontario publish pricing data from licensed dealers on a monthly basis. The average price per tonne in 2021, year-over-year has increased for soybeans (27.0 percent), grain corn (25.9 percent), barley (19.9 percent), and wheat (11.1 percent).<sup>31</sup>

<sup>&</sup>lt;sup>29</sup> Statistics Canada. Canadian Agriculture at a Glance. *Ontario is an agricultural powerhouse that leads in many farming categories*. June 15, 2022.

<sup>&</sup>lt;sup>30</sup> Ibid.

<sup>&</sup>lt;sup>31</sup> Grain Farmers of Ontario. Historical Corn Prices. 2022. Retrieved from: https://gfo.ca/marketing/average-commodity-prices/historical-corn-prices/.





Figure 7: Average Price per Unit (\$/tonne) of Commodities, 1981-2021

Source: Ontario Ministry of Agriculture, Food and Rural Affairs, 2017. Grain Farmers Ontario, 2022. Notes: Wheat is the average of winter and spring wheat.

5. Increased Global Demand for Animal Protein Products. A growing middle class in emerging countries is leading to a shift in global demand towards more animal protein and products with added attributes. This translates into an increased global demand for animal products and the animal feed and oilseeds required to produce them.

### **Food Processing Sector Trends**

The top trends in the food processing sector include:

- 1. Increased Recognition for Food Safety and Quality. Consumers in Ontario know that they can trust Ontario food and beverage products as a result of the industry's high standards in safety and quality excellence.
- 2. Quality Research and Education Opportunities. According to Food Processing Skills Canada, Canada's food and beverage processing industry will require 48,000 new workers by 2025, where 92 percent of this number is to replace retiring workers and 8 percent attributed to expansion.<sup>32</sup> Various Ontario universities and colleges offer programs that aim to provide learners with skills pertaining to food processing management, quality assurance, research and sciences, food safety, and inspection. The Ontario government has made strides towards increasing agri-literacy, spurring awareness of careers through an investment in AgScape, a curriculum provider enabling Ontario teachers with lesson plans to inspire students.<sup>33</sup>
- **3.** Increased Purchasing of Local Food Ingredients. The Ontario agri-food processing sector purchases 65 percent of Ontario's farm food products. Furthermore, Ontario's food and beverage manufacturers purchase approximately 60 percent of Ontario's food-related farm production.<sup>34</sup>

<sup>&</sup>lt;sup>32</sup> Food Processing Skills Canada. 2022.

<sup>&</sup>lt;sup>33</sup> Government of Ontario. Ontario's local food report, 2021 edition. Retrieved from: https://www.ontario.ca/page/ontarios-local-food-report-2021-edition.

<sup>&</sup>lt;sup>34</sup> Ibid.



- 4. Commercialization Opportunities. The Ontario economic environment is very welcoming towards commercialization opportunities. Centres such as the Agri-Tech Commercialization Centre, Ontario Centres of Excellence, Soy 20/20, Bio Enterprise, Toronto Food Business Incubator and the Vineland Research and Innovation Centre help Ontario processors bring innovative agri-food products to market. Furthermore, Ontario is home to various business incubators such as the MaRS discovery district, the Toronto Food Business Incubator (TBFI) and funders, such as the Canadian Venture Capital Association and National Angel Investors.
- 5. Ontario Food Clusters. Ontario, particularly in areas such as Toronto and Guelph, is one of the largest and most competitive food clusters in North America, ranking as the second largest food processing jurisdiction. Many international food processing companies are locating to Ontario.<sup>35</sup>
- 6. Regulation. Foreign protectionism and subsidies on agricultural commodities and products restrict market access and can make entry to global markets difficult. Raw materials, packaging, logistics and storage is strictly regulated by multiple levels of government. With increasingly strict safety regulations, companies have to make significant capital investments to comply. Regulatory barriers for importing into the U.S. include country of origin labelling and the Food Modernization Safety Act.
- 7. Sustainability. Issues of sustainability, food safety, animal welfare, and the environmental impact of agriculture and food processing continue to play a central role in consumer preferences, and government policy. Sustainability is a major focus for consumers, who want evidence of local environmental efforts; furthermore, the "buy-local" movement has encouraged consumers to purchase locally produced and processed food, rather than imports. While this could be a significant opportunity for Ontario food processors, the local food movement is part of a larger consumer preference shift towards transparency, and healthier food options. It is possible that consumption of particular kinds of processed foods may decrease, particularly as consumers become more aware of the contents of the products they consume.

### **Government Policy Trends**

High level government policy trends include:

- 6. Focus On Local Food Procurement Policies. Promoting local food is part of the new Ontario government's plan to strengthen the agri-food industry. In 2013, the Ontario government re-introduced the Local Food Act, a bill that promotes the access of local food in markets, schools, cafeterias, grocery stores and restaurants throughout the province.<sup>36</sup>
- 7. Investment in Agriculture and Agri-Food. Continued government spending in support of public R&D in agriculture and agri-food is important for the future productivity growth and competitiveness of the sector. On October 20, 2021, the government of Ontario announced they are making a \$10.2 million investment (in collaboration with the government of Canada) through the Canadian Agricultural Partnership to support the agri-food sector adopt best practices to increase employment and drive economic growth.<sup>37</sup>

<sup>&</sup>lt;sup>35</sup> Invest Toronto, Toronto's Food and Beverage Sector,

http://www.investtoronto.ca/InvestAssets/PDF/Sector\_One\_Pagers\_Food\_and\_Beverage\_English.pdf

<sup>&</sup>lt;sup>36</sup> Bill 36, Local Food Act, 2013, http://www.ontla.on.ca/bills/bills-files/40\_Parliament/Session2/b036.pdf.

<sup>&</sup>lt;sup>37</sup> Government of Ontario. Newsroom. Governments Investing in Innovative Solutions to Boost Agri-Food Sector. October 20, 2021. Retrieved from: https://news.ontario.ca/en/release/1001013/governments-investing-in-innovative-solutions-to-boost-agri-food-sector.



- 8. International Trade. On November 30, 2018, Canada, the U.S., and Mexico agreed to the Canada-United States-Mexico Agreement (CUSMA), formerly known as the North American Free Trade Agreement (NAFTA) and has been in effect since July 1, 2020. CUSMA maintains the element of a tariff-free market as under NAFTA and includes updates and new sections pertaining to modern-day trade challenges.
- 9. Increased Focus on Food Safety. Threats to the safety of Canada's food supply continue to be a concern to Canadians and the responsibility and focus of the Government of Canada, along with all sector players. The COVID-19 pandemic has increased the awareness of food safety across Ontario businesses, building on their current foundational internal programs and protocols. For instance, installations of HEPA filters to optimize air quality is one example of providing their workers and the public with food quality assurance. Ontario abattoirs and meat processors have also focused on increasing their production and slaughter inspection days and sample testing through licensed inspector from the Ontario Ministry of Agriculture, Food and Rural Affairs.
- 10. Decarbonization. In December of 2020, the government of Canada released a revised climate plan titled A Healthy Environment and Healthy Economy. Within their updated plan, the government of Canada is focused on decarbonization whereby provinces are subject to carbon pricing mechanisms. As of April 2022, the federal minimum national price on carbon pollution is set at \$50 per tonne of carbon dioxide equivalent of greenhouse gas emissions. The minimum price on carbon is intended to increase to \$170 by 2030.<sup>38</sup> To support decarbonization the government of Canada is providing supports such as the On-Farm Climate Action Fund. Announced within the government of Canada's 2021 Budget, the government is investing \$200 million through this initiative to support farmers in storing carbon and reducing greenhouse gases, particularly in nitrogen management, cover cropping, and rotational grazing practices.

### **Consumer Trends**

In 2020, consumers spent \$51.0 billion in food and beverage stores in Ontario, up from \$46.5 billion a year prior.<sup>39</sup> Changing consumer and societal demands are influencing changes throughout the whole agriculture and agri-food system. Notable consumer trends include:

- 1. **Demand for variety.** Consumers are demanding more variety, more convenience, more sustainable, local and healthier food choices, as well as food that addresses their values such as organic and halal products, accompanied by proper assurances of traceability, quality and food safety.<sup>40</sup>
- 2. Increased purchases from online sources. The breadth of consumer demand for food attributes is expanding and re-shaping agriculture and agri-based businesses. Throughout the COVID-19 pandemic, consumers demonstrated interest in purchasing food from online sources and having it

 <sup>&</sup>lt;sup>38</sup> Government of Canada. Update to the Pan-Canadian Approach to Carbon Pollution Pricing 2023-2030. 2022.
 Retrieved from: https://www.canada.ca/en/environment-climate-change/services/climate-change/pricing-pollution-how-it-will-work/carbon-pollution-pricing-federal-benchmark-information/federal-benchmark-2023-2030.html.
 <sup>39</sup> Statistics Canada. Food Store and Food Service Industry Sales, Ontario. Tables: 20-10-0008-01 and 21-10-0019-01.

<sup>&</sup>lt;sup>40</sup> Agriculture and Agri-Food Canada, An Overview of the Canadian Agriculture and Agri-Food System, 2016,

http://www.agr.gc.ca/eng/about-us/publications/economic-publications/alphabetical-listing/an-overview-of-thecanadian-agriculture-and-agri-food-system-2016/?id=1462288050282#a2



delivered to their homes. Farmers in Ontario have adapted to this trend, with the share of farms reporting direct sales increasing from 15.1 percent in 2015 to 15.9 percent in 2020.<sup>41</sup>

- 3. **Health consciousness.** Consumers are also looking for tangible, functional qualities in their food such as gluten-free and zero trans-fat. While this may diminish the consumption of certain types of food, it also provides producers and processors with opportunities to innovate and develop healthier food products that satisfy consumer preferences.
- 4. Animal welfare. Consumer concern for the welfare of farm animals has gained momentum alongside growing demand for animal-based products. This has encouraged further public awareness of this industry's linkages to health, safety, the environment and economic development.
- 5. Interest in sustainability. Consumers are also looking for evidence of social, economic and environmental sustainability, including lower greenhouse gas emissions, smaller carbon footprints, fair trade programs and responsible production practices. Investing in the area of sustainability is related to marketing and revenue increasing opportunities. Farmers have responded to this push for sustainability from consumers, investing in new soil management methods, fertilizers, precision farming, and marketing operations<sup>42</sup>.

Additional consumer trends documented by Agriculture and Agri-Food Canada from the 2016 study are summarized in the table below.<sup>43</sup>

Trend	Impact
Aging population	The aging population will impact the type and quantity of food demanded as well as where it will be consumed.
Evolving society	Brands will become less of a status symbol and more an expression of individualization.
Changing meal patterns	Consumers will become even more disconnected from food preparation. Shopping and eating habits will be sporadic. Meal planning cycles will be shorter, snacking will replace courses as well as whole meals and food will become even more portable.
Shifting expenditures	The move to spending less of our disposable income on food will continue and retail food purchases will still dominate, while food service will see only modest growth in expenditures. The real shift will be in prepared meals and take-outs.
Food for health	There will be a move to adopt healthier lifestyles. Since the COVID-19 pandemic, consumers have exhibited a trend towards eating healthier and preparing meals that are home-cooked and sourced from local ingredients.

#### Table 4: Consumer Trends

<sup>&</sup>lt;sup>41</sup> Statistics Canada. Canadian Agriculture at a Glance. *Ontario is an agricultural powerhouse that leads in many farming categories.* June 15, 2022.

<sup>&</sup>lt;sup>42</sup> Agriculture and Agri-Food Canada, An Overview of the Canadian Agriculture and Agri-Food System, 2016

<sup>&</sup>lt;sup>43</sup> Agriculture and Agri-Food Canada, Canadian Food Trends to 2020 - A Long Range Consumer Outlook, June 2011.



Trend	Impact
The educated consumer	Consumers will become more conscious of nutrition and food ingredients than ever before and foods with a function beyond just energy will be in demand, as consumers seek to manage their health and prevent disease.
Ethnic food	Immigration from regions off the Pacific Ocean and Hispanic influences will lead to diversification, fusion and blended cuisines.
No trade-off for convenience	The next wave of product differentiation will be to provide fresher, more nutritious, great tasting and/or ethnic foods in the most convenient forms possible.
Vegetables	True vegetarianism may not grow dramatically, but consumption of meatless meals will continue to increase.
Local foods	Consumers will continue to look for local products and at the same time demand global fusion foods and beverages. <sup>44</sup> Consumers are interested in shopping inperson at conventional grocery stores and e-commerce platforms.
Organic foods	Organics, at a modest price premium, will continue to rise, especially as quality and availability matches that of conventionally produced foods.
Small indulgences	Adult Canadians will embrace gourmet foods and boutique brands. Slow foods, high quality, smaller portions and nutritious foods will gradually replace demand for fast, big and cheap foods.
Food safety and production issues	Consumer confidence in foods tends to shift with the news story of the day. Lack of consumer confidence, regardless of the cause, will lead to avoidance of the offending food.

<sup>&</sup>lt;sup>44</sup> Food in Canada, Trends, Impacts & Responses – Forecast 2014, September 2013.



# 6. Economic Impacts of the Ontario Agribusiness Industry

### Overview

The main goal of an economic impact study is to quantify the economic contributions that an industry, project or organization makes to a region. In general, economic impacts are viewed as being restricted to quantitative, well-established measures of economic activity. The most commonly used of these measures are output, GDP, employment and government tax revenue:

- **Output** is the total gross value of goods and services produced by a given organization, industry or project measured by the price paid to the producer. This is the broadest measure of economic activity.
- **Gross Domestic Product ("GDP")**, or value added, refers to the additional value of a good or service over the cost of inputs used to produce it from the previous stage of production. Thus GDP is equivalent to the unduplicated value of goods and services produced.
- **Employment** is the number of additional jobs created. Employment is measured in terms of full-time equivalents ("FTEs").
- **Government Tax Revenues** are the total amount of tax revenues generated for different levels of government. Please note that because tax revenues can frequently change due to modifications in tax policy, the tax revenue impacts in this report are estimates only and subject to change. They should be viewed as approximate in nature.

Economic impacts may be estimated at the direct, indirect and induced levels.

- **Direct impacts** are changes that occur in "front-end" businesses that would initially incur expenditures and receive operating revenue as a direct consequence of the operations and activities of an industry.
- Indirect impacts arise from changes in activity for suppliers of the "front-end" businesses.
- **Induced impacts** arise from shifts in spending on goods and services as a consequence of changes to the payroll of the directly and indirectly affected businesses.

MNP estimated the economic impacts of the Ontario agri-business industry using Statistics Canada's inputoutput economic multipliers.<sup>45</sup> Input-output modeling is a widely-used and accepted approach, making it recognizable by many different stakeholders and audiences. The structure of the approach also facilitates easy comparisons between reported results for different projects, organizations or industries.

For a detailed description of MNP's economic terms please refer to Appendix C, and for a detailed methodology and related assumptions please refer to Appendix D.

<sup>&</sup>lt;sup>45</sup> In order to be able to compare the economic impacts generated by the Ontario agri-business industry against the 2013 baseline study, MNP employed the same multipliers used in the 2013 baseline study to estimate the economic impacts of the industry for the 2016 study.



# **Economic Impacts**

The economic impacts of Ontario's agri-business industry are summarized in the tables below. For the distribution of the economic impacts by sub-sector, please refer to Appendix E.

	Output	GDP	Employment	Federal	Provincial	Municipal
	(x 1,000)	(x 1,000)	(FTEs)	Taxes	Taxes	Taxes
				(x 1,000)	(x 1,000)	(x 1,000)
		201	3 Baseline Stud	у		
Direct	\$2,885,755 <sup>46</sup>	\$1,162,027	7,637	\$133,407	\$83,097	\$16,992
Indirect	\$1,521,595	\$706,547	7,938	\$79,531	\$49,362	\$12,834
Induced	\$508,616	\$410,085	7,161	\$49,113	\$30,436	\$6,993
Total	\$4,915,966	\$2,278,659	22,736	\$262,051	\$162,895	\$36,819

Table 5: Economic Impacts of the Ontario Agri-Business Industry – 2011 (Baseline Study)

Table 6: Economic Impacts of the Ontario Agri-Business Industry – 2013 (2016 Study)

	Output (x 1,000)	GDP (x 1,000)	Employment (FTEs)	Federal Taxes (x 1,000)	Provincial Taxes (x 1,000)	Municipal Taxes (x 1,000)
			2016 Study			
Direct	\$4,079,441 <sup>46</sup>	\$1,655,388	8,346	\$190,201	\$118,440	\$24,328
Indirect	\$2,146,140	\$999,318	11,230	\$112,465	\$69,798	\$18,191
Induced	\$727,825	\$586,827	10,247	\$70,279	\$43,554	\$10,008
Total	\$6,953,406	\$3,241,533	29,823	\$372,945	\$231,792	\$52,527

#### Table 7: Economic Impacts of the Ontario Agri-Business Industry – 2021 (Current Study)

	Output (x 1,000)	GDP (x 1,000)	Employment (FTEs)	Federal Taxes (x 1,000)	Provincial Taxes (x 1,000)	Municipal Taxes (x 1,000)
		202	21 Current Study	/		
Direct	\$4,370,000 <sup>46</sup>	\$1,637,000	9,150	\$252,000	\$187,000	\$26,000
Indirect	\$2,771,000	\$1,312,000	10,800	\$165,000	\$133,000	\$45,000
Induced	\$1,030,000	\$604,000	4,700	\$120,000	\$146,000	\$51,000
Total	\$8,171,000	\$3,553,000	24,650	\$537,000	\$466,000	\$122,000

<sup>&</sup>lt;sup>46</sup> For the purpose of this study, MNP used the gross margin, the difference between total operating revenues and costs of goods sold, as the input in the economic impact model for grain elevators and crop input suppliers. Therefore, the total output impacts generated by grain elevators and crop input suppliers are not reflective of the total gross value ("revenue") generated by these two industries.



# **Comparison with Other Industries**

As shown in Figure 8, the total GDP generated by the Ontario agri-business industry in 2021 was:

- Roughly 4.3 times that generated by the Ontario chicken farming industry in 2015<sup>47</sup>, the latest period for which data were available.
- Roughly equivalent to 44 percent of that generated by the Ontario mining sector in 2021.

#### Figure 8: Total GDP Impacts – industry Comparisons



Source: MNP. Chicken Farmers of Ontario, 2016. Ontario Mining Association, 2021.

As shown in Figure 9, the direct employment generated by the Ontario agri-business industry in 2021 was:

- Roughly twice that generated by the Ontario chicken farming industry in 2015<sup>48</sup>, the latest period for which data were available.
- Roughly equivalent to one third of that generated by the Ontario mining sector in 2021.

#### Figure 9: Direct Employment – Industry Comparisons



Source: MNP. Chicken Farmers of Ontario, 2016. Ontario Mining Association, 2021.

<sup>47</sup> Excludes value added processing.

<sup>&</sup>lt;sup>48</sup> Excludes value added processing.



# 7. Appendix A – Data Sources

This appendix lists the key data sources that MNP consulted throughout our analyses. Supplementary references are included in the footnotes throughout the report.

### **Ontario Websites**

- Ontario Agri Business Association, <u>www.oaba.ca</u>
- Ontario Farm & Food Care, <u>www.farmfoodcare.org</u>
- Agricorp, <u>www.agricorp.com</u>
- Workplace Safety and Insurance Board (WSIB), www.wsib.on.ca
- Ontario Ministry of Agriculture, Food and Rural Affairs, <a href="http://www.omafra.gov.on.ca/">http://www.omafra.gov.on.ca/</a>

### **Canadian Websites**

- Agriculture and Agri-Food Canada, <u>www.agr.gc.ca</u>
- Innovation, Science and Economic Development Canada, <u>www.ic.gc.ca</u>
- Statistics Canada, <u>www.statcan.gc.ca</u>
- Animal Nutrition Association of Canada, www.anacan.org



# 8. Appendix B – Financial Estimates

Since the baseline study in 2013, there have been a number of changes in data availability and sources. This Appendix describes the sources and approach to estimating the financial and employment data reported in Section 4.

# **Financial Estimates for Ontario Crop Input Suppliers**

For the baseline economic impact study, financial estimates for Seed Merchant Wholesalers [NAICS 41832] and Agricultural Chemical and Other Farm Supplies Merchant Wholesalers [NAICS 41839] for the year 2011 were used to develop the profile of Ontario's crop input suppliers:

Agricultural Supplies Wholesaler-Distributors [NAICS 4183]:

- Agricultural Feed Wholesaler Distributors [NAICS 41831]
- Seed Merchant Wholesalers [NAICS 41832]
- Agricultural Chemical and Other Farm Supplies Merchant Wholesalers [NAICS 41839]

Financial estimates for five-digit NAICS codes (i.e., NAICS 41831, 41832 and 41839) are no longer publicly reported by Statistics Canada. MNP requested custom tabulations of the Annual Wholesale Trade Survey to get information on financial estimates for five-digit NAICS codes.<sup>49</sup> The Annual Wholesale trade survey provided information on total operating revenues, total operating expenses, cost of goods sold and labour remuneration. The latest year for which the data were available was 2020. Estimates for 2021 were based on the following:

#### Total Operating Revenue, Cost of Goods Sold and Operating Expenses

- Growth in input prices for crop production based on Statistics Canada's Farm Input Price Index.<sup>50</sup>
- Growth in production of principal field crop from Statistics Canada's Field Crop Reporting series.<sup>51</sup>
- Overall growth in price level in the economy based on Statistics Canada Consumer Price Index.<sup>52</sup>

It was estimated that total operating revenue and cost of goods sold grew by approximately 18 percent between 2020 and 2021, of which 10 percent was estimated to be due to price increase and 8 percent was due to increase in production.

#### **Employment and Labour Remuneration**

The estimates of employment were based on employment data for NAICS 4183 from Statistics Canada's Survey of Employment Payroll and Hours and share of operating revenues for NAICS 41832 and NAICS 41839 to NAICS 4183 between 2018 and 2020 (estimated to be approximately between 60 to 70 percent). The estimates for 2021 were based on growth in operating revenues due to increase in production between

<sup>&</sup>lt;sup>49</sup> Please note that according to Statistics Canada the Annual Wholesale Trade Survey was not designed to produce estimates at the NAICS 5 level for this subsector [4183] and that the results may not be as accurate as those at the NAICS 4.This is because the sampling is done at the NAICS 4 and not at NAICS 5, the data probably should not be used for time series analysis, since the estimates at the 5 digit level will likely be very variable year to year.

<sup>&</sup>lt;sup>50</sup> Available here: https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810025801

<sup>&</sup>lt;sup>51</sup> Available here: https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=3210035901

<sup>&</sup>lt;sup>52</sup> Available here: https://doi.org/10.25318/1810000501-eng



2020 and 2021. A reasonableness check on the resulting estimates was done by applying Statistics Canada's Input Output Multipliers on operating revenues and comparing the estimates of employment from this with our estimates based on growth in production.

Estimates of Labour Remuneration were based on the increase in employment and hourly compensation rate for Miscellaneous wholesaler-distributors [BS418] from Statistics Canada Labour Productivity Measures data.<sup>53</sup>

Please note that due to the unavailability of comparable data, this methodology is different from the methodology employed to extrapolate total operating expenses, costs of goods sold, and wages and salaries for Ontario's crop input suppliers in the 2016 study.

## Data Gaps for Ontario Feed Manufacturers

For the baseline economic impact study, financial estimates reported for Other Animal Food Manufacturing [NAICS 311119] were used to develop the profile of Ontario's feed manufacturers:

Animal Food Manufacturing [NAICS 3111]:

- Dog and Cat Food Manufacturing [NAICS 311111]
- Other Animal Food Manufacturing [NAICS 311119]

Financial estimates for six-digit NAICS codes (i.e. NAICS 311119) were reported by Statistics Canada's Annual Survey of Manufactures and Logging. The latest year for which the data were available was 2020. Estimates for 2021 were based on the following:

#### Total Revenues, Revenue from Goods Manufactured and Total Expenses.

- Growth in wholesale sales for Agricultural Feed Merchant Whole Sellers [NAICS 41831] between 2020 and 2021.<sup>54</sup>
- Growth in prices for commercial feed based on Statistics Canada's Farm Input Price Index.<sup>55</sup>
- Overall growth in price level in the economy based on Statistics Canada Consumer Price Index.<sup>56</sup>

It was estimated that between 2020 and 2021 the revenues for Ontario Feed Manufacturers increased by approximately 20 percent all of which can be attributed to increase in prices.

#### Employment

The estimates of employment were based on employment data for NAICS 3111 from Statistics Canada's Survey of Employment Payroll and Hours and historical share of total revenues for NAICS 311119 to NAICS 3111 between 2018 and 2020.

<sup>&</sup>lt;sup>53</sup> Available here: https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610048001

<sup>&</sup>lt;sup>54</sup> Statistics Canada, Table: 20-10-0074-01: Monthly Wholesale Trade Survey. Available here:

https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=2010007401

<sup>&</sup>lt;sup>55</sup> Available here: https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810025801

<sup>&</sup>lt;sup>56</sup> Available here: https://doi.org/10.25318/1810000501-eng



Estimates of wages and salaries were based on increase in employment and hourly compensation rate for Miscellaneous wholesaler-distributors [BS418] based on Statistics Canada Labour Productivity Measures data.<sup>57</sup>

Please note that since financial estimates for six-digit NAICS codes (i.e. 311119) were not available at the time of 2016 study, this methodology is different form the methodology employed to develop financial estimates for 2013.

### Data Gaps for Ontario Grain Elevators

Financial estimates for grain elevators for the baseline study and the 2016 study were based on data from Agricorp, Grain Financial Protection Program and Workplace Safety and Insurance Board (WSIB), Enterprise Information Warehouse. Similar data for 2021 were not available. MNP developed estimates for 2021 as follows:

#### Total Revenues, Cost of Goods Sold and Other Expenses

Total revenue estimates for 2021 were developed in consultation with OABA based on trend analysis of Ontario yield production from Statistics Canada (Table: 32-10-0359-01), average price per tonne of Ontario commodities from the Grain Farmers of Ontario, and Ontario farm cash receipts from 2006-2021 from the Government of Ontario. MNP applied the historic gross margin of 12 percent and net profit margin of 3 percent on estimated revenues to extrapolate cost of goods sold and other expenses for 2021.

#### Employment and Labour Remuneration

The total number of employees for 2021 were estimated in consultation with OABA based on an analysis of industry production trends and historical production per worker statistics in 2012 and 2016. Estimates of labour remuneration were then developed using the estimated employment and average compensation for 2021 from Statistics Canada's Labour Productivity Measures data set (Table: 36-10-0480-01) for Farm product wholesaler-distributors.

<sup>&</sup>lt;sup>57</sup> Available here: https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610048001



# 9. Appendix C – Glossary of Economic Terms

#### Table 8: Glossary of Economic Terms

Term	Definition
Direct Impacts	<ul> <li>Direct impacts are the economic impacts of an industry that are due to changes to front end businesses that receive expenses or operating revenue as a direct consequence of an industry. Direct impacts are related to original purchases or "direct sales" from primary suppliers.</li> <li>Example: In the case of feed manufacturing, direct impacts are related to the spending that feed manufacturers make when purchasing goods and services from their suppliers; for instance, purchasing agricultural products (i.e. grains) and nutrients.</li> </ul>
FTE	FTE means full-time equivalent employee.
GDP	• GDP is the "value added" to the economy (the unduplicated total value of goods and services).
Government Tax Revenue	• Government tax revenue is the total amount of tax revenue generated for different levels of government, including municipal, provincial and federal taxes.
Indirect Impacts	<ul> <li>Indirect impacts are due to changes in the activity of an industry's suppliers. Indirect impacts include the spending that agri-business companies' suppliers make when purchasing goods and services from their own suppliers (i.e. secondary suppliers) in order to meet the demand generated by the industry.</li> <li>Example: When feed manufacturers spend money on agricultural products (i.e. grains), grain farmers in turn purchase inputs such as fertilizer, fuel and machinery to produce grains and meet feed manufacturers' demand. The spending by grain farmers reflects the indirect impacts of feed manufacturers spending on agricultural products.</li> </ul>
Induced Impacts	<ul> <li>Induced impacts are due to shifts in spending on goods and services as a consequence of the payroll of the directly and indirectly affected businesses. In the case of feed manufacturing, induced impacts reflect the additional spending by the employees of the feed manufacturers, feed manufacturers' suppliers (primary suppliers) and their suppliers' suppliers (secondary suppliers).</li> <li>Example: Additional wages received by feed manufacturers' employees, grain farmers' employees and nutrient manufacturers' employees "induce" spending. These employees in turn make consumer purchases that are considered induced impacts.</li> </ul>



Term	Definition
Output	• Output is the total gross value of all business revenue. This is the broadest measure of economic activity. For the purpose of this study, MNP used the gross margin, the difference between total operating revenues and costs of goods sold, as the input in the economic impact model for grain elevators and crop input suppliers. Therefore, the total output impacts generated by grain elevators and crop input suppliers are not reflective of the total gross value ("revenue") generated by these two industries.



# 10. Appendix D – Economic Impact Methodology and Assumptions

### **Economic Impact Multipliers**

Economic impacts of Ontario's crop input suppliers, feed manufacturers and grain elevators were estimated using Statistics Canada's Input Output Multipliers for 2018. Multipliers for the following industry aggregations were used:

- For crop input suppliers, MNP used Miscellaneous Merchant Wholesalers multiplier.58
- For feed manufacturers, MNP used the Animal Food Manufacturing multiplier.<sup>59</sup>
- For grain elevators, MNP used the Farm Product Merchant Wholesale multiplier.<sup>60</sup>

### Input

MNP applied the relevant multipliers to the revenue generated by Ontario's crop input supply, grain elevator and feed manufacturing industry to estimate direct, indirect and induced impacts. Due to limited availability of industry data, the most recent revenue data available and used in our analysis differed across the three industry groups. MNP used the following data as input:

- **Crop Input Suppliers.** MNP used the gross margin, the difference between total operating revenues and costs of goods sold, as the input in the input-output model for crop input suppliers. MNP assumed a total gross margin of \$766 million for Ontario crop input suppliers.
- **Grain Elevators.** MNP used the gross margin, the difference between total operating revenues and costs of goods sold, as the input in the input-output model for grain elevators. Based on financial estimates obtained through Agricrop, Grain Financial Protection Program, 2016, we assumed a gross margin of \$1.1 billion for Ontario grain elevators.
- Feed Manufacturers. MNP used total revenues as the input in the input-output model for feed manufacturers. We assumed total Ontario feed manufacturing revenues of \$2.5 billion.

# Adjustment to Induced Impacts

• The estimates of labour remuneration and employment developed in Section 4 were compared profiles with the direct impact of labour income and employment generated by the multipliers such. Based on the comparison, adjustments were then made to the estimated induced impacts to reflect labour renumeration and employment reported specific to the industry.

<sup>&</sup>lt;sup>58</sup> Comprises establishments primarily engaged in wholesaling merchandise, generally without transformation, and rendering services incidental to the sale of merchandise.

<sup>&</sup>lt;sup>59</sup> Comprises establishments primarily engaged in manufacturing food and feed for animals, including pets.

<sup>&</sup>lt;sup>60</sup> Comprises establishments primarily engaged in wholesaling livestock, grain and other farm products...



# 11. Appendix E – Economic Impacts

# **Economic Impacts by Sub-Industry**

	Output (x 1,000)	GDP (x 1,000)	Employment (FTEs)	Federal Taxes (x 1,000)	Provincial Taxes (x 1,000)	Municipal Taxes (x 1,000)		
	Crop Input Suppliers							
Direct	\$456,064	\$265,801	2,941	\$31,506	\$19,410	\$4,678		
Indirect	\$209,016	\$114,965	1,314	\$12,802	\$7,905	\$2,340		
Induced	\$137,483	\$110,850	1,936	\$13,276	\$8,227	\$1,890		
Total	\$802,563	\$491,616	6,191	\$57,584	\$35,542	\$8,908		
Feed Manufacturers								
Direct	\$1,612,714	\$420,080	2,315	\$45,461	\$28,917	\$3,934		
Indirect	\$938,155	\$385,637	4,271	\$43,795	\$27,296	\$6,303		
Induced	\$124,850	\$100,663	1,758	\$12,056	\$7,471	\$1,717		
Total	\$2,675,719	\$906,380	8,344	\$101,312	\$63,684	\$11,954		
Grain Elevators								
Direct	\$816,977	\$476,146	2,381	\$56,440	\$34,770	\$8,380		
Indirect	\$374,424	\$205,945	2,353	\$22,934	\$14,161	\$4,191		
Induced	\$246,283	\$198,572	3,467	\$23,781	\$14,738	\$3,386		
Total	\$1,437,684	\$880,663	8,201	\$103,155	\$63,669	\$15,957		
Total								
Direct	2,885,755	1,162,027	7,637	133,407	83,097	16,992		
Indirect	1,521,595	706,547	7,938	79,531	49,362	12,834		
Induced	508,616	410,085	7,161	49,113	30,436	6,993		
Total	\$4,915,966	\$2,278,659	22,736	\$262,051	\$162,895	\$36,819		

#### Table 9: Economic Impacts by Sub-Industry – 2013 Baseline Study (2011 Estimates)



	Output (x 1,000)	GDP (x 1,000)	Employment (FTEs)	Federal Taxes (x 1,000)	Provincial Taxes (x 1,000)	Municipal Taxes (x 1,000)		
		Cro	p Input Supplier	S				
Direct	\$697,184 <sup>61</sup>	\$406,329	3,043	\$48,164	\$29,672	\$7,151		
Indirect	\$319,522	\$175,747	2,008	\$19,571	\$12,085	\$3,577		
Induced	\$210,171	\$169,455	2,959	\$20,294	\$12,577	\$2,890		
Total	\$1,226,877	\$751,531	8,010	\$88,029	\$54,334	\$13,618		
	Feed Manufacturers							
Direct	\$2,240,437	\$583,590	2,318	\$63,156	\$40,173	\$5,465		
Indirect	\$1,303,317	\$535,740	5,933	\$60,841	\$37,921	\$8,756		
Induced	\$173,445	\$139,845	2,442	\$16,748	\$10,379	\$2,385		
Total	\$3,717,199	\$1,259,175	10,693	\$140,745	\$88,473	\$16,606		
	Grain Elevators							
Direct	\$1,141,820 <sup>64</sup>	\$665,469	2,985	\$78,881	\$48,595	\$11,712		
Indirect	\$523,301	\$287,831	3,289	\$32,053	\$19,792	\$5,858		
Induced	\$344,209	\$277,527	4,846	\$33,237	\$20,598	\$4,733		
Total	\$2,009,330	\$1,230,827	11,120	\$144,171	\$88,985	\$22,303		
Total								
Direct	4,079,441	1,655,388	8,346	190,201	118,440	24,328		
Indirect	2,146,140	999,318	11,230	112,465	69,798	18,191		
Induced	727,825	586,827	10,247	70,279	43,554	10,008		
Total	\$6,953,406	\$3,241,533	29,823	\$372,945	\$231,792	\$52,527		

#### Table 10: Economic Impacts by Sub-Industry – 2016 Study (2013 Estimates)

<sup>&</sup>lt;sup>61</sup> MNP used the gross margin, the difference between total operating revenues and costs of goods sold, as the input in the economic impact model for grain elevators and crop input suppliers. Therefore, the total output impacts generated by grain elevators and crop input suppliers are not reflective of the total gross value ("revenue") generated by these two industries.



	Output (x 1,000)	GDP (x 1,000)	Employment (FTEs)	Federal Taxes (x 1,000)	Provincial Taxes (x 1,000)	Municipal Taxes (x 1,000)
		Cro	p Input Suppliers	5		
Direct	\$766,000 <sup>62</sup>	\$433,000	3,850	\$44,000	\$30,000	\$8,000
Indirect	\$362,000	\$193,000	1,600	\$18,000	\$14,000	\$7,000
Induced	\$317,000	\$187,000	1,400	\$27,000	\$34,000	\$11,000
Total	\$1,445,000	\$813,000	6,850	\$89,000	\$78,000	\$26,000
Feed Manufacturers						
Direct	\$2,524,000	\$580,000	2,400	\$53,000	\$42,000	\$6,000
Indirect	\$1,918,000	\$835,000	6,700	\$78,000	\$61,000	\$23,000
Induced	\$433,000	\$253,000	2,000	\$37,000	\$46,000	\$17,000
Total	\$4,875,000	\$1,668,000	11,100	\$168,000	\$149,000	\$46,000
Grain Elevators						
Direct	\$1,080,000 <sup>63</sup>	\$624,000	2,900	\$155,000	\$115,000	\$12,000
Indirect	\$491,000	\$284,000	2,500	\$69,000	\$58,000	\$15,000
Induced	\$280,000	\$164,000	1,300	\$56,000	\$66,000	\$23,000
Total	\$1,851,000	\$1,072,000	6,700	\$280,000	\$239,000	\$50,000
Total						
Direct	\$4,370,000	\$1,637,000	9,150	\$252,000	\$187,000	\$26,000
Indirect	\$2,771,000	\$1,312,000	10,800	\$165,000	\$133,000	\$45,000
Induced	\$1,030,000	\$604,000	4,700	\$120,000	\$146,000	\$51,000
Total	\$8,171,000	\$3,553,000	24,650	\$537,000	\$466,000	\$122,000

#### Table 11: Economic Impacts by Sub-Industry – 2022 Study (2021 Estimates)

<sup>62</sup> Ibid



# Ontario's Agri Business Sector - With it...Ontario will grow!



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# 12. Appendix F – About MNP

# For 60 years, MNP has proudly served and responded to the needs of clients in the public, private and not-for-profit sectors.

We customize every engagement to meet the specific needs of our clients. By having local, regional and national expertise in all of our markets, we are able to provide clients with partner-led projects, which will ensure a more efficient approach to engagements.

In order to guarantee that the highest caliber of deliverables is produced, and the most effective solutions are provided, we streamline processes.

Our respected team and disciplined approach to business is why we remain strong. The demand for our high-quality standards is why we continue growing. Today, MNP is the fifth largest chartered professional accountancy and business consulting firm in Canada. Our team provides world-class expertise, in-depth knowledge and personalized service to meet the needs of our clients. MNP is committed to providing insightful business advice from a local perspective with a global lens.

**7,700+** Team Members (including Partners)

**1,126** Partners **110+** Offices Since our first office opened in 1958 in Brandon, Manitoba, MNP has grown to become the 5th largest chartered professional accountancy and business consulting firm in Canada.

# 

# And proud of it!

At MNP we're proud to be the national accounting, tax and business consulting firm that is 100% Made in Canada.

Why is this important? Because it defines who we are and our approach to business. It has helped shape our values, our collaborative approach and the way we work with our clients, engaging them every step of the way.

Our history gives us a unique perspective. We know Canada because we are a part of Canada. All of our decisions are made here – decisions that drive Canadian business and help us all further achieve success.

And the sense of strong Canadian commitment, being a part of every community we live and work in, and always being there through prosperous and challenging times.

Being 100% Canadian is something we wear proudly because we know the great opportunities that exist here. The opportunities that have been afforded to our firm, the same opportunities that we deliver to our clients.