



Ontario Federation of Agriculture

Ontario AgriCentre

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EBR Registry Number 013-3738 - Bill 4, Cap and Trade Cancellation Act, 2018

The Ontario Federation of Agriculture (OFA) is pleased to provide comments to the Ministry of the Environment, Conservation and Parks regarding Bill 4, Cap and Trade Cancellation Act, 2018. The OFA is Canada's largest voluntary general farm organization, representing over 38,000 farm families across the province. These farm businesses form the backbone of a robust food system; helping to drive the Ontario economy forward.

OFA believes there is a very real long-term threat to agricultural sustainability in Ontario as a result of climate change. As a sector of the economy dependent on stable and predictable climate and weather patterns, the higher variability in temperature and water regimes created by climate change presents a significant risk to farming in this province, and cannot be ignored. In responding to this risk, the OFA would like to see policies, programs, and research initiatives developed collaboratively with government and society that will enable farmers to adapt the effects of climate change.

Cancellation of the Cap and Trade Program

OFA supports the cancellation of the Provincial Cap and Trade Program at this time and the repeal of the Climate Change Mitigation and Low-carbon Economy Act, 2016. Our original acceptance of Cap and Trade as a mechanism to put a price on greenhouse gases was largely predicated on the ability of Ontario's agricultural sector to engage in the creation, development, and marketing of carbon offset credits to allow farmers to compensate for the increased prices on various inputs. We have since become increasingly frustrated that a compliance-based or voluntary carbon offsets program was never fully developed and implemented. Furthermore, we were incredibly disappointed that farm fuels and energy were not originally exempt from the program, as they are in other jurisdictions with a price on carbon.

We believe the price-inelasticity of fuels and energy use in farming ultimately made the application of price on carbon an ineffective approach to reducing greenhouse gases from our sector. Furthermore, we believe that with the highly competitive, global nature of agricultural products, carbon pricing represented a legislated increase in the cost of production that hurt competitiveness and ultimately threatened our ability to provide the local food products Ontarians want.

The approach to winding down the Cap and Trade Program presented by Bill 4 appears reasonable; including the process for cancelling Cap and Trade instruments and compensating those participants who engaged the program in good faith.

Our farmers have expressed their concern, however, that since the announcement that the Cap and Trade Program will be cancelled, the carbon levy has continued to be applied to fuels, ostensibly for fuel distributors to purchase allowances from government that are no longer necessary. Farming is a narrow margin business still reliant on fossil fuel inputs where a legislated increase in the cost of production comes out of the pockets of farmers who grow and raise agricultural commodities. We recommend that government develop a mechanism whereby those funds that have been collected by fuel distributors since the last joint auction of allowances on May 15, 2018 be rebated back to farm customers.

Support for New Horizons: Ontario's Agricultural Soil Health and Conservation Strategy

Though OFA supports the orderly winding down of the Cap and Trade Program, we are concerned for the loss of program funding granted through the former Climate Change Action Plan (CCAP). The CCAP directed how money generated through the auctioning of allowances to regulated industries would be spent and included an allocation of \$30 million in funding for the Ontario Agricultural Soil Health and Conservation Strategy.

Healthy soils are a priority for farmers and critical to the sustainability of Ontario agriculture. OFA strongly supports actions to build a strategic approach to managing the health and sustainability of Ontario's agricultural soil resources. The Provincial Soil Strategy captured the importance of agricultural soils to the lives and livelihoods of Ontarians, and the need to promote soil health and encourage conservation efforts. OFA was pleased to be part of the working group that developed the Strategy and helped ensure the voices of farmers and stakeholders were heard through consultations on the draft strategy.

While the goal of the Soil Strategy under CCAP funding was to “maximize carbon storage” from agricultural activities, we see the potential of the Soil Strategy to do much more. Early in the development process we recognized how proposed action items from this Strategy could also satisfy a number of other environmental stewardship goals, strengthen the resiliency of farming to the potential impacts of climate change, and possibly boost farmers' efficiency and bottom line. Properly implemented, we believe the Soil Strategy can pay substantial dividends for Ontario farmers into the future. Our farmers are now looking forward to the next steps in this process.

With the wind-down of the Cap and Trade Program, and the suspension of programming directed by the CCAP, we request that sufficient funds remaining in the former Greenhouse Gas Reduction Account (GGRA) be allocated towards the implementation of the Provincial Soil Health and Conservation Strategy.

Proposed Climate Change Plan and Reduction Targets

Bill 4 indicates that government must establish targets for the reduction of greenhouse gas emissions in Ontario and must also prepare a climate change plan. OFA supports setting realistic targets for greenhouse gas reduction with realistic timelines for success. As effective managers of the carbon and nitrogen cycles, farmers are in a unique position to be part of the solution to climate change and provide further greenhouse gas mitigation opportunities.

We are pleased to see that Subsection 4(2) of Bill 4 indicates government may, for the purpose of preparing the climate change plan, appoint advisory panels. We recommend that government *should* create these advisory panels and provide an opportunity for meaningful consultation with those industries and stakeholders who know best how to contribute to climate change mitigation.

OFA believes an effective approach for achieving further greenhouse gas reductions in the agricultural sector is to focus on promoting further emissions reductions through incentivising the adoption of beneficial management practices (BMPs), investing in the adaptation of precision agricultural technologies at multiple farm scales, and developing programs that recognise the environmental and ecological co-benefits provided by farming activities.

Considering the knowledge and expertise farmers bring to the table, and the positive impact we can have on a response to climate change, we recommend that the Ontario agricultural sector be given a significant voice on any climate change advisory panels and be given an opportunity to contribute to the development of a Climate Change Plan.

Carbon Offset Credits

OFA maintains that agricultural activities make the highest and best use of arable land, and that agriculturally managed landscapes provide environmental and ecological co-benefits in the process of normal farm practices. Many of the environmental and ecological co-benefits that come from agriculturally managed lands produce the added effect of mitigating the causes of climate change as well as the potential impacts on the people of Ontario. These co-benefits include improved air and water purification, temperature regulation, biodiversity and habitat creation, flood management and erosion control, and carbon sequestration.

OFA believes that farmers should be recognized for their efforts to manage and enhance these co-benefits for the public benefit. We have seen from other jurisdictions that carbon offset credit systems can provide an effective mechanism to recognize and incentivize an enhanced level of environmental and ecological co-benefits from agricultural lands. We remain interested in continuing to work with government to develop a voluntary carbon offset credit system and to develop robust, made-in-Ontario solution to mitigating greenhouse gas emissions.

The OFA appreciates this opportunity for comment on Bill 4 - Cap and Trade Cancellation Act, 2018. We look forward to continuing to work with the Ministry of Environment, Conservation and Parks to develop a balanced and effective approach to addressing climate change.

Sincerely,



Keith Currie
President