

January 6, 2020

Mr. Peter Tabuns, MPP
Toronto-Danforth
Room 165
Main Legislative Building, Queen's Park
Toronto, ON
M7A 1A5

Dear Mr. Tabuns,

On behalf of the Ontario Federation of Agriculture (OFA), I would like to express our sincere appreciation for the time you spent with us last month at Queen's Park and allowing us to share with you the priorities for Ontario's agriculture and food sector. With strong support and investments in our rural communities, we can unlock continued economic growth opportunities and drive a healthy economy that benefits all Ontarians.

Ontario's diverse and innovative agri-food industry feeds our population, fuels our rural communities and drives the provincial economy, generating more than 837,000 jobs and contributing more than \$47 billion to Ontario's annual GDP. From farmers to our diverse food processing industry, our agri-food sector is a powerhouse of possibilities.

OFA is Canada's largest general farm organization, representing more than 38,000 farm family businesses across Ontario. Ontario's agricultural and agri-food sector is among the most diverse agriculture sectors in North America. With over 200 different agricultural commodities grown and raised right here in Ontario, that's more than any other Canadian province and most U.S. states.

Climate and weather touch every aspect of our industry. Ontario farmers work with the natural environment to grow food, fibre and fuel across a diverse geography. Farmers have always adapted to shifts and changes in that environment over time, however, extreme weather events across Ontario and the world, including new drought and flood cycles make us take notice of how our climate is changing. OFA has heard from our members that they are concerned about the potential impacts of climate change on the agricultural sector, and that they are concerned about the impact efforts to mitigate greenhouse gas (GHG) emissions will have on ability to produce food.

Carbon pricing policies attempt to recognise the external costs of GHG emissions on our environment and in theory are intended to provide an economic incentive to emitters to change practices and lower emissions rather than pay an increased cost for their emissions. However, energy use in agriculture is often highly price inelastic – a legislated increase to the price of fuels because of carbon pricing will have a relatively small effect on the quantity of the fuels demanded for food production.

There are currently no replacements for fossil fuels in agricultural production, and major efficiencies in fuel use have already been achieved. Furthermore, the majority of agricultural products are marketed in a global marketplace where farmers have little or no ability to pass the cost of carbon pricing on to the consumer. Ultimately, this makes the application of carbon pricing in the agricultural sector an ineffective instrument to drive emissions reductions.

OFA believes that carbon pricing is not appropriate or effective in the agricultural sector, and that all on-farm fuels used in agricultural production (including but not limited to gas, diesel, natural gas, and propane) should be exempt from carbon pricing policies. We believe that in a highly competitive marketplace, where margins are very tight, carbon pricing represents a legislated increase in the cost of production that hurts competitiveness and ultimately threatens our ability to provide the local food products Ontarians want.

We believe a more effective approach would be 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 goods and services (EG&S) provided by farming activities.

OFA looks forward to continuing the conversation with you and working together to strengthen Ontario's agri-food sector and rural communities.

Sincerely,



Keith Currie
President