

May 4, 2021

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Clerk of the Committee
House of Commons Standing Committee on Agriculture and Agri-Food
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Sent via email to: AGRI@parl.gc.ca
and submitted online via "AGRI: Submit a Brief"

RE: Bill C-206 – An Act to Amend the Greenhouse Gas Pollution Pricing Act (Qualifying Farming Fuel)

The Ontario Federation of Agriculture (OFA) welcomes the opportunity to provide comments to the House of Commons Standing Committee on Agriculture & Agri-food regarding Bill C-206 – An Act to Amend the Greenhouse Gas Pollution Pricing Act (Qualifying Farming Fuel). OFA is the largest general farm organization in Ontario, proudly representing more than 38,000 farm family members across the province. OFA has a strong voice for our members and the agri-food industry on issues, legislation and regulations governed by all levels of government. We are passionate and dedicated to ensuring the agri-food sector and our rural communities are included, consulted, and considered in any new and changing legislation that impacts the sustainability and growth of our farm businesses.

OFA strongly supports Bill C-206 and we recommend that Members of the Standing Committee move to approve this Bill. While we acknowledge and appreciate the existing farm use exemption on gasoline and light fuel oil, we strongly support expanding the list of qualifying farming fuels that are exempt from the fuel charge as outlined in Bill C-206 to include marketable natural gas and propane. As written, Bill C-206 would provide a broader exemption from the fuel charge for fuels used in primary agricultural production and serve to recognize the significant and increasing financial burden the fuel charge places on farmers.

The stated goal of a price on fuels is to use a price signal to incent the market to both decrease consumption of fossil fuels and find alternatives to avoid the increased costs; this will then result in a decrease in associated greenhouse gas emissions. OFA has long argued that the nature of agricultural production and marketing, and the fact that energy (fuel) demand by farmers tends to be unaffected by price, makes the fuel charge an ineffective and inappropriate policy tool to drive down emissions in the agricultural sector.

Our farmers have limited ability to substitute alternative energy sources, nor can they easily transfer an added cost of production to consumers. The majority of Canadian farmers compete in a global marketplace and must compete against imported products from producers in other countries that do not necessarily operate under a greenhouse gas pricing regime. A rising fuel charge on fuels used in agricultural production makes our farmers uncompetitive and ultimately threatens the long-term sustainability of Canadian agriculture. Viewed in this context, we believe the fuel charge as it is currently applied is punitive and only serves to tax our farm businesses

with little or no meaningful benefit to the environment. OFA seeks a full exemption from the fuel charge for all fuels used to grow food.

OFA has been a leader in recognizing the potential threats that climate change presents to agriculture in Canada, and we believe that as managers of the carbon and nitrogen cycles, farmers can play a key role in mitigating the impacts of climate change. We also know that our farmers will need to remain dynamic and responsive to climate change induced disruptions to established water and temperature cycles. The financial burden imposed by the fuel charge on natural gas and propane leaves many producers ultimately unable to invest in adaptations to their operations that will allow them to be more resilient to climate change impacts.

Under Subsection C, 36(1)(b)(viii) of the Greenhouse Gas Pollution Pricing Act, the farm use exemption to the fuel charge is conditional to the fuel being used, “exclusively in the operation of eligible farming machinery or of an auxiliary component of eligible farming machinery and that all or substantially all of the fuel is for use in the course of eligible farming activities”. The Act further defines *eligible farming machinery* to include a farm truck or tractor, industrial machines and portable engines, but excludes “property that is used for the purpose of providing heating or cooling to a building or similar structure”.

Though Bill C-206 makes changes to the definition of *qualifying farm fuel*, we believe that it must also call for a change to the definition of *eligible farming machinery* to explicitly allow for natural gas and propane to be used to generate heat for livestock barns and in grain drying. The combination of these two changes will have an immediate impact on the livelihoods of Ontario farmers and the ability of Canada’s agri-food sector to compete in a global marketplace.

We appreciate and support the steps taken by Bill C-206 to improve the Greenhouse Gas Pollution Pricing Act and ensure it is effective and equitable legislation.

Sincerely,



Peggy Brekveld
President

cc: The Honourable Marie-Claude Bibeau, Minister of Agriculture and Agri-Food Canada
The Honourable Ernie Hardeman, Ontario Minister of Agriculture, Food and Rural Affairs
Mary Robinson, President of the Canadian Federation of Agriculture
OFA Board of Directors