

October 4, 2023

The Honourable Pierre J. Dalphond
The Senate
Ottawa, ON
K1A 0A4

PierreJ.Dalphond@sen.parl.gc.ca

Dear Senator Dalphond:

Regarding Bill C-234 An Act to amend the Greenhouse Gas Pollution Pricing Act

On behalf of the Ontario Federation of Agriculture, I am writing to ask for your support in the urgent passing of Bill C-234 without further amendments. This Bill will provide much needed relief to Ontario and Canadian farmers from the already high costs of energy inputs to their farm operations.

We believe the fuel charge in Part I of the Greenhouse Gas Pollution Pricing Act (GGPPA) is an ineffective mechanism to drive greenhouse gas emissions reductions in the agricultural sector in a short to medium term outlook. With no viable alternatives to propane and natural gas for grain drying and barn heating and high price inelasticity for energy use, the charge collected on these fuels simply takes money out of farmers pockets, who are already working with very tight margins.

The majority of farmers, particularly those in grain and livestock sectors compete in a global marketplace where they are price takers and not setters. This means there is little to no ability for them to pass these fuel charges on through the supply chain. The high costs of energy for grain drying and barn heating already provides an effective price signal to farmers to continually seek out efficiencies to reduce consumption and costs. The sunset clause to C-234 at the House of Commons Standing Committee on Agriculture and Agri-food provides a reasonable time frame to drive innovation and action towards emissions reduction from agriculture.

A 2021 study by Agri-food Economic Systems found the explicit cost burden of the fuel charge on confinement livestock with seasonal heating requirements, grain drying, and greenhouse segments in Ontario to be approximately \$31.3 million/year in 2021; this is estimated to increase to just over \$156 million/year by 2030. The cumulative costs between now and full implementation in 2030 are estimated to be \$890.8 million. I am sure you can appreciate that these costs are simply too great for the sector to bear.

OFA appreciates the legislative process required by both Houses of Parliament; however, it is critical that Bill C-234 is passed quickly by the Senate without amendment so the Department of Finance Canada and Environment and Climate Change Canada can move quickly to remove the fuel charge on natural gas and propane for agricultural use. Continued delay in passing this Bill

means another season of financial burden from the fuel charge with little or no benefit to the environment.

Farmers are and want to continue to be part of the solution to climate change. OFA has been a leader in recognizing the potential threat that climate change presents to agriculture in Canada and we believe that as managers of the carbon and nitrogen cycles, farmers play a key role in mitigating the impacts of climate change. Removing the fuel charge on natural gas and propane will free up capital that Ontario farm businesses can use to continue to invest in more efficient machinery and processes that will further reduce greenhouse gas emissions.

Sincerely,



Peggy Brekveld
President

cc: OFA Board of Directors
Keith Currie, President Canadian Federation of Agriculture