



**BRIEF TO THE HOUSE OF COMMONS STANDING COMMITTEE ON AGRICULTURE
AND AGRI-FOOD REGARDING *BILL C-206: AN ACT TO AMEND THE GREENHOUSE
GAS POLLUTION PRICING ACT (QUALIFYING FARMING FUEL)***

SUBMITTED BY GRAIN FARMERS OF ONTARIO

April 14, 2021

Submitted via E-mail to:
Alexie Labelle
Clerk of the Committee
House of Commons Standing Committee on Agriculture & Agri-Food
Sixth Floor, 131 Queen Street
Ottawa, ON K1A 0A6

Email: AGRI@parl.gc.ca
Tel: 613-947-6732

Grain Farmers of Ontario
100 Stone Road West, Suite 201 Guelph ON N1G 5L3
Tel: 1-800-265-0550 www.gfo.ca



Grain Farmers of Ontario (GFO) is the largest agricultural commodity organization in the province, representing Ontario's 28,000 corn, soybean and wheat farmers. The crops we grow cover 5 million acres of farmland, generate over \$2.5 billion in farm gate receipts, result in over \$9 billion in economic outputs and are responsible for over 40,000 jobs in Canada.

Mission

Our mission is to build, defend and promote an inclusive, innovative and sustainable business environment that enables grain farmer members the opportunity to prosper.

Vision

Thriving farms. Responsible production. Trusted grain farmers.

CORE VALUES

We are committed to:

Our farmer members

We believe in working together to deliver excellent services that create real value for our farmer-members

Our team

We believe in providing an environment where people are respected and passionate about their work and are able to reach their full potential

Our community

We believe in diversity, equality, and inclusion. All people and their ideas are welcome in our community.

Our results

We believe in having a winning attitude that drives the achievement of our goals efficiently and effectively

Our innovation

We believe in innovation and having a collaborative, flexible and adaptive approach

Our honesty and integrity

We believe in leading by example, demonstrating ethics, trust, transparency, and teamwork in all we do



Grain Farmers of Ontario unreservedly supports Bill C-206 and we urge Members of the House of Commons Committee on Agriculture & Agri-Food to come together and pass this Bill quickly.

Bill C-206 would introduce a much-needed exemption to qualifying farming fuel for grain drying under the federal carbon pricing back stop, currently in place in Ontario, Alberta, Saskatchewan, and Manitoba. The remainder of this briefing outlines the key challenges associated with grain drying as well as reasons why GFO strongly supports Bill C-206 as a solution to those challenges.

The year 2019 saw the most challenging growing season ever experienced. Ontario and other parts of Canada experienced one of the most difficult market and growing situations amidst perhaps the wettest harvest in decades. Ensuing expenses were only compounded by the federal carbon pricing backstop which came into effect that same year.

Rising Costs

In Ontario, combined crop propane and natural gas drying costs were \$120 million for 2019, almost double a typical year's cost of \$63 million. In 2021 the carbon tax will add 22% to the cost of drying grain and this will rise dramatically by 2030 when the cost of the carbon tax alone will reach 92% of the current value of the fuel used to dry the crop.

Grain drying is an essential part of the process of harvesting grain in Ontario. Without it, grain would rot and could not be used for food, feed, or biofuels. The current Pollution Price is a significant increase to the already escalating cost of production grain farmers are managing. Farmers do not have the ability to pass this cost on, nor the ability to reduce this cost by choosing alternatives. Despite the current stronger markets for grain, history shows that prices will return to average and lower margins typical of grain farms mean that grain farmers cannot realistically bear this cost and remain sustainable.

COVID-19 has put additional pressures on Canada's grain farmers and the proposed escalation of the carbon tax thus heightens those pressures making of agriculture costs increasingly unsustainable.

Technology Replacement

Quite simply, there are no readily available grain drying technology replacement alternatives that are cost effective. Drying grain is essential for marketing grain. It increases the quality, prevents bacteria and toxin growth, and most importantly giving producers the ability to store the crop. The ability to rapidly dry the crop also is a key factor in allowing producers to meet the time-of-sale cycles. Some suggested alternatives such as air drying take more time (days, weeks maybe months) before grain is available. Consequently, farmers would need to make drastic and unreasonable changes to their marketing system if forced to change from traditional grain drying equipment.

GFO was pleased with the recognition by the Minister of Agriculture and Agri-Food and the Minister of Environment and Climate Change that there is a need to provide relief from the price on pollution on fuel



used for grain drying until alternative grain drying options become available. Minister Bibeau recently noted that “all the technology for our farmers to get better equipped in terms of energy efficient equipment is not readily available, so this is why we have committed to new rebates for on-farm fuel use.”

Heightened Impacts of Climate Change

The impacts associated with changing climate and extreme weather are being felt in Canada and globally. Canada is a large, geographically diverse country that will experience varied climate impacts. Climate change may exacerbate existing risks such as severe rainfall, thus likely increasing grain drying costs in years to come.

In 2019 a hurricane flattened fields in Atlantic Canada; Quebec and Ontario faced unprecedented rainfall during planting and snow-covered fields for harvest; farmers in Manitoba faced a state of emergency; and Saskatchewan and Alberta faced a drought followed by early snow that stalled or ended harvest.

The frequency of climate-related disasters in Canada is increasing. Just over the last seven years catastrophic extreme weather events including the hailstorm in Calgary in 2020, the Fort McMurray wildfire in 2016, flooding in Alberta and Ontario in 2013 and in Quebec in 2017, have resulted in billions of dollars in damages and insurance claims. As highlighted by a Report from the Council of Canadian Academies, in 2016 alone the Canadian insurance industry paid out 200,000 claims worth a record \$4.9 billion for damages associated with weather related events, including wildfire, flooding, and severe wind.

Conclusion

The carbon price will continue to escalate annually to \$170 a tonne by 2030 and weather will continue to become more unpredictable. With no technological solution or substitutes to grain drying, farmers are exposed to escalating costs that simply cannot be sustained.

For these reasons, the Grain Farmers of Ontario and the 28,000 farming families we represent call on the Government of Canada to pass Bill C-206 and exempt qualifying farm fuel used for grain drying without delay.