



Agri-food
Innovation Council

aic

Conseil de l'innovation
agroalimentaire

**Brief to the House of Commons Standing
Committee on Agriculture and Agri-Food**

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About AIC

Founded in 1920, the Agri-Food Innovation Council (AIC) is a unifying voice for cross-sectoral research and innovation in Canada. AIC advocates on behalf of more than 45 Canadian organizations from across the agri-food system.

For over a century, AIC has responded to the needs of its members in service of the agri-food community, playing a central role as a source of credible information and comment for the Canadian agriculture and agri-food sector.

AIC is one of Canada's foremost advocates for agri-food research and innovation as well as an important tool to facilitate its dissemination to industry stakeholders.

The Agri-Food Innovation Council was previously known as the Agricultural Institute of Canada. In 2019, our organization rebranded to better reflect our nature and work.

We are funded through memberships and activities. All of our funding is Canadian.



Bill C-206 – Why are we here?

Some farming operations are already exempted for the carbon tax. Others, forced to use propane or natural gas, are not exempted. These operations are as important as others in the whole food system and deserve to be protected.

Research and innovation on the use of renewable and “clean” energy sources show significant promise in farming operations. However, we’re not at a point where farmers have a choice. We note that:

- Alternative sources of renewable or clean energy are still somewhat at the “experimental stage”,
- While we’re aware that there are pilot projects (and successful ones), there is no way to, consistently throughout the country, “scale up” the use of these alternative renewable or clean energy sources throughout the country,
- There needs to be further research on alternative renewable and clean energy sources,
- As alternative sources of energy sources are identified, it would be important to think about scalability, affordability, and adoption.

Does this mean that we will never get to the point where we’re able to replace propane and natural gas? No. But most experts indicate that we would need at least a decade before we are able to have workable, proven, affordable and “scalable” alternatives.

AIC recently (April 28, 2021) a [webinar](#) on agri-food and climate change. It included international experts:

- Dr. Zitouni Ould-Dada, Deputy Director for the Office of Climate Change, Biodiversity and Environment at the UN Food and Agriculture Organization,
- Dr. Claudia Ringler, Deputy Division Director, Environment and Production Technology Division (International Food Policy Research Institute),
- Dr. Sally Rockey, Executive Director, Foundation for Food and Agriculture Research.

The three experts agreed on the following statements:

- It is important to consider food security when implementing measures to reduce GHG emissions in agriculture, and
- Sustained investments in research and innovation are essential to support reductions in GHG emission in agriculture and adaptation to climate change.

We concur with these experts. And, therefore, we believe that Bill C-206 should be adopted, be a permanent measure and should be extended to other agricultural practices (i.e., heating of barns).

AIC's support for Bill C-206

The Agri-Food Innovation Council consulted its members and, based on the feedback received, four key positions emerged:

- Bill C-206 should be adopted to protect farmers that are using propane and natural,
- The measure should be permanent,
- Support for adoption of new technologies is essential (in the form of incentives),
- There should be increased and sustained funding for research and innovation to enable alternative renewable and clean sources of energy to be viable alternatives.

These positions were supported by most of the members who responded to our survey. Only two members expressed opposing views.

Protecting farmers – protecting food security

Exempting farmers using propane and/or natural gas will help strengthen our whole food system in various ways.

Here are some of the reasons why we believe that the exemption should be granted:

- Witnesses in front of this Committee already commented on the precarious nature of farming. A portion of farmers rely on off-farm income (as stated by the Canadian Cattlemen's Association) while others are barely hanging on. We do not want to see producers abandoning farming as a result of this tax,
- The question has been asked... "can't producers just pass on the cost of the carbon tax to consumers?". While this could be done in some sectors, farmers in Canada compete internationally and therefore are unable to just "pass on the cost". And as the Saskatchewan Wheat Development Commission stated in a note to AIC on this issue, farmers are already at a significant disadvantage compared to their competitors,
- As the Alberta Wheat Barley Commission indicates, a tax that is meant to change behaviour has little value on a practice that has been mandatory on operations and is growing in need due to increase excess moisture events (partially resulting from climate change!). "The practice of grain drying is critical to ensure a safe and high-quality supply of Canadian grain". Canadians certainly appreciated being able to bake during the pandemic... they were able to do this thanks to Canadian farmers who had their grains dried and maintained dried in silos that use either propane or natural gas,
- Based on the Grain Farmers of Ontario, in that province alone, the carbon tax will add 22% to the cost of drying grain in Ontario in 2021. That cost will continue to rise until 2030 if the exemption is not granted. That is simply not sustainable.

We note that the scope of the proposed legislation would not include operations such as the heating of barns, etc. We feel that the legislation should be expanded to cover these farming operations.



Permanent or temporary?

There has been a debate as to whether this exemption should be permanent or temporary. We believe it should be permanent for the following reasons:

- Most experts recognize that it will take at least ten years for “greener” sources of energy to be viable,
- Farmers require certainty to enable them to purchase equipment to continue their operation. “Temporary” measures have a chilling effect on capital investments,
- It should be noted that it isn’t the farming sector alone that pays the price when “temporary” measures are introduced. Agriculture also sustains an important number of related jobs in manufacturing and sales of equipment. The “temporary” nature of the exemption would hurt farmers and suppliers.

As a result, we believe that it is important to have the exemption become “permanent”.

But what about “greener” alternatives?

Yes, there are “greener” alternatives. Some include:

- Gasification systems,
- Low temperature pyrolysis (as has been tested in Sweden),
- Anaerobic digesters (with significant adoption in Germany),
- Battery based equipment,
- Etc.

There are several factors working against these alternatives:

- They are not viable – they would drive costs even higher for producers and make it impossible for producers to succeed against our competition (the US, Russia, Brazil, etc.);
- Some of these technologies are in use in countries with high subsidies for the farming community (especially Europe),
- They may not be at a “scalable” level to support the Canadian agriculture sector,
- For some, the technology is still in its infancy and needs further research.

AIC supports increased focus on these technologies and recommends that the government invest significant resources to:

- Ensure that these technologies be properly tested in the Canadian context,
- That pilot projects in some farming operations be conducted to “prove” the concept on Canadian farms. A successful project would serve to increase levels of adoption,
- Incentives should be provided to help farmers with the adoption of new technologies.

One of our members, the Bioscience Association of Manitoba wrote to AIC that “a combination of exemption and financial incentives could help build up the cleantech industry”. We agree.



Funding for research and innovation

Sustained investments in research and innovation are essential to reduce GHG emissions from farming. While we have seen some positive announcements in the 2021 budget, far more remains to be done.

If the government is truly committed to cut GHG emissions by “at least 40%” by 2030, significant investments need to be made soon. Investments could be for:

- Further developing “Canadian made” solutions,
- Testing proven technologies adopted in other countries.

But along with funding for research and innovation, we would recommend that governments reverse the trend that led to the disappearance of extension services. Extension services used to provide information to producers and helped with the adoption of new technologies.

Recognizing the work done by producers

Farmers are often frustrated, and understandably so, by being “targeted” by measures designed to reduce GHG emissions while not being rewarded for their present and past leadership on the issue.

Here are some of the measures that farmers have or are putting in place to reduce their carbon footprint:

- Precision agriculture,
- Conservation tillage,
- Improving energy efficiency in buildings,
- Use feed that was produced in sustainable way,
- Conservation cropping techniques,
- Effective manure recycling technologies to reduce methane and nitrous oxide emissions,
- Grassland management.

As another member, Nutrien, indicated in a note to our office, “these methods must be recognized in offset protocols before additional measures impacting growers are considered.”

On a side note... Measuring the impact of agriculture on GHG emissions

A recent CBC story (May 1st, 2021) stated that agriculture is responsible for 10% of GHG emissions in Canada. As a source, the story referred to Agriculture and Agri-Food Canada’s own [website](#).

There are two concerns with this:

- The number itself is debatable. Other Canadian government [publications](#) refer to 8.1%, some even less (same periods) while some studies indicate that agriculture is actually a “[carbon sink](#)”. We firmly believe in the importance of evidence. In this case, the information varies somewhat, and it would be important to develop the tools needed to properly measure (1) GHG emissions and the total impact of agriculture on the environment in order to not only take into account



and focus on the negative but also look at the positive impact. This evidence is needed prior to the development of policies; and

- The other concern is that this information (10%) is found on Agriculture and Agri-Food Canada's (AAFC) website. Beyond the fact that the number itself is debatable, there are questions as to why AAFC feels the need to, when mentioning the impact of agriculture on climate change, first start with the negative and "bury" the positive near the end of their webpage on the issue. Other departments (Natural Resources Canada as an example) are certainly not focusing only on the negative side of their sector. Farmers are right to question why the Department that is meant to support their activity (trade, commercialization, regulations, etc.) is portraying them negatively while using debatable information.

There is no doubt that agricultural activity emits GHG emissions – but there is also no doubt that the same activity has benefits for the environment. A proper review of the total impact is needed. Furthermore, we should remember that agricultural production is essential to Canada's well-being in terms of food production, exports and jobs.

We would recommend that Agriculture and Agri-Food Canada adopt a different "tone" in presenting climate change and agriculture on its official website. An example of something much more positive – while still providing facts – is [found in Ontario](#).

Summary of Recommendations

AIC recommends that:

1. The scope of Bill C-206 be expanded to include other farming operations (heating of barns, etc.);
2. The exemption be permanent,
3. Bill C-206 with an expanded scope and a permanent exemption be adopted,
4. The government significantly increase funding to help farmers adopt new technologies,
5. Governments strengthen extension services to support farmers in their adoption of new technologies,
6. Further funding be provided to support the development of Canadian technologies and test technologies in use overseas as to their suitability for Canada,
7. Agriculture and Agri-Food Canada review their website as it relates to climate change and agriculture to ensure that the information provided is based on evidence, consistent with the figures provided by other Departments and focus on Canada's agriculture sector' positive impacts on the environment.

