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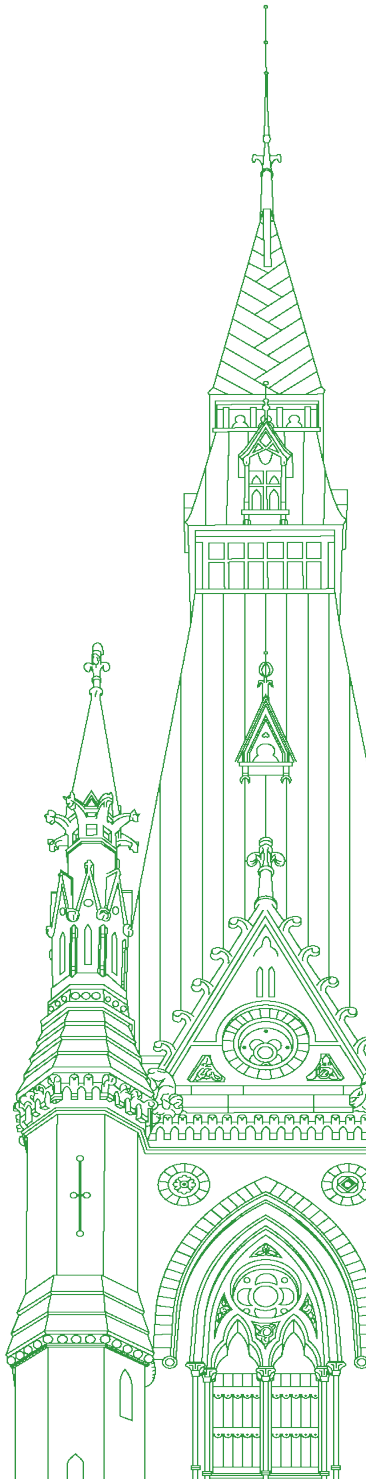

Chair: Mr. Pat Finnigan

Standing Committee on Agriculture and Agri-Food

Tuesday, April 27, 2021

● (1530)

[*English*]

The Chair (Mr. Pat Finnigan (Miramichi—Grand Lake, Lib.)): Welcome, everyone, to meeting 28 of the House of Commons Standing Committee on Agriculture and Agri-Food.

Pursuant to the order of reference of Wednesday, February 24, 2021, and the motion adopted by the committee on March 9, 2021, the committee is resuming its study of Bill C-206, an act to amend the Greenhouse Gas Pollution Pricing Act, regarding qualifying farming fuel.

Today's meeting is taking place in a hybrid format, pursuant to the House order of January 25, 2021. Therefore, members are attending in person in the room and remotely using the Zoom application.

The proceedings will be made available via the House of Commons website. The webcast will always show the person speaking rather than the entirety of the committee.

I'd like to take this opportunity to remind all participants to this meeting that screenshots or taking photos of your screen are not permitted.

[*Translation*]

To ensure this meeting runs smoothly, I would like to share some rules with you.

Before you speak, please wait for me to recognize you. If you are participating via video conference, click on the microphone to unmute it. The microphones of participants in the room will, as usual, be monitored by the proceedings and verification officer.

I remind you that all comments from members and witnesses should be directed to the chair. When you do not have the floor, please mute your microphone.

[*English*]

Before welcoming our witnesses, I'd like to ask the members to remain in the meeting once the second panel is over. We'll go over the press release for the processing capacity report and approve the budget for the study of Bill C-205. This will only take a couple of minutes.

Now I'd like to welcome our witnesses. We have today, for our first panel, from the Canadian Horticultural Council, Aaron Coristine, chair of the energy, environment and climate change working group; and Linda Delli Santi, chair of the greenhouse vegetable working group. From the National Farmers Union, we have Katie Ward, president and farmer.

With that, we'll start our question panel. With the first panel, we have six minutes each, and we'll start with Ms. Rood for six minutes.

I jumped over the opening statements. I'm sorry about that. Let's go back to the Canadian Horticultural Council and whoever wants to take the opening statement for five minutes.

Mr. Aaron Coristine (Chair, Energy, Environment and Climate Change Working Group, Canadian Horticultural Council): Thank you, Mr. Chair. You had me worried that I had missed something.

The Chair: It's all yours.

Mr. Aaron Coristine: Good afternoon, Mr. Chair and members of the committee. Thank you for the opportunity to appear today to provide testimony on Bill C-206. My name is Aaron Coristine, and I'm the science, regulatory affairs and government relations manager at Ontario Greenhouse Vegetable Growers.

Today, I'm here to represent the broader fruit and vegetable sector as chair of the Canadian Horticultural Council's energy, environment and climate change working group.

By way of introduction, the CHC is an Ottawa-based national association representing over 14,000 fruit and vegetable growers across Canada involved in the production of over 120 different crops with $5.4 billion in farm cash receipts in 2019.

Canada's fruit and vegetable growers are committed to being a part of the climate solution while also playing a major role in food security and Canada's economic recovery.

CHC and our members have consistently and actively engaged with the federal government to ensure carbon pricing policies connect the dots between the cost of carbon pollution and desired behaviours and outcomes versus unintended impacts and overall lowered emissions. Our consistent request has been for federal leadership to ensure that carbon pricing exemptions and relief are extended to the full range of farmers, including greenhouse growers, across all main fuel types, including natural gas and propane, used in common agricultural machinery.

In short, carbon pricing policies need to better reflect the modern agricultural practices across Canada, support increased security of food production and sovereignty, and minimize competitiveness impacts across provincial boundaries and with our major international trading partners.

CHC is interested in more information on the delivery of the government's commitment in budget 2021 to return a portion of the proceeds generated from carbon pricing directly to farmers in backstop jurisdictions. With regard to concerns with other GGPPA definitions, CHC supports Bill C-206 and its expanded definition of "qualifying farming fuels" to include natural gas and propane.

Although it falls beyond the specific scope of this bill, we also believe it is critical to amend other definitions in the GGPPA to ensure Bill C-206 achieves its intended outcomes. More specifically, in the legislation "eligible farming machinery" is defined to explicitly exclude property that is used to heat or cool buildings. As a result, certain farm machinery, when used to heat and cool buildings would, regardless of the fuel type, necessitate regulatory inclusion as a "prescribed property" to attain carbon pricing relief.

● (1535)

Ms. Linda Delli Santi (Chair, Greenhouse Vegetable Working Group, Canadian Horticultural Council): Thank you, Aaron. I'll continue on.

My name is Linda Delli Santi. I'm the executive director of the B.C. Greenhouse Growers' Association, and chair of the Canadian Horticultural Council, greenhouse vegetable working group.

My greenhouse career started in 1982 when my husband and I built our first greenhouse. I was the grower and operator. We grew beefsteak tomatoes for 14 years and then red bell peppers for another 14 years.

The B.C. carbon tax on fuel was started in 2008. The greenhouse sector was able to get relief of 80% of carbon tax paid in 2012. Unfortunately, the carbon tax took its toll on our family farm. We stopped growing at the end of 2009. At that time, I was already the CHC greenhouse vegetable working group chair and, in 2010, I became the executive director of the B.C. Greenhouse Growers' Association.

Our industry faces considerable challenges—including labour shortages and insufficient financial protection—which have been exacerbated by the COVID-19 pandemic. Carbon pricing intends to reduce emissions, but in practice it also creates a competitive disadvantage between farmers across provincial jurisdictions and on the international stage.

In our northern climate, farmers rely on heating and cooling using a range of fuel sources across production types, including greenhouses, livestock farms and machinery such as grain dryers. Quickly transitioning away from carbon-based fuels isn't always an option nor a simple choice on the farm. Vegetable greenhouse facilities for example are equipped with computerized climate-controlled systems to provide optimal growing conditions. Most growers rely on natural gas boilers for a consistent, cost-effective, sustainable and on-site source of key combustion by-products. Both heat and food-grade carbon dioxide are provided for the plants to breathe and grow. With advanced combined heat and power systems, even the electricity for supplemental lighting is generated.

Farmers have a long-standing history of innovating and improving efficiencies. To further incentivize reductions to greenhouse gas emissions, the move to a low-carbon economy needs to recognize the environmental co-benefits that farmers provide. It needs to support them with legislation that addresses the full range of primary agricultural production, which is not currently in a position to transition away from fossil fuel consumption.

In conclusion, throughout the pandemic, Canada's agricultural sector has stepped up and continued to provide secure and healthy food sources to Canadian families.

We thank you for the opportunity to speak today and look forward to your questions.

I'm sorry if I went a little over.

The Chair: We're good. Thank you, Ms. Delli Santi.

Now from the National Farmers Union, we have Ms. Katie Ward.

You have five minutes. Go ahead, please.

Ms. Katie Ward (President and Farmer, National Farmers Union): Thank you and good afternoon, Mr. Chair and members of the committee. Thank you for inviting me to present today. It's a welcome break from the lambing barn.

My name is Katie Ward and, in addition to being a sheep and hog farmer in the national capital region, I'm in my third term as president of the National Farmers Union. The NFU is Canada's only national direct membership general farm organization, representing thousands of farmers from coast to coast, engaged in all commodities across a wide range of scales—everything from market gardens to large-scale export grain operations—and utilizing a variety of practical approaches from organic and biodynamic through to regenerative and conventional.

No farm organization has thought longer and deeper about climate change and reducing agricultural emissions. The NFU has been advocating for climate change mitigation and adaptation policies for over two decades. Climate change and emissions reduction was the theme of our 2003 national convention, but our policy and educational work on the connections between agriculture and the climate crisis goes back as far as 1997.

In 2019, the NFU published a discussion paper entitled “Tackling the Farm Crisis and the Climate Crisis”, which laid out a road map for a 30% reduction in agricultural emissions alongside policies to increase net farm incomes. The NFU has called for a transformation of Canadian agriculture: a future with lower emissions, more farmers, higher net incomes, lower debt, more use of renewable energy, more young farmers and production systems based on agroecology, food sovereignty and protecting and regenerating soils, water and biodiversity.

The NFU is the only farm organization that intervened in support of the federal government in the Supreme Court challenge on the carbon levy. I bring this up to clarify that, while we do not advocate having a carbon levy on farmers and the fuels we use on our farms and ranches, we do strongly support the constitutional right of the federal government to implement strong and effective national measures to rapidly reduce greenhouse gas emissions.

In 2018, we became one of the founding members of a coalition called Farmers for Climate Solutions, which advocates for agricultural practices and policies that reduce greenhouse gas emissions from agriculture as the most effective way for farmers to avoid paying a price for emissions. In 2019, delegates at our 50th annual convention passed a policy resolution supporting a rebate on fuels such as propane and natural gas for dryers and other agricultural uses such as barn heat, because we believe that farmers face enough of a challenge to our bottom line already and that the erratic weather patterns caused by climate change, which disrupt our harvest catastrophically as happened in 2019, should not mean that farmers face financial penalty on top of the weather risks that impact our very livelihood.

I would like to thank the government for the rebate announced in last Monday's budget for the backstop provinces where the federal pricing is in effect. A simple rebate mechanism would be for farmers to document eligible or non-household use of natural gas and propane and attendant carbon levies paid and to request a refund, perhaps as part of a tax or GST filing.

In light of the budget announcement, it may be that Bill C-206 is no longer needed, especially since we understand that the budget rebate mechanism may cover barn-heating fuel usage in addition to grain-drying fuel usage and would, therefore, be more expansive than the bill under consideration here today.

I want to note, however, that we are here today to talk about removing a measure, admittedly flawed, that could reduce on-farm emissions. While it is necessary to ensure that farmers are not financially penalized while low-emissions technology catches up to the extreme weather challenges we're already facing as we grow food here in Canada, it is more necessary to introduce a suite of measures to partner with farmers, support farmers and incentivize farmers to reduce emissions so that agriculture is not increasingly seen as a high-emissions sector, while other parts of our economy are reducing their emissions on the way to our Paris targets.

Last Monday's budget introduced a number of very positive programs and spending measures that the NFU and Farmers for Climate Solutions have called for, and we're grateful to see financial support for farmers and ranches to actually implement practices that will reduce farm-related GHG emissions. Assistance to transition to low-emission technology and practices on our farms means that we don't have to face the financial risk of such a transition on our own and helps to level the playing field when we're in competition internationally with farmers receiving far more agri-environmental support, such as in the EU and the U.S.

Given market demand and potential border pricing measures under discussion internationally, everyone knows that we must go further, so we need additional programs to support farmers.

● (1540)

I'd like to highlight for you what we are suggesting could be called a Canadian farm resilience agency, or CFRA, modelled on the prairie farm rehabilitation administration, which the federal government administered across the prairie provinces for 70 years—

The Chair: Thank you, Ms Ward. Unfortunately that's all the time we have. We'll have to start the question round.

We'll start with Ms. Rood, for six minutes.

Go ahead, Ms. Rood.

Ms. Lianne Rood (Lambton—Kent—Middlesex, CPC): Thank you, Chair.

Thank you to the witnesses for being here today.

My first question is for the Canadian Horticultural Council.

I understand that many producers rely heavily on gas and propane, and greenhouses are exempt. You touched on this. Coming from the produce industry with a potato background, I know there are a lot of heating costs in the winter to heat the produce that is in storage over the course of the winter so that it doesn't freeze. Right now costs include the carbon tax.

I'm curious if you have any idea what the typical annual cost to horticulture producers would be of a carbon tax on propane or natural gas for that, even an average number.

Ms. Linda Delli Santi: Are you asking just for potato barns, or did you want to know—

Ms. Lianne Rood: I meant in general, for anybody. That was just one example. I meant the cost for produce barns to store the root vegetables over the course of the winter.

Ms. Linda Delli Santi: I'm sorry, but I can't answer that. I know a lot about greenhouses but not much more.

Aaron, are you able to answer that?

I don't see him anymore.

● (1545)

Ms. Lianne Rood: I think he disappeared.

Ms. Linda Delli Santi: That's unfortunate.

We can get back to you with an answer. I can tell you what the carbon tax—

Ms. Lianne Rood: That would be great. I'll move on to my next question, if that's okay.

Ms. Linda Delli Santi: Yes.

Ms. Lianne Rood: I only get six minutes, so I have to keep this tight.

You probably can't comment on this question either, but I'm going to ask it anyway even though it's outside the scope of the bill. It's about paying carbon tax on fuel used to transport goods from greenhouses and farms to the point of sale.

I'm not sure if you have any estimates on that, but what is the typical annual carbon tax that would be paid by producers in transportation costs to get their goods from the warehouse to their packing facility or from the packing facility to where they need to ship them to?

Ms. Linda Delli Santi: I'm sorry, but I can't answer that either. I know about greenhouses and I know the carbon plan in B.C., which does not include the transportation of goods. I would have deferred to Aaron. It looks like he's come back, but he might not be there.

Ms. Lianne Rood: Do you have any idea, then, how much of a factor the carbon tax is in the rising prices of the produce industry, whether in greenhouses or across the board, speaking on behalf of the Horticultural Council?

Ms. Linda Delli Santi: Aaron, did you hear that question?

Mr. Aaron Coristine: No. The Internet at our office just went down. You have my sincerest apologies.

Ms. Lianne Rood: That's okay. I'll move on, because we're running out of time.

I'd like to direct a question to Ms. Ward.

We had the pleasure of having a conversation before, and I appreciated that conversation. You touched on some of the points about reducing agriculture emissions in Canada, but we know that agriculture and farmers have done a lot of things already on their own, even over the last decade, to reduce emissions.

You mentioned to me before that you are a member of a larger organization that is part of a group of about 200,000 members or so. It has 182 organizations in 81 countries, so I'm wondering if you can comment here.

We're focused on Canada, but we only have 2% of the world's emissions. What are you doing as part of those organizations to help agriculture in other countries to reduce emissions?

Ms. Katie Ward: The organization you're referencing is called La Via Campesina. It is an international organization of peasant and small-scale farmers and fisher folks from across the world. Many of the organizations are, in their home countries, engaged in food sovereignty issues and work against deforestation, which is, of course, a prime driver of emissions in a lot of developing countries.

In a lot of cases where some of these smaller organizations are engaged, the emissions issues are less from agriculture in a lot of countries than they are from energy production. It doesn't tend to be a primary focus of those organizations. However, some of our sister organizations in the EU, for example, are actively engaged in emissions reduction practices and education, just as we are here.

Ms. Lianne Rood: Mr. Chair, I'm going to defer my last question to Mr. Lawrence, if that's okay.

Mr. Philip Lawrence (Northumberland—Peterborough South, CPC): Thank you, Ms. Rood.

My question is for Ms. Ward. Thank you for your actions in fighting climate change.

Although I too was pleased to see that the government at least acknowledged that this is an issue for farmers, it may in fact take them years, especially in a minority Parliament. It might be three or four years.

Could you not see putting this solution in place, Bill C-206, to help farmers in the interim, as some are paying thousands and thousands of dollars, even if you do believe in the government solution?

Ms. Katie Ward: Our policy in our organization favours a rebate; however, we do feel that farmers, who are facing no other options in the face of a difficult harvest, should not bear this burden.

● (1550)

The Chair: Thank you, Ms. Ward, and thank you, Mr. Lawrence.

Go ahead, Mr. Blois, for six minutes.

Mr. Kody Blois (Kings—Hants, Lib.): Thank you, Mr. Chair.

Thank you to the witnesses for their testimony today.

I'll start with the Canadian Horticultural Council. In my riding of Kings—Hants, horticulture is one of the commodity groups that is very prominent.

Has the price on pollution encouraged producers, or incentivized them, to change some behaviour?

I'll tell you quickly the story I have, as it relates to greenhouses. I visited a number of farms in my riding that have looked at improving the actual infrastructure of the greenhouses, such that they actually spend less on things like propane or diesel heating.

Are those examples where at least this conversation regarding price on pollution has encouraged some adoption of change for your producers?

Ms. Linda Delli Santi: I'd like to take this one, because we're in the area I know, namely, greenhouses.

A lot of the things you are mentioning or envisioning, like screens, double screens to keep the heat in, using glass that has more insulation properties, etc., they have already been adopted by most of the large commercial greenhouses, at least in British Columbia and Ontario.

Those things have been adopted already, and it's not necessarily driven by the price on carbon as the price to do business. It made good sense for sustainability and emissions, and also for the bank deposits for the actual company.

Mr. Kody Blois: Absolutely, and in my own riding, that's exactly what I was hearing from the producers, because we don't have a federal backstop, but indeed, we do have a price on pollution.

It's exhibited sometimes through electricity costs. I've seen some of my producers making these investments that not only help reduce emissions but indeed are good for the bottom line.

Maybe I'll put this question to Mr. Coristine. Regarding the price on pollution, I understand it creates some challenges. Broadly speaking, in about 35 or 40 seconds, what is CHC's plan? What does it think is best to be part of the climate solution in order to get to some of these targets we're shooting for?

Mr. Aaron Coristine: The response and call to action is both dynamic and integrative. A primary focus could be on alternative energy sources to minimize our carbon footprint and maximize our efficiency and affordability, which could in turn increase our bottom line and lower our cost of production.

Going to clean fuel as well as improving our ability to sequester and reuse carbon would have significant impacts in the growing industry moving forward. It would also address the costs, from an energy and economic standpoint, for industries such as grain.

Mr. Kody Blois: Some of the things you mentioned, indeed, will have an intrinsic cost. Even on clean fuel standards, that potentially has some additional costs.

Where is CHC in relation to, let's say the United States, because there is going to be a dramatic change? We've seen it already in terms of the Biden administration working and seeing agriculture as a mechanism, not only to support economic growth but to be part of climate solutions.

In terms of alignment, do you have any position, broadly, on where the U.S. is going? You talked about international equivalency, and that's important for your export market.

Have you any broad stroke comments on where you see the United States going, and whether or not we can align policy in that regard?

Mr. Aaron Coristine: It is just as important for us to set our strategic goals and objectives to, if not mirror, at least align with the targets that the United States is looking to implement and achieve.

Although we would like to have similar accomplishments and achievements at the end of it, our targets may differ. As far as CHC is concerned, in terms of climate, it is important to see how the Americans are looking to implement the changes they are discussing, and then how best we can execute that across our agricultural industry.

Mr. Kody Blois: I'll go to you, Ms. Ward. Again, as others have mentioned, thank you for your advocacy through Farmers for Climate Solutions, as you've mentioned.

You've talked about a rebate. Can you clarify that for me? Do you see that as a rebate where exactly what a farmer would necessarily pay into the price on pollution, they would they get all of that back? Otherwise, would it be collected similar to the way that the price of pollution works writ large in society and then go back on a per capita basis to the farmer, such that there is still an incentive to change behaviour? I understand intrinsically the idea that it gets captured in all of society. Larger producers like the agriculture sector can be disadvantaged in that.

Do you see a rebate per capita or just exactly back to the farm...?

● (1555)

Ms. Katie Ward: We would like to see the mechanism set up so that farmers are not bearing this burden on their own. Farming causes.... Depending on whose estimates you're using, we're at anywhere between 8% and 12% of Canada's GHG emissions, yet we're pretty unique in being a price-taker. There's only so much that we can absorb in terms of costs on our farms without impacting our already really thin net incomes and our margins.

We would really like to see that rebated in terms of costs that farmers are paying, but we absolutely acknowledge that we need to have incentives, just like every other industry, to reduce our emissions. It's going to help solve the problem before—

Mr. Kody Blois: I'm sorry. I have about 30 seconds and I want to get one final question in.

You mentioned some of the incentives in the fall economic statement and the budget. There is nearly a billion dollars in these incentives. I would share that same view with you that these types of mechanisms to partner with industry are going to be important to help us get to where we need to. Is that fair to say?

Ms. Katie Ward: I think that's fair to say, especially on the amount that was allocated towards incentivizing the purchase of cleaner-burning grain-drying equipment. I think it's going to have a huge impact for folks in the Prairies especially.

The Chair: Thank you, Ms. Ward.

Thank you, Mr. Blois.

[*Translation*]

Mr. Perron, you have the floor for six minutes.

Mr. Yves Perron (Berthier—Maskinongé, BQ): Thank you, Mr. Chair.

I thank the witnesses for being with us.

I will continue with Ms. Ward.

Ms. Ward, in your opening remarks, you mentioned that you support the carbon tax, but you would like to see a fuel rebate. In addition, you mentioned that Bill C-206 may no longer be needed given the new budget.

What is your organization's official position on the passage of Bill C-206?

Thank you.

[*English*]

Ms. Katie Ward: Thank you for the question.

Our concern is that in our understanding Bill C-206 as it stands right now does not necessarily accommodate for barn heating the way that the budget rebate is intended to cover, and for the recategorization of heating fuels in particular. We're envisioning that there would be a fair amount of work to do in terms of amendments to make Bill C-206 as beneficial for farmers as the mechanisms that were explained in the budget as we understand them right now.

[*Translation*]

Mr. Yves Perron: I understand. So you would like to see heating fuels included.

Wouldn't it be advantageous if we adopted that, since it's used for grain drying?

[*English*]

Ms. Katie Ward: I understand.

The position of the NFU is that while carbon pricing is not necessarily the most effective mechanism, as we feel that incentivizing emissions reductions at the source would be more beneficial, at the same time, an exemption without programs put in place to put in those incentives for the transition on the emissions reduction is not going to result in the emission reductions that we need, because we're already facing the results of the extreme weather that climate change is causing on our farms.

I think honestly that reducing emissions before they happen is going to save the government more money in the long run and save farmers more money in the long run when we're not facing disaster relief claims on our farms.

[*Translation*]

Mr. Yves Perron: Thank you very much for your answer.

Are there currently any alternatives to heating? We have found that there are few alternatives on the grain drying side, among others.

Also on the heating side, if there were a financial support program that allowed for the implementation of new technologies, are there any that could be implemented quickly in the industries?

[*English*]

Ms. Katie Ward: In terms of greenhouse heating, I might defer to my colleagues on the Horticultural Council for that in particular. I know there's increasing research being done on biomass fuels and some ideas in that vein, and there is increasing commercialization happening. I believe there's a company in Manitoba that is bringing a product to market, but I would have to get back to you with more details.

● (1600)

[*Translation*]

Mr. Yves Perron: Mr. Coristine, would you like to complete the response?

Are you still there, Mr. Coristine?

[*English*]

Mr. Aaron Coristine: Yes, I'm here. I was just listening to the translation.

In terms of heating, it was briefly touched upon. There's a lot of research and development going into bio-based fuels being more circular of an operation, utilizing them in the greenhouse industry, or maybe even grain, by burning some of that organic material to provide the fuel. Pyrolysis is another avenue that's being actively researched.

We're putting investments in, hopeful that the upfront costs, which we are not only willing to pay but that go with our initiative to identify and develop avenues, will have a net reduction in our carbon footprint. Even though it is an exorbitant upfront cost, we remain steadfast in our mission and commitment to identify these avenues, whether it's heating or lighting, to minimize our impact and optimize our operations.

[*Translation*]

Mr. Yves Perron: What do you think of Bill C-206 ? Do you agree with Ms. Ward that it is incomplete? Do you think it is a good first step toward helping you?

[*English*]

Mr. Aaron Coristine: Yes, absolutely. I think it's a great start. I think, clearly, a lot of hard work and insight has been put into it. Ideally, there'd be a 100% exemption. As well, this would be extended to heating and cooling of all sorts in farming practices. As it stands, 80% is a good start. Margins are thin in certain sectors of agriculture. By keeping it at 20%, it's an absolute value. As our carbon pricing increases, our bottom line decreases, so we need to be very aware of that.

[*Translation*]

The Chair: Thank you, Mr. Perron.

[*English*]

Thank you, Mr. Coristine.

[*Translation*]

Mr. Yves Perron: Thank you.

[*English*]

The Chair: Now we'll go to Mr. MacGregor for six minutes.

Go ahead, Mr. MacGregor.

Mr. Alistair MacGregor (Cowichan—Malahat—Langford, NDP): Thank you so much, Chair.

Thank you to our witnesses for contributing to our discussion on Bill C-206 today.

I'll start with the Canadian Horticultural Council. Mr. Coristine, you mentioned a few things. You were going over the existing Greenhouse Gas Pollution Pricing Act, and you did correctly mention that the existing definition section on "eligible farming activity" goes through a few definitions there. However, when it comes down to "eligible farming machinery", it specifically excludes "property that is used for the purpose of providing heating or cooling to a building or similar structure".

We've already been informed that Bill C-206 is pretty narrow, and it may be beyond our ability to expand it. If C-206, as it's currently written, is not going to apply to greenhouses.... I'm worried we're using this as a proxy for a larger conversation about the carbon tax, but I really want to focus on C-206. If the bill passes, can you tell the committee, as it's currently written, by just changing the "qualifying farming fuel" definition, are there any tangible benefits that will apply to your industry?

Mr. Aaron Coristine: I think it will incentivize year-round growing. I think it will really maximize our ability to continue to build the sector and provide year-round access to food as the cost to produce it would decrease. Again, the taxes that would be paid as carbon increases would be extremely beneficial to the sector.

Mr. Alistair MacGregor: I have a follow-up question. You mentioned budget 2021. On page 174 it mentions Alberta, Saskatchewan, Manitoba and Ontario farmers who use natural gas and propane in their operations. It's estimated that in those four provinces, farmers would receive approximately "$100 million in the first year".

Do you have an analysis of what your industry might achieve as a rebate from that measure?

● (1605)

Mr. Aaron Coristine: No. Those are some of the questions we've been trying to follow up on in terms of knowing exactly what the mechanisms of that program are. How will the rebates be administered? How will it be divided amongst the greenhouse sectors? We are seeking clarity for ourselves, I guess, on how that $100 million will be reallocated.

I do know that with the funds that are received, they will be put into investment and research to continue our efforts to become less carbon and fossil fuel dependent.

Mr. Alistair MacGregor: For sure. Thank you for that clarification.

Ms. Ward, thank you for being here on behalf of the National Farmers Union. It's always great to hear your point of view and to hear about the efforts being made in the agricultural community to really be one of our greatest tools against climate change.

I note that the NFU supports, broadly speaking, a rebate on the costs of drying fuels. The NFU has done a lot of research on the farm crisis and just the amount of debt load that farmers are carrying these days. Can you briefly tell us what that resulted from? You mentioned the high cost of inputs being really commonplace among modern farming operations these days.

Ms. Katie Ward: A lot of that debt comes from two sources, really, but primarily inputs. I mentioned our 2019 report entitled "Tackling the Farm Crisis and the Climate Crisis". There's a really illustrative graph in there showing where the difference is between farm net income and farm revenues. It's primarily coming out of farm input costs. That generally tends to come out to approximately 95% of every food dollar. We're taking home about 5¢ or 6¢ out of every food dollar spent, on average, as farmers. The other big driver of prices is land. The price of farmland is growing by leaps and bounds. It has gone up massively in the last 10 years especially.

If we can find ways to incentivize farmers to reduce our input costs and maintain yields to the point where we can continue feeding our communities and driving our export of agriculture, but reducing especially our nitrogen fertilizer usage even by small percentages, it will have a big impact. Synthetic nitrogen fertilizers especially produce the three main greenhouse gases—at creation and use and runoff and off-gassing—throughout the system. That's a big one.

If we can incentivize things like cover cropping and other practices that will reduce the need for those inputs, we can do better for farmers' bottom lines and we can do a lot better for the environment. We can continue to do our part to help solve this climate crisis.

Mr. Alistair MacGregor: Thanks so much.

The Chair: Thank you, Mr. MacGregor and Ms. Ward.

We will start the second round with Mr. Epp.

You have five minutes. Go ahead.

Mr. Dave Epp (Chatham-Kent—Leamington, CPC): Thank you, Mr. Chair.

Thank you to the witnesses for being with us today.

I'll start with you, Mr. Coristine, from the greenhouse industry. If you are reaching us from the OGVG offices, you are a kilometre from my house. I believe we share an Internet provider. Please check on my place on your way home, because I'm in Ottawa this week.

Mr. Aaron Coristine: Will do.

Mr. Dave Epp: Okay.

I'm obviously from the area. I understand the industry fairly well. Can you give a sense of the scale of it for the rest of the people who on our screens here today? You have an 80% exemption right now, as the greenhouse sector, on the farm heating fuels. Can you put into perspective the 20% that the greenhouse industry is still paying the carbon tax on? Can you put some dollar amounts on that? I'm familiar with the scale, but many people might not be.

Mr. Aaron Coristine: You know, it's hard to say. It depends, I guess. We're trying to go to an annual production cycle now, so there is some variability, but hundreds of millions of dollars provincially are being paid in these carbon taxes. I can't even fathom how much money that is. I know from reading a piece of paper that this is what they cost to operate just in paying for their carbon consumption alone. It doesn't take into consideration labour, machinery or equipment.

With this exemption, especially as the carbon price increases, just think of the net overall impact that will have. Again, as we mentioned, it's an absolute value. If it goes up to $1.70 or however it goes, it's just that much more—and how much narrower the margins get.

● (1610)

Mr. Dave Epp: I will direct the next question to representatives of the greenhouse industry both from Ontario and from B.C.

Who do you compete with, because I think you compete in slightly different markets? What are your competitors paying for carbon pricing?

Ms. Linda Delli Santi: Are you wondering who we in B.C. compete with?

Mr. Dave Epp: That's correct. Where would your main competition outside Canada come from, and what is their carbon pricing regime? I will ask the same to Aaron as well.

Ms. Linda Delli Santi: The greenhouse sector is quite integrated in the United States and Canada. Most of the greenhouses in the United States are owned and operated by Canadian producers. They built that way to have annual production easily from all of their different operations.

Our biggest competitor would be from Mexico or from the Netherlands in different crops. For The Netherlands it's mainly in peppers, but in Mexico it's from all crops.

Mr. Dave Epp: Aaron.

Mr. Aaron Coristine: Yes, similar to that, as Linda mentioned, we compete heavily with Mexico. If you were to look at StatsCan, or for us OMAFRA's index, you will see our largest export and import counterparts. They are predominantly the U.S. and Mexico.

We need to make sure that how we operate and the decisions we make specifically for the greenhouse industry have an even broader economic impact in being able to remain competitive in the export market.

Mr. Dave Epp: I'm very familiar with the innovation that seems to be inherent in this industry. I have watched that industry burn coal, diesel fuel, biomass, almost anything for heat, depending on the markets.

We're talking about additional pressures on pricing for fossil fuels. What are the alternatives out there? Is clean electrical generation even a possibility right now? I'm not as familiar. When you look ahead, what do you see?

Mr. Aaron Coristine: For our long term—

Ms. Linda Delli Santi: I would like to speak as well.

One of the things that gets lost in this conversation is the fact that the greenhouse sector burns natural gas mainly to produce CO2. We need carbon dioxide during the day to feed the crops.

Mr. Dave Epp: I'm going to interrupt to talk about co-gen and tri-gen. I was going to work that into my next question, but if both of you want to respond right away, go ahead.

Ms. Linda Delli Santi: Co-gen or tri-gen are absolutely fabulous. It's not permitted in British Columbia because.... Well, it's permitted, but you can't sell the excess electricity to the grid. I know that Ontario has taken great advantage of that. We do recognize the value in B.C.

Our biggest thing for greenhouses is that if we produce the CO2 on site rather than trucking it in, it's a more efficient use. There are alternative fuels, for example, biomass, and many of my greenhouse members have biomass boilers, but unfortunately, you can't get CO2 off it economically. A lot of research has been done on it already. They tend to lean towards natural gas so they can get the CO2 they need.

The Chair: Thank you.

I'm sorry. We're out of time, Mr. Epp.

We will move on to Mr. Louis for five minutes.

Mr. Tim Louis (Kitchener—Conestoga, Lib.): Thank you, Mr. Chair.

Thank you to all the witnesses for your testimony. This is very enlightening and very helpful, so I hope I have time to talk to everybody.

Ms. Ward from the National Farmers Union, we're talking here about easing the climate crisis by lowering the input uses and emissions, and how we can make that go a long way to boosting farm income because we know about the low margins. Farmers have that potential to remain productive and profitable at the same time even while they are reducing the use of purchased inputs.

However, as we have discussed today we know they can't do it alone. As the government, we need to partner and support and, in your words, incentivize farmers.

That's why I'm proud of one of the reasons our budget is allocating $10 million to help transition to clean energy from diesel farm fuel equipment, what we're talking about today, and that plan also mentioned to return $100 million in funds directly to the farmers through carbon pricing.

The partnership is so the farmers don't have to face that transition to lower emissions alone, and you mentioned that. I do appreciate reading your report “Tackling the Farm Crisis and the Climate Crisis” because one of the recommendations you had on the recommended policies was data collection. I wonder if you can help us, because you referred to on-farm energy use data being scarce or missing and more measurements of GHGs being needed to calibrate and verify the modelling.

To conduct these ongoing farm energy and emissions audits, what kinds of solutions would you suggest we can use so that we can take that data and move forward and work together?

● (1615)

Ms. Katie Ward: There is some interesting work being done right now through the living labs program at Agriculture and Agri-Food Canada. In the newest round of projects, they are looking at soil health and conservation and soil carbon sequestration, but it could be a very good avenue for looking at data collection that way.

I want to say that it was a Government of Saskatchewan program, potentially in the late 1980s or early 1990s, that did a fair amount of data collection concerning on-farm energy usage. In some cases, then, the data is out there, but it clearly needs some updating. I really think, though, that we need the assistance of both research scientists and agrologists, independent of any sort of incentive, to tell us that our answer is going to be to add more nitrogen or to add more of something else to help us do the right thing in a way that will help improve our net incomes on our farm.

Mr. Tim Louis: I appreciate that. The independent agrologist is another one of your recommendations, and it was great that you worked this in and mentioned it. Another one you mentioned briefly was the Canadian farm resilience agency to coordinate that research.

Can you tell me what you would promote and how we can coordinate that research into a low-emissions approach?

Ms. Katie Ward: Absolutely. If we have independent agrologists, they can help farmers adopt their best possible low-emission cropping and grazing systems. They can create and run demonstration farms—potentially even using the existing research station and experimental farm network that we still have, which is something all Canadians should be proud of—coordinate research into low-emissions approaches, offer independent soil testing for nitrogen and carbon and water infiltration and lots of other measures of soil health and fertility, and also help preserve and restore wetlands and trees.

There was the old prairie farm rehabilitation administration that was created back in the 1930s. One of the last aspects of the PFRA in existence was the tree farms out in the Prairies, which helped with reforestation issues and the biodiversity it helped to promote. If we can promote good soil health, we can retain more carbon and have fewer drought and water issues on our prairie soils in particular, which is where much of our agricultural emissions comes from, with the cropping systems that are in use on the Prairies.

Mr. Tim Louis: Thank you, Ms. Ward.

I have a minute left. I want to address the Canadian Horticultural Council—perhaps Mr. Coristine, because he's closest to me.

We talked about alternative and renewable fuel options while we're supporting farmers to make this transition. I wanted to speak about anaerobic digesters. Down in the Niagara region, Bayview Flowers is using anaerobic biodigesters to produce heat and electricity that is sold to the grid, which is enough electricity in their case for about 200 homes in a year.

Can you tell me about the potential for anaerobic digesters?

Mr. Aaron Coristine: Yes. In the sector, more research could be done, specifically for the greenhouse area. I think it probably provides some feasible opportunities for us to utilize and implement and to put it toward a co-op type of electricity grid whereby we use them to fuel and to charge.

The Chair: Thank you, Mr. Coristine, and thank you Mr. Louis.

[*Translation*]

Mr. Perron, you have the floor for two and a half minutes.

Mr. Yves Perron: Thank you, Mr. Chair.

Mr. Coristine, last week we had a witness mention the idea of including a time limit in Bill C-206 as an incentive for governments to put programs in place and perhaps encourage industry to develop alternatives.

What do you think?

● (1620)

[*English*]

Mr. Aaron Coristine: These would be limits in terms of...?

[*Translation*]

Mr. Yves Perron: I don't know. Let's say five years, and we could review it in five years.

Would that make sense or not?

[*English*]

Mr. Aaron Coristine: I think it depends on the context. Are we limiting carbon emissions to zero? Are we looking to reach Paris targets?

Certainly it's the sooner, the better, because if we can work with government to implement all our initiatives and at least show our due diligence and that we are actively pursuing going as green as possible, then we won't get to 2030, when it's $170 per tonne. The sooner it's done, the more money we'll save, in terms of what we're going to pay. We would, however, need support from the government through grant money and subsidies of upfront costs to make this feasible.

[*Translation*]

Mr. Yves Perron: All right. Thank you.

Ms. Ward, you were saying that Bill C-206 might not be necessary if the exemptions in the budget were effective.

Wouldn't producers rather have an exemption and not be dependent on receiving a cheque from the government, which could involve delays or very cumbersome administration?

I would like to hear from you, and I would ask Mr. Coristine to respond afterwards.

[*English*]

Ms. Katie Ward: It's an interesting conundrum that farmers find ourselves in. We have a financial bottom line running our businesses. We have to balance our upfront costs versus what we can sell our products for and manage a net income that's going to at least keep us in business.

That being said, as farmers we also know that, especially for, say, grain farmers out in the Prairies, there are nine crop seasons left to get us to our Paris targets, so we have to reduce emissions. Every industry does, but agriculture does as well. We have to do our part. We're part of this community, and we are in a really unique position as an industry in that the changes that are being caused by the climate crisis are already impacting us on our farms.

The Chair: Thank you, Ms. Ward.

[*Translation*]

Thank you, Mr. Perron.

[*English*]

Now we'll have Mr. MacGregor for two and a half minutes.

Go ahead, Mr. MacGregor.

Mr. Alistair MacGregor: Thank you so much, Mr. Chair.

Ms. Ward, in my two and a half minutes I'm going to ask you two questions and then give you the remainder of the time to answer.

First of all, in the existing act, we already have gasoline and diesel fuel that are exempt. They are “qualifying farming fuels”. Do you have any thoughts on those two fuels because, of course, they are used quite a bit in farming activities and it seems to me that Bill C-206 is just following that precedent and then allowing natural gas and propane.

Second of all, if you can also.... I think it's important. We keep on talking about the cost of the carbon tax, and I think you just briefly answered this, but can you also just illustrate what the costs are if we don't address climate change, because I have heard at this committee in the three years that I've been sitting at it that farmers are on the front lines of climate change. Can you just give us a sense of what the economic costs of doing nothing in tackling climate change are going to be for farmers?

Ms. Katie Ward: I'll touch on your first question briefly in terms of the impact of gas and diesel usage on our farms and ranches. It's our primary usage for our equipment, for our combines, our tractors and a lot of the other equipment that we use on our farms and our farm trucks, but there are interesting alternatives coming out. We have been holding an NFUniversity webinar series over the course of this winter and our most recent webinar was on electrification of farm equipment. There are some really interesting possibilities coming up, even aftermarket upgrades you can do to your diesel equipment that are going to allow you to use biodiesel without a whole bunch of the knock-on problems and challenges that come with it.

I think the real thing that we need to address...because innovation is going to catch up with us. Farmers are early adopters and we just need the incentives to jump on board with that. The EU is outspending us in terms of agri-environmental payments to farmers by multiple factors of 10, which really does disadvantage our Canadian farms.

The cost if we don't address the climate crisis is kind of incalculable. If you talk to crop scientists it's not just extra carbon and our longer growing seasons are going to mean we can grow more food. It's going to mean heat waves that are going to impinge on the growth capacity of our plants, droughts that are going to severely impact the rate of gain of our animals out on pasture, let alone the hail and windstorms, the tornados and all the other extreme weather.

I talk to young farmers who are just getting into farming right now and they've never known a simple, calm growing season. I'm one of the last.

● (1625)

The Chair: Thank you, Ms. Ward.

Thank you, Mr. MacGregor.

Just before I thank the panel, I want to switch my hat to that of a small commercial greenhouse grower. In my years of growing, 30 years ago we installed a biomass burning system. We've installed curtains to keep energy. We've removed our motorized fans to replace them with natural ventilation, because in a greenhouse that's your main cost.

If there had been rebates instead of incentives to help me move towards that, I don't know if I ever would have done it. I did it because it was money back in my pocket directly. I think that's how it needs to move forward for us to have the incentive to think ahead to what's new in energy conservation. That's my two cents as a greenhouse grower.

Now, I'll put back my hat as the chair and I will thank the panel for being with us today. From the Canadian Horticultural Council, Mr. Aaron Coristine and Linda Delli Santi, thanks so much for being here. Of course, Ms. Katie Ward from the National Farmers Union, thanks so much for being here. It's great.

We'll break for a very short time. Please go get your coffee or whatever and come back ASAP because we want to try to get a few minutes for business.

Thank you so much.

● (1625)

_____(Pause)_____

● (1630)

The Chair: We'll start with the presentation and the testimony.

For our second panel, I want to welcome, from the Canadian Canola Growers Association, Mr. Mike Ammeter, chair, and Mr. Dave Carey, vice-president, government and industry relations. From Dowler-Karn Limited we have Mr. Dan Kelly, chief financial officer. Welcome.

We'll start with a five-minute opening statement, and we'll go with the Canadian Canola Growers Association.

You have five minutes. You can split it or whichever way you want to deliver it. Go ahead.

Mr. Mike Ammeter (Chair, Canadian Canola Growers Association): Thank you.

My name is Mike Ammeter. I'm the chair of the Canadian Canola Growers Association. I farm at Sylvan Lake, Alberta, which is an hour and a half north of Calgary. I grow canola, pulses, wheat and barley on 1,400 acres. With me today is Dave Carey, CCGA's VP of government and industry relations.

CCGA is the national organization representing Canada's 43,000 canola farmers. Canola is Canada's most widely seeded crop, generating the largest farm cash receipts of any agricultural commodity, earning Canadian farmers over $10.2 billion in 2020. Canola farmers export over 90% of our crop. The industry we support contributes 207,000 jobs and $29.9 billion to Canada's economy every year.

Canola farmers are committed to a sustainable future and have established goals to support that commitment. By 2025, they will reduce their fuel usage by 18% per bushel, increase land use efficiency by 40% per bushel, sequester an additional five million tonnes of CO2, use 4R nutrient stewardship practices on 90% of canola production acres and continue to safeguard the more than 2,000 beneficial insects that call canola fields and surrounding habitat home.

CCGA is pleased to support Bill C-206. While we were pleased to see the budget include a commitment to return part of the funds collected from the price on carbon to farmers, we view this bill as a more direct and efficient way to provide farmers with an exemption for propane and natural gas used on farm for grain drying and irrigation.

For my farm, grain drying is important because it allows me to get my crop off the field when time is short at the end of the harvest season and the weather turns to rain and snow. Sometimes I cannot wait for my crop to dry in the field. When a crop sits in the field with excess moisture, it loses quality and volume, which in turn means I will have to sell it at a discount. If wet grain is put into storage, it can spoil in a matter of days.

In the last 15 years, my farm has experienced increased weather variability not seen since the 1960s. It has become more and more difficult to harvest my crops due to rain and snow, even at the end of the growing season. This means I have to run my natural gas grain dryer more often than not. That dryer is a piece of farming equipment that is central to my operation now. Since I purchased it, I have invested approximately $20,000 upgrading it to make it as energy efficient as possible. If there was a way for me to make my dryer more efficient yet, I would do so, but there isn't anything currently on the market that can help me reduce my drying costs.

I understand that the government's objective with the price on carbon is to change behaviour and to transition operations to an alternative fuel source. However, farmers do not have viable alternatives available to us.

Global competitiveness is critical to our industry. Canadian canola farmers are price-takers on a global market with no ability to pass additional costs on. These additional costs will impact our ability to remain competitive and will threaten the viability of our farming operations.

I appreciate the government's recent budget announcement that they will provide $50 million in funding for projects like retrofitting grain dryers. While these types of programs may be useful to farmers who have not already retrofitted their dryer, as I have done, this will not address the fact that our energy infrastructure in western Canada is carbon based. If there was a way to transition from carbon-based inputs, our industry would do so. Fuel is one of my largest input costs. To keep pace with international competitors, farmers are constantly looking to become more fuel and energy efficient, but in order to achieve the BTUs necessary to properly dry my grain, I require carbon-based energy.

There's been concern that Bill C-206 may not accomplish what it's intended to do. To ensure that it does, we recommend that fuel used in grain drying and irrigation be properly accounted for in the bill as exempt from the price on carbon.

CCGA remains optimistic about the future of Canada's canola farmers and their ability to continue to contribute positively to both a healthy environment and a healthy economy. Canadian agriculture should be viewed as a strategic partner in this dialogue. Canola farmers are committed to building on our environmental successes.

● (1635)

Thank you.

The Chair: Thank you, Mr. Ammeter. That was right on time.

We'll go to our next presenter, Mr. Kelly, from Dowler-Karn.

Go ahead, Mr. Kelly, for five minutes.

Mr. Dan Kelly (Chief Financial Officer, Dowler-Karn Limited): Thank you, Mr. Chair.

I would first like to acknowledge that I'm speaking from the traditional territory of the Anishinabe, Haudenosaunee, Ojibwa and Chippewa peoples. This territory is covered by the Upper Canada treaties.

I'm here today as the chief financial officer of Dowler-Karn Limited, a third-generation, family-owned company founded in 1943. We are distributors of gasoline, diesel and propane, serving our customers in southwestern Ontario for almost 80 years, with our head office in St. Thomas, Ontario. In particular, a significant portion of our customers are farmers, from small family farms to large operations, farming cash crops, livestock or a combination of both.

I am also the past chair of the Canadian Propane Association. The CPA represents the entire supply chain for propane: extraction, refining, distribution, marketing and delivering to end-users across Canada. We represent over 400 member companies that participate in the propane industry, from large refiners to independent distributors that serve Canadian consumers.

Propane is a low carbon-intensive fuel. It generates up to 26% fewer GHGs than gasoline, and 98% less particulate matter than diesel fuel. Propane is an abundant, 100% Canadian fuel that has been energizing Canadians across the country for decades. It is clean, affordable and readily available and can provide solutions today in the discussions for Canada's clean energy future.

In the spring of 2019, Dowler-Karn registered as a distributor under the Greenhouse Gas Pollution Pricing Act and has charged, collected and remitted the federal fuel charge since its inception on April 1, 2019. In that time, we have collected and remitted $19.8 million in respect of the federal fuel charge. In particular, we have collected and remitted approximately $1.7 million in the federal fuel charge in respect of propane that's been used in farming. These amounts come directly from the bottom line of farmers.

The original regulations in the act recognized the uniqueness of the agriculture sector and provided relief from the federal fuel charge for farm fuels, specifically exempting gasoline and diesel fuel directly used in farming. Although gasoline and diesel fuel are necessary for planting and harvesting crops, propane is just as vital to a farming operation. However, propane has not been granted the same relief as high-carbon fuels such as gasoline and diesel.

In the most recent budget, the Minister of Finance announced some relief for farmers who are incurring the costs of the federal fuel charge for propane and natural gas. Although we applaud the government for recognizing the oversight, we have concerns with the proposal for a targeted rebate program.

Rather than providing a rebate to address the issue, we believe that propane should be afforded the same treatment as gasoline and diesel. Simply extending the exemption to propane would provide the following: an equitable treatment for a low carbon-intensive fuel as afforded to those that are much more carbon-intensive; relief for all propane used in farming operations, not just for drying crops; and removing the need for bureaucracy in managing the rebate program.

Currently, we charge the federal fuel charge at the time of invoice and then remit same to CRA at the end of the following month. We are reimbursed when the farmer pays his invoice, including the federal fuel charge. Should propane be exempt from the FFC, as is the case with gasoline and diesel, there would simply be no charge on the invoice. The farmer would issue a form L402 exemption to Dowler-Karn, which we would keep on file.

Should a rebate program be instituted, we would need to invoice the farmer, charging the FFC, which they would pay to us and we would remit. At some point in the future, the farmer would then be required to submit a rebate application, which would need to be reviewed, approved and processed by CRA, which would then issue payment to the farmer for the same FFC they paid at the time of purchase. The rebate would then be subject to audit. This much bureaucracy doesn't seem necessary when an exemption would meet the same goal.

Another issue facing farmers centres around the focus on propane for grain-drying purposes only. Propane used in farming extends beyond simply grain drying, as livestock and dairy farmers use propane to keep their livestock warm in winter. In fact, Dowler-Karn sells as much propane to heat barns for livestock as we sell for grain drying. Some regions of Canada may have greater needs for propane to dry crops, but the need for heating barns is just as critical. Imagine the impact on a poultry operation with hundreds of chickens if they couldn't keep the barns warm in the dead of winter.

In addition to barn heat, propane is also used for backup power generation, protecting farm operations against power outages.

We at Dowler-Karn and the CPA support the approach prescribed in Bill C-206, and believe it is the most efficient, cost-effective and reasonable approach. We applaud the government for recognizing the need to correct the regulation, but believe an exemption for a much cleaner, cheaper fuel is the more equitable approach.

I'd now be happy to take any questions.

Thank you, Mr. Chair.

● (1640)

The Chair: Thank you, Mr. Kelly.

We'll move to questions. To start our second round, we have Mr. Steinley for—

Mr. Warren Steinley (Regina—Lewvan, CPC): No, it's Mr. Lawrence first.

The Chair: I'm sorry.

Go ahead, Mr. Lawrence, for six minutes.

Mr. Philip Lawrence: It's no problem. I've never been called such a wonderful gentleman in my life, so I appreciate the compliment.

I'll start with you, Mr. Kelly. I just want to give you an opportunity to expand on what you were talking about.

I think the movement to more efficiency and reduction of GHGs not only involves a cessation of the use of fossil fuels but also the choosing of cleaner fuels. If, for example, China switched all their coal production to natural gas or propane, we would see a much greater reduction in GHG than we would ever see if Canada went to net zero tomorrow. I was wondering if you could comment on that and propane's role in actually reducing greenhouse gases.

● (1645)

Mr. Dan Kelly: You know, propane is a great solution. Look at rural settings mostly. There are still 300,000 homes that are heating with furnace oil. Switching those homes to propane is going to have an immediate impact. Look at northern communities that are using diesel for power generation. We are incurring costs for cleaning up spills on an annual basis. Propane could replace those at a cheaper price and with no impact on the environment.

Propane has no impact on the environment. A release of propane simply dissipates into the atmosphere. It has no impact on land, air or water. Looking at the exports, we export as much propane in Canada as we consume. We have a great abundant resource here in this country that can be used across the world to help reduce GHGs. China is a great example.

Mr. Philip Lawrence: Thanks very much. I'll switch over to canola.

Mr. Ammeter, I was just wondering if you could expand upon the impact that the carbon tax has had on some of your members, some of the specific financial impacts. If you know what the average bill might be, or even if you just provide some anecdotal evidence, that would be great.

Mr. Mike Ammeter: Thanks for the question.

I think I mentioned that I'm from Alberta, and we have had a carbon tax. We had it for a few years, and then we didn't have a carbon tax. It's been a bit of back and forth.

To nail down the actual cost, I did a little bit of digging into my own billing, and it was quite difficult to determine what I actually personally had paid. One thing I can tell you is that the government's price for carbon on natural gas will cost Canadian agriculture approximately $18.5 billion by 2030. These are the numbers that our organization has come up with. It's difficult to do on a specific farm, but as an aggregate, that's the kind of number we're looking at.

Mr. Philip Lawrence: Just to further respond to your testimony, I think I could probably speak for most of your members. They want to fight climate change, as I know everyone listening today does, but currently, there is not a feasible alternative, is there? What alternatives are you aware of specifically with respect to grain drying that do not use fossil fuels?

Mr. Mike Ammeter: I would have to say that I'm not aware of any. As I said in my testimony, I did an upgrade on my dryer a number of years ago, and as far as I know, I am as current, if you will, or as up-to-date as possible with the latest technology on my dryer for efficiency. There's just nothing else available.

I hope I farm long enough to see if we have something different. I don't know if we will come up with something different, but if we do, if it works, if it's efficient and if it's cost-effective, I'm sure we would adopt that.

Mr. Philip Lawrence: Changes in your industry, like in all industries, take time as well. It's great, as you told us, that you've invested in a higher-efficiency grain dryer. Are all farmers doing that, or is that transition taking time as well?

Mr. Mike Ammeter: It does take time. All these things cost money, and if money were no object, I'm sure every farm in the Prairies that has a grain dryer would be up to the latest and greatest, but we have so many different demands on us: upgrading equipment here and there, new tractors, combines and what have you. There's such a demand, so you have to prioritize.

Maybe I'd like to upgrade my dryer this year, but I currently need something else that's far more urgent, and that's just an exercise that all farms go through. You have to prioritize, but as I said, if money were no object, I'm sure we'd have the latest, greatest, with all the bells and whistles.

Mr. Philip Lawrence: Yes. In some ways taking money out of the farmer's pocket through the carbon tax is actually counterproductive because it gives you less money to invest in capital improvements.

Would that be correct?

Mr. Mike Ammeter: Yes, that's completely fair to say.

Our money comes from the crops we grow when we sell them. Having an extra cost is the Achilles heel, if you will, of the crop sector, of agriculture like that. I am a price-taker. I cannot add a surcharge if I sell a load of grain and I need another $100 to cover my costs. I can't do that. That just does not happen. Therefore, that comes out of my pocket.

As I said before, we're always doing this juggling act, so, yes, if I have fewer dollars, it might mean my upgrade will be next year.

● (1650)

Mr. Philip Lawrence: Perfect.

To finally continue on your testimony here, it's clear that you would rather have an exemption than a credit whereby the money goes to Ottawa and comes back to you. Is that fair as well?

Mr. Mike Ammeter: Yes, that's far simpler.

Mr. Philip Lawrence: Thank you very much.

The Chair: Thank you, Mr. Lawrence.

[*Translation*]

Mr. Drouin, you have the floor for six minutes.

[*English*]

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): Thank you, Mr. Chair.

Mr. Ammeter, I will apologize. I should know this because I see Dave here on this call. We don't chat about canola farming. We normally chat about policies that impact canola farming.

Help me understand something. I understand that grain drying is for corn and soya because that's what every farmer in my riding grows. When you're drying canola, obviously, you're trying to take the humidity out, but is it a long process? When it's time to harvest, are you spending days grain drying? Help me understand how that works.

Mr. Mike Ammeter: Yes, actually it can be literally days or weeks. Probably our worst harvest in recent memory was in 2019. Some of you may have seen that it had the tag line or the name "harvest from hell". We were just on a mad scramble.

Typically you try to keep ahead of the harvesting combines with the dryer, but sometimes you can't so you end up putting your grain in your bins from the combines, but it's not really in a condition for long-term storage. It's a mad scramble, because you are trying to get this grain back out of the bin because you don't have much time. You pull it back out. It goes off to the dryer, and then it goes back into the dry bin.

Typically harvests should wrap up in October. In 2019 I was drying grain in November, December and January. I would go get a load here and a load there, run it through the dryer, and try to keep on top of that.

It's an awful lot of work and an awful lot of time.

Mr. Francis Drouin: Thanks. I appreciate the education there.

You mentioned the figure $18 billion. Obviously, that would be if variables don't change. If we continue adapting the technologies of today, that's the $18 billion cost in 2030. That would be the cost to your particular industry. Is that right?

Mr. Mike Ammeter: Yes. Maybe Dave would like to jump in. He can flesh that out a little bit more for you.

Mr. Francis Drouin: I always talk to Dave. It's okay.

No, no—he can jump in.

Mr. Dave Carey (Vice-President, Government and Industry Relations, Canadian Canola Growers Association): Thank you, Mr. Chair.

The number would be based on 2018 usage rates and prices. That is the analysis we did internally.

We are now in the final stages of getting third party analysis done by the accounting firm MNP, which will be canola-specific using verified third party methodology that will look at everything. We're here talking about Bill C-206 specifically, but as soon as the price of carbon goes up, the price of freight goes up, the price of custom-haul trucking goes up and the price of everything goes up, so all of that will be accounted for.

The $18 billion is not on the back of a napkin. We stand by it, but we will have a robust report from MNP very soon that articulates all of those things.

Mr. Francis Drouin: Great. Thanks.

I know we are talking about Bill C-206, but, Mr. Ammeter, would you welcome partnerships with investments from the government to say, "Okay, let's look at the pain points where the carbon tax is costing you"?

Obviously, what we're trying to do is not necessarily to penalize you. We're just trying to decarbonize the economy.

Would you welcome some investments in partnerships in order to find some new technologies to try to decarbonize the agricultural sector?

● (1655)

Mr. Mike Ammeter: Yes, I don't think there's any question about that, if we can get some help. That's always the critical issue: How do I pay for these things? I want to do something different, I want to do something better, but there are only so many dollars to go around. Critical things like this....

I'd love to see a different energy source for drying grain that is cost-effective and does the job. The first thing you do is look into it, but if it proves itself, I'm sure that could be adopted. Farmers are very good at that. If they see something that makes them a nickel, that's cost-effective and fits into their business, they'll do it very quickly.

Mr. Francis Drouin: As chair, are you starting to have some conversations with our U.S. counterparts now that President Biden has said that the U.S. is moving ahead and rejoining the Paris Agreement? Are you discussing that with some folks down south to see what the Americans are thinking and what model they may be adapting?

Mr. Mike Ammeter: Personally, I haven't. Maybe Dave can speak to that point.

Mr. Dave Carey: Yes, we always keep in close contact with the U.S. associations. When it comes to canola, we're a bit different, because we control 60% of the world's global trade. Our biggest competitor, when it comes to canola, is actually Australia, which did repeal its carbon tax a number of years ago.

We're all looking to see what the U.S. administration will do. Most of our engagements of late have been around biofuels and the clean fuel regulations, as this committee is well aware of, but we're certainly keeping an eye on what's happening in the U.S.

Mr. Francis Drouin: Thank you, Mr. Chair.

I think I'm about to run out of time in four seconds, so I'll say thank you to our witnesses.

The Chair: You're cutting it pretty close.

Thank you, Mr. Drouin.

[*Translation*]

Mr. Perron, you have the floor for six minutes.

Mr. Yves Perron: Thank you very much, Mr. Chair.

I thank the witnesses for being with us today.

I'd like to ask a general question as we begin. I gather from your testimony that neither of you have any desire to depend on the government for a rebate, and that you would prefer to have a basic exemption, because that would allow you to retain the means to carry out innovation.

Mr. Drouin said something similar. In order for the transition to happen, you have to do research and development. Mr. Ammeter, if there were a transition partnership investment program, I would imagine that industry would be very happy to participate. Is that correct?

[*English*]

Mr. Mike Ammeter: The quick answer would be that I have to see what's available as an alternative. That is the challenge. If there is no alternative, an investment partnership or however you want to term it, it's a moot point. Like I said with my grain dryer, I've kind of reached peak efficiency from what I can find, so the number one challenge is different technology. If it's out there, then again, how quickly can I adopt it? That's the challenge. That's the big question.

[*Translation*]

Mr. Yves Perron: I congratulate you on that, by the way. Not all producers have reached this point.

That was precisely the point of my question. There is no alternative right now. Now, if there was investment in research and development, if there were alternatives that could be developed and there was state support to put them in place, I think you would be pleasantly surprised and would want to participate.

A witness who appeared last week told us that the fact that Bill C-206 did not set a limit on how long the exemption would last was a deficiency. He was concerned that this exemption would continue when we need to reduce greenhouse gas emissions. What are your thoughts on this? What do you think about the possibility of the exemption being limited to five or 10 years and the government committing to support you in the transition?

[*English*]

Mr. Mike Ammeter: It would certainly accelerate any transitions we have, but I'll go back to my previous point. I need to see something that will do the job for me. That's going to be the key—to find an alternative. If there is an alternative, the faster we go, the better off we will be.

I hope I answered your question.

● (1700)

[*Translation*]

Mr. Yves Perron: Yes, absolutely. Thank you very much.

Mr. Kelly, I imagine you take the same position. Would you like to receive support from the government to transition, and as a first step, develop the alternatives?

Surely that's more trouble for you. That's why I'm asking.

[*English*]

Mr. Dan Kelly: Part of the issue with our industry is getting people to understand who we are and what we do.

There's been a great deal of development and technological advances in the propane industry. When we look at the level of emissions that come from propane being burned today compared to what it was before.... When you take a look at the advancement in vehicle usage, you see that we now have school buses that are running on propane. We now have fleet buses that are running on propane. We have large courier companies that are using propane. There are great advancements that have been made.

The equipment that burns propane has been developing and advancing as time has gone on, and there has been a great deal of that. Where we see opportunities is for the government to look at new places for propane, such as northern communities, power generation. We're looking at power generation for small communities that may, perhaps, be off grid. In terms of replacing diesel in northern communities with propane, propane can be transported in exactly the same manner as diesel fuel for those communities. Those are the types of things we see as the opportunities of propane.

[*Translation*]

Mr. Yves Perron: Basically, you see propane as part of the solution to replace diesel, among other things, but not part of the problem. Is that correct?

In your opinion, why didn't the government exempt propane and natural gas in the first draft of the legislation? What happened? Why do you think the legislators at the time wrote it that way?

[*English*]

Mr. Dan Kelly: I believe it was an oversight. I don't believe that it was any kind of intentional omission. It's the same as saying that gasoline and diesel can't be used for heating. There are very few people, if any, who use gasoline and diesel for heating now. It's just a space in the legislation that I don't believe was necessary. It's the same with the propane and natural gas emissions. I believe it was an oversight in the original legislation.

We've been meeting, as an association, with many different departments, members and administerial staff to tell our story, and we're very pleased to see some of the progress that's taken place lately.

The Chair: Thank you, Mr. Kelly and Mr. Perron.

Now we have Mr. MacGregor for six minutes.

Go ahead, Mr. MacGregor.

Mr. Alistair MacGregor: Thank you so much, Mr. Chair.

Thank you to our witnesses.

Mr. Ammeter, maybe I'll start with you.

Diesel is used for some grain-drying operations, is it not? I'm trying to get a sense of just how many farmers might be using diesel at the moment to dry their grain.

Mr. Mike Ammeter: To my understanding, I don't think so. I'm not aware of that. The dryer that I have was originally propane—and this is nothing against Mr. Kelly's product—but we have a pretty good natural gas distribution system, and I was able to tap into that. It's very close to our farm. It is very convenient because natural gas does not need to be delivered by truck. It just comes in the pipelines, so that's good.

I'll go back to your question about diesel fuel. I'm not aware.... That's not to say they don't exist. However, I would suggest that the vast majority are propane-powered, are propane-fired or use natural gas. I have heard of people trying to do grain drying using, well, straw—I guess it would come under the classification of a biomass—but I think it would just be a horrific amount of crop residue that you would have to burn in some kind of a container to contain the heat. I applaud the effort, but I don't think it would be very good.

● (1705)

Mr. Alistair MacGregor: Yes, I was wondering about that because I was doing a search, and I'm a complete layperson when it comes to understanding the dynamics of grain drying. There is a company that I did find called Triple Green Products. Here on their website they say they have a BioDryAir, which they think is superior because propane and natural gas both contain water vapour when you burn them, so you can actually be putting more water vapour into the grain. Their system does run on biomass.

Can you give me a sense of, when you're harvesting your canola and you've separated it—and I'm sure it's probably corn farmers who get the most residue because we all know cornstalks in relation to canola—how much crop residue you are left with at the end of the harvest?

Mr. Mike Ammeter: That's kind of tough. Arguably, if I were going to tell you, I'd try to give you a number for how many tonnes per acre. Quite frankly, I don't even know that. I couldn't tell you.

Something I will go back to is your comment about drying with biomass. That would be true, because natural gas and propane will have some moisture in them and that is something we have to account for when we're drying. That's just to know it's not a true.... It's not a dry heat. It's heat, but yes, you're correct on that.

I'm not aware of the company you referred to, but I'm sure it would work. It's just that.... What volumes do you need to create the amount of heat you need to dry? I wish I had a picture of my grain dryer for you folks. It's not like your clothes dryer. Some of them are massive. They are very big. There's a lot of grain going through and a lot of air moving and a lot of fire. There's a very big fire inside my grain dryer.

Mr. Alistair MacGregor: I can believe it. I can see the size of the silos that you have to thrust that heat through. You need a massive amount of heat coming out of that.

Maybe I'll rephrase the question. If there were a system that had proven technology, was very efficient in operating on biomass and became commercially successful—because I don't know how well this company is doing—would there be an added burden to farmers in collecting that residue while you're harvesting? Is it easy for you now to collect the residue and put it one location? You would then have it in a viable form to be used as a fuel.

Mr. Mike Ammeter: Here's the challenge. For crop residue, if I were going to collect the residue off my crops—canola, wheat and barley—probably barley residue, barley straw, would be the superior one, I would think. I would need to have that collected the year prior and ready to use in my grain dryer for this fall. There's not a window of opportunity. When the grain is ready to be combined and I harvest it and it's in the bin, it needs to be dried. Because of weather conditions or whatever has happened, I need to dry it and I need to dry it now. I can't wait to go out and collect the straw, bail it, move it off the field, get it into the yard and start using that as a fuel source.

I would have to do that the year prior and be prepared for that, so there's an extra layer of complications, I guess you would call it. That's not to say it wouldn't work, but it would be complex and would be another pretty high level of management, and then to anticipate that.... How do I know?

Mr. Alistair MacGregor: The other thing, too, is that you're going to be losing all of that carbon on your fields, which of course serves a very important purpose for the next year's crop.

Mr. Mike Ammeter: That's a good point. In terms of the nutritional value of the straw and crop residue that comes off my crops, there is value to that. There are nutrients in that—you mentioned carbon—and now I've gone and I've burned that to make heat.

The Chair: Thank you, Mr. Ammeter and Mr. MacGregor.

Mr. Steinley, you will start the second round. You have five minutes. Go ahead.

Mr. Warren Steinley: That's excellent. Thank you very much, and thank you to all the witnesses who have presented today, Dan, Mike and Dave.

I'm going to ask a few of my questions to the Canola Growers, because Regina has had a lot of influx of canola-crushing plants and a lot of good announcements lately, about 1.2 billion dollars' worth, so we are looking forward to being, as I said, the canola-crushing capital of Canada.

A question I'd like to walk through is that I don't think some of our colleagues realize how big these grain dryers are. Talking about biomass, I take Mr. MacGregor's point, but also then you don't calculate the machinery it takes to collect the biomass that's on the field and then transport that biomass to where the grain is actually located. These farms in western Canada aren't 1,000 and 2,000 acres. There are 30,000-acre and 40,000-acre farms, and they're trucking this product a long way.

As Mike said, you have the natural gas brought to the bins to be more innovative and to be more environmentally friendly.

Mike, I'd really just like you to walk us through the size of the bins, of these bushels that are being dried, and the size of the grain dryers. The fact is that they're not easily movable. You can't just decide one day you're going to pick up a 20,000-bushel bin and move it to a field closer to you.

Just walk us through a bit of how some of that infrastructure is permanent and not easily movable.

● (1710)

Mr. Mike Ammeter: You are correct. It is not movable. It is designed to sit in one spot.

Ours is not a big farm. You alluded to the size of some of the farms that would probably be in your area. Ours is like a hobby farm. Yes, all these things are permanent structures.

If I were to adopt a grain-drying system to collect my straw and my crop residue from the previous year, it would start with the previous year. I would bale the straw. I am going to use a tractor and a baler and I'm going to bale the straw. Then I have bales all over my field and I am going to collect them with my tractor or my bale truck, and I'm going to drive them into my yard and I'm going to stack them. When it's time to use them—and heaven forbid that I have a fire off season and they all go up in flames, which has happened....

You wouldn't want to talk about that, because now I'd have another problem.

Mr. Warren Steinley: I have another point. If you're taking off a crop that's already damp, with the residue and the straw damp, if you bale it damp it's going to heat and maybe create one of those fires. If you're taking off canola that is already a bit wet and you need to dry it with the grain dryer, you can't use the residue, because that residue is going to be wet as well.

Am I correct in saying that?

Mr. Mike Ammeter: Yes. You're absolutely right.

Quite often, we use a grain dryer as a management tool. I will dry grain early in the season. It's a time-management thing. It's not because it has been raining for two weeks. It's that I want to get out there and get a jump on it because I have other things that I need to do.

It used to be a tool of last resort, and a lot of times it still is. In the last seven or eight years, we've had a number of years where it has snowed every third day in September and everything is wet.

Mr. Warren Steinley: When you're using the grain dryer, it's not just the dryer. You're taking canola out of the bins and you're putting it into the bins, and it's not just static. There is other machinery that you're using at the same time as the dryer. That's also something that you have to take into consideration when you're setting up a farm, because you also have to have room for trucks coming in and out, for the movement of augers, and not just the dryer.

Could you walk some of my colleagues through that process as well? I really want them to get a good picture of what a big farm and this operation of drying grain really looks like.

Mr. Mike Ammeter: On a really big farm, you're going to have a farmyard that's probably, I don't know, 20 acres or maybe 30 acres. The grain bins are 30 feet in diameter and 50 feet tall, and you have a whole bunch of them. I'm talking about a really big farm.

You have big trucks coming in and out. You have a lot of space.

Mr. Warren Steinley: When you say that at this point in time there aren't other options, that's why this bill is important. There really is, for bigger farms, no other option than to use natural gas or propane in grain dryers. That's why this exemption for a big farm is so important.

● (1715)

The Chair: That's the end of your time. I'm sorry about that. We'll have to move to the next person.

[*Translation*]

Mrs. Bessette, you have the floor for six minutes.

Mrs. Lyne Bessette (Brome—Missisquoi, Lib.): Thank you, Mr. Chair.

I think my time is more like five minutes. I thank you for giving me six, but I will take five.

The Chair: You're right.

Mrs. Lyne Bessette: I will first ask a question of Mr. Ammeter from the Canadian Canola Growers Association.

You indicated to my colleague Mr. Drouin that you would be willing to work collaboratively with the government to share the costs associated with developing green technologies.

What is your reaction to the spending announced in the budget? I'm thinking, for example, of the additional $200 million invested in the agricultural climate solutions program.

[*English*]

Mr. Mike Ammeter: I think the initial reaction would be to say we would welcome assistance. Some of these things are very difficult to do on your own and the costs are prohibitive. Unless it's something that really ties my hands or alters my operation to where it's like, “I'd like to participate but this takes me in a direction where I don't know if I can accomplish....” That's always a challenge in any kind of a partnership. On the face of it, I don't see why we would be against anything of that nature.

If I could go back, there was a question addressed to me a little earlier, a very similar question, about government assistance in retrofitting grain dryers or making them more efficient. There are undoubtedly some who could participate in that today. Offhand, don't ask me to find someone for you, but I'm sure they're out there. We're always looking for efficiencies.

[*Translation*]

Mrs. Lyne Bessette: Thank you.

Do you believe that with the exemption there will always be an incentive to innovate or use greener equipment?

[*English*]

Mr. Mike Ammeter: Energy efficiency is something we look for. We look for efficiencies all the time. If it adds to our bottom line, we will look for that.

I've made a comment to people that.... I'm a little bit off-base here, but my combine is a very large piece of equipment and it has a big diesel engine in it. I said that I'd like to live long enough to see if we can come up with an alternative to a big diesel-powered engine. I'm not against that, but it has to be efficient. It has to be robust. It has to do the job. I'm sure, given enough time, we can figure that out. I don't see anything on the horizon, but I guess that's just my nature. I would be very interested to see if we could accomplish that because we need a lot of horsepower. It takes an awful lot of power.

Mrs. Lyne Bessette: Thank you. I have one more question for you.

[*Translation*]

Should the exemption be temporary instead, while new solutions are found?

[*English*]

Mr. Mike Ammeter: Let's put it this way. If we find a solution and we move away from carbon-based fuels, then there's no need for an exemption. Does that answer your question?

Mrs. Lyne Bessette: Yes, thank you very much. I appreciate it.

[*Translation*]

Mr. Kelly, my next question is for you.

How do you see the future of the transition to green fuels? How many years are we talking about, approximately?

[*English*]

Mr. Dan Kelly: That's an interesting question. I see that it will go in stages, depending on where technology goes. I think electrification may ultimately be where we end up, but it's going to take a long time to develop a technology that will allow us not only to generate the power cleanly but also to store the power and be able to use it in various forms.

The Propane Association can offer some solutions today. That's our story. We can help today to move away from high-carbon fuels like gasoline and diesel and towards cleaner alternatives. Propane is inexpensive and abundant, and there are a lot of things we can do with it.

I think we could be looking at an extended period but there are transitions along that timeline. We can hit some milestones that will certainly move us in the right direction.

● (1720)

Mrs. Lyne Bessette: Thank you very much.

[*Translation*]

The Chair: Thank you, Mrs. Bessette.

[*English*]

Thank you, Mr. Kelly.

[*Translation*]

Mr. Perron, you have the floor for two and a half minutes.

Mr. Yves Perron: Thank you, Mr. Chair.

Mr. Kelly, it has been made clear that you consider having a clean fuel that is part of the solution. What would be the impact on your industry if Bill C-206 is not passed?

[*English*]

Mr. Dan Kelly: I think the impact for our industry is not as significant as the impact it's going to have for farmers. I believe you have a clean, abundant fuel that is not being treated in the same manner as higher carbon-intensive fuels. I think that can't be lost in the discussion.

I believe we need to broaden the discussion on what propane can offer. Propane can do a great deal to help support the transition to that green environment. There are a lot of things we can do today. There are a lot of things we can do five years from now. We're not going to find the electrification solution tomorrow, but we're going to find it in the future and there's a transition that we can follow that leads us to that place. There's a great deal that propane can offer that will help us get to that place.

[*Translation*]

Mr. Yves Perron: Thank you very much.

That's the response I was expecting. So as I understand it, as an energy distributor, you will be charging your customers for the carbon tax that you have to pay.

Mr. Ammeter, how will your business or industry be impacted if Bill C-206 does not pass?

[*English*]

Mr. Mike Ammeter: If we are expected to absorb our share of the carbon tax that's put on to our grain drying and our irrigation pumps, ultimately, I have less money. The only place I get my money is from the crops that I sell, so if one of my priorities is to do upgrades on my grain-drying equipment, I have less money to do that. That means it probably will delay it. As the carbon tax goes up, it just exacerbates it.

[*Translation*]

Mr. Yves Perron: Should we fear the disappearance of certain productions, or smaller producers, if Bill C-206 is not passed?

[*English*]

The Chair: Answer quickly, Mr. Ammeter.

Mr. Mike Ammeter: It would make it tougher on them. Smaller producers don't have as much capacity to absorb any hits of that nature. It's probably tougher on them than the larger ones.

The Chair: Thank you, Mr. Ammeter.

[*Translation*]

Thank you, Mr. Perron.

[*English*]

Now we have Mr. MacGregor for two and a half minutes.

Go ahead, Mr. MacGregor.

Mr. Alistair MacGregor: Thank you, Chair.

Mr. Ammeter, we've referred to the harvest from hell and we know that, with our farmers being on the front lines of climate change, there will be an increase in extreme weather events. If you look at the last several decades, and when farmers have had to start engaging their grain dryers, has the trend been more and more use of grain dryers over time? Do you expect that trend to continue going into the future?

I'm just trying to put this in the context of whether you're having to engage your grain dryers sooner than you'd like for longer than you would like. I'm just trying to extrapolate what the cost will be if we continue with this trend.

Mr. Mike Ammeter: I don't know if I could comment on the costs per se. It's such a variable.

I've mentioned before that one of the things we do see in agriculture as well is weather cycles. We've had, I'd say, 10 to 15 tough years and it's quite possible that could turn around.

I know one of the things that we were told when I first heard of climate change, global warming, what was kind of posed for us on the Prairies.... Where I live, I'm actually very close to the Rocky Mountains. I'm high elevation. I'm 3,300 feet. It doesn't sound good by today's narrative, but that is good news for me if the climate warms a bit because I'm always struggling with a short growing season.

As far as using more and more grain dryers, I think people have them because they need to and they just recognize the value of them. The worst place to be is in the middle of a bad harvest and you aren't prepared with a grain dryer. You are very vulnerable. It can mean huge losses for your production.

● (1725)

Mr. Alistair MacGregor: It would trigger our business risk management program, which would end up costing the government even more in the long run as well.

Mr. Mike Ammeter: That's true.

Mr. Alistair MacGregor: Thank you for that.

The Chair: Thank you, Mr. MacGregor, and thank you, Mr. Ammeter.

This concludes our second panel.

I really want to thank the Canadian Canola Growers Association—Mr. Mike Ammeter and also Mr. Dave Carey—for being here today.

Also Mr. Kelly from Dowler-Karn Limited, thanks for coming in today to share your thoughts on our study.

That will conclude this. I'd like the members to stick around for a few minutes so we can finish a few items of business.

We'll start with Bill C-206. The officials have been invited. They've agreed to do one opening statement for all of them—not each. We have three departments. We have agriculture, environment and I believe we have finance as the third one. They'll have one opening statement and then we can go into the questioning rounds after that.

Hopefully that's agreeable to everyone. I don't know if there are any issues with that. If not, we'll adopt that model. I don't see any opposition.

The next thing we have to do is approve the press release.

I think you've all received a copy of the press release from the processing capacity report. If it's okay with everyone, we'll approve that and we'll release it as soon as we have a tabled report. Are there any comments on the press release? Is it all good with everyone?

Okay, I don't see any comments, so I think we're all good with that.

Finally, we have to approve the budget for Bill C-205. I believe everyone has received a copy of the budget. It's pretty standard practice. The total is $3,350 for that budget. I don't know if we need a motion, but we need consensus to approve the budget.

Are we all okay with the budget? Just show your thumb or wave your hand....

Mr. Francis Drouin: I'm good, Pat. You can't see me, but I'm here.

The Chair: You were the one I was most concerned with, so that's great that we heard you.

Okay, the clerk is good with that.

That is all I have, unless there's anything else from the clerk or anyone else. If not, that was a great meeting, guys. We'll see you on Thursday. Thank you and have a good evening.