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• (1540)

[*Translation*]

The Chair (Mr. Kody Blois (Kings—Hants, Lib.)): Welcome to meeting number 29 of the Standing Committee on Agriculture and Agri-Food.

I will start with a few reminders. Today's meeting is taking place in a hybrid format. The proceedings will be made available on the House of Commons website. Just so you are aware, the webcast will always show the person speaking, rather than the entirety of the committee. Of course, screenshots or taking photos of the screen is not permitted. Finally, I ask that members who are participating in the meeting in person follow the Board of Internal Economy's health recommendations.

Today, the committee is continuing its consideration of Bill C-234.

[*English*]

We have three different witnesses here for our first panel.

Joining us by video conference as an individual is Mr. Jean Caron, professor, Laval University. Welcome, Mr. Caron.

From Équiterre, Émile Boisseau-Bouvier, climate policy analyst, is also joining us by video conference.

From the National Farmers Union, we have Glenn Wright, farmer and professional engineer, joining us by video conference.

Each of our witnesses is going to have five minutes. Obviously, we have the ability for English and French. You will see the toggle at the bottom of your screen.

I'm going to allow Mr. Caron to start. You will have up to five minutes, and then we'll go to questions.

Mr. Caron, it's over to you for up to five minutes.

[*Translation*]

Dr. Jean Caron (Professor, Université Laval, As an Individual): Thank you very much to the members of the committee for inviting me to testify today. It is a pleasure for me to be with you.

I have provided two documents to the committee. The first is a letter written to Senator Robert Black this spring regarding land degradation and the need for monitoring. The second document is a PowerPoint presentation in which we provide our latest research findings.

I am speaking to you today as a researcher from Université Laval who works in the field.

There is one thing that I want to highlight in relation to the bill. In our document, we announced that agricultural soil compaction levels were reaching very high levels. Our study concerns Quebec, but we suspect that the same is true for eastern Canada, Ontario and, in some cases, for heavy soils in the Peace River and Fraser Valley areas. At the time of the study, we estimated soil compaction levels to be in the 30% to 90% range; we did not know the exact figures. However, our latest surveys in the major grain corn growing region of southwestern Quebec indicate compaction levels of about 80%.

Figure 5 in the PowerPoint presentation I sent to you indicates that, given the thresholds reached, denitrification could result in a loss of 10% to 60% of the nitrogen in the nitrogen fertilizers that are applied.

Through my testimony, I want to emphasize that it would be very relevant to encourage monitoring with respect to soil quality and compaction levels if we want to effectively combat denitrification, which is a major source of greenhouse gas emissions. In this case, taxation should instead be based, through concerted efforts, on improving soil quality.

That is the essence of the point I wanted to make today.

The Chair: Thank you, Mr. Caron.

I now give the floor to Mr. Boisseau-Bouvier.

Mr. Émile Boisseau-Bouvier (Climate Policy Analyst, Équiterre): Mr. Chair, members of the Standing Committee on Agriculture and Agri-Food, good afternoon. My name is Émile Boisseau-Bouvier and I am a climate policy analyst at Équiterre.

Thank you for the opportunity to discuss Bill C-234 with you, as I was able to do alongside my colleague on Bill C-206.

I will first say a few words about Équiterre. We are an environmental NGO that founded the Family Farmers Network in Quebec. In addition, we currently have a technology showcase project on health, soil conservation and regenerative practices. We have participated in the consultations for the next agricultural policy framework. Finally, we are working with producers, institutional buyers and policy-makers to implement solutions to build an agriculture that is more resilient and sustainable.

Of course, we also have expertise in climate issues. In recent years, we have defended federal jurisdiction over a carbon pricing system in the Supreme Court because we believe that a price signal is needed to guide individual and collective decisions.

We are also working on the issue of fossil fuel subsidies. If we are to meet our climate goals, Canada cannot continue to be the largest provider of subsidies and public support for fossil fuels in the G20.

Let's now get to the heart of the matter.

Bill C-234 essentially replicates former Bill C-206 with some clarifications regarding the use of fossil fuels to heat or cool a building that houses animals, or to dry grain. However, much has changed since Bill C-206 was originally introduced in February 2020.

First, since the passage of Bill C-8, the government has been re-turning proceeds from the price on pollution directly to farmers in provinces that are subject to the federal safety net.

However, most importantly, Agriculture and Agri-Food Canada launched the agricultural clean technology program in 2021, which provides \$50 million to help farmers purchase more efficient grain dryers and replace hydrocarbons. The program also focuses on research and innovation, particularly in the areas of green energy and energy efficiency. Ultimately, these are investments that will accelerate and facilitate producers' transition away from fossil fuels.

You will agree that Bill C-8, passed last June, addresses the very real problem raised by Bill C-234 without weakening the principle of carbon pricing. This is an approach we encourage you to pursue and enhance, rather than the one presented to us today.

We agree with providing assistance to farmers, but we cannot agree with systematizing the erosion of carbon pricing mechanisms. The transition must begin quickly.

I want to take a moment to say that we understand the farmers who are experiencing increased stress owing to increasing extreme weather events and the current economic context. We suggest that they be helped financially by promoting sustainable alternatives. This is a potential solution that, again, already exists.

I would now like to remind you of Canada's commitments on fossil fuel subsidies.

Canada made a commitment in 2009 to phase out inefficient fossil fuel subsidies. It has since consistently reiterated that commitment in various international forums. Last year, the government moved the deadline for its commitment closer to 2023 instead of 2025. The year 2023 is just around the corner.

Bill C-234, which is being considered today, proposes to exempt new fossil fuels and new activities from carbon pricing. If passed, the bill would artificially reduce the price of fossil fuels and increase their competitive advantage. In short, it would be another subsidy for fossil fuels, even as we have committed to eliminating them by next year.

In conclusion, while this bill is presented as a plan to help farmers, it instead creates conditions that are conducive to maintaining the dependence of agricultural activities on fossil fuels.

It is also a bill that, from my reading of it, would conflict with Canada's national and international commitments on fossil fuel subsidies.

Given the many advancements since 2020, it would be in the best interest of the agricultural sector, its operators and workers for this committee to quickly consider how to promote alternatives to fossil fuel grain drying and building heating. We have an opportunity to help transition the sector away from fossil fuels; this opportunity should not be missed.

● (1545)

Thank you for your time. I will be happy to answer your questions.

The Chair: Thank you, Mr. Boisseau-Bouvier.

I will now turn the floor over to Mr. Wright for up to five minutes.

[English]

Mr. Glenn Wright (Farmer and Professional Engineer, National Farmers Union): Thank you for inviting the National Farmers Union to provide submissions to committee here today.

My name is Glenn Wright, and I have been an active member of the National Farmers Union, or NFU, since 2017. I supported my farm with off-farm income by working first as a professional engineer for 15 years, and now as a lawyer. My wife and I operate our grain farm near Vanscoy, Saskatchewan.

NFU policy positions are developed through a democratic process of discussion and debate by members at regional and national conventions.

The harvest of 2019 on the Prairies was referred to as the "harvest from hell" because nearly all the grain taken from the fields was either tough or damp. There was significant grain spoilage for many producers, including my farm, and grain drying required far more energy than expected that fall.

As a result, at the 50th annual convention of the NFU in November 2019, NFU members passed a policy resolution that requested that the federal government provide a rebate of the carbon levy on farm fuel used for grain drying. NFU members could not understand why grain dryer fuel was not treated the same as tractor fuel in the Greenhouse Gas Pollution Pricing Act, which hereafter I will refer to as simply the pollution pricing act.

Since the passing of that NFU resolution, recent changes made by Bill C-8 introduced a tax credit to return fuel charge proceeds to farming businesses where the pollution pricing act federal backstop applies: Alberta, Saskatchewan, Manitoba and Ontario. The NFU believes that the amendments introduced by Bill C-8 were a step in the right direction, and the NFU urges the committee to be cautious with respect to further changes proposed with Bill C-234.

The NFU worries that Bill C-234 proposes to create a complete exemption for farm heating fuels, which would entirely remove the pollution pricing signal currently provided by the pollution pricing act. Pollution pricing signals are important because they encourage producers to find and implement lower-emissions practices to heat our barns and dry our grain. The current system, as modified by Bill C-8, is now striking a better balance as it retains the pollution pricing signal without threatening food production.

The problem with Bill C-234 is that a complete exemption does nothing to encourage clean technology and low-emission alternatives. The exemption proposed by Bill C-234 may have been more sensible when the pollution pricing act was first drafted, but it becomes less appropriate as clean alternatives are available.

The growing body of climate science information regarding dangerous climate change requires an urgent policy response. In the context of Canadian agriculture and Bill C-234, the following points must be considered.

Number one is that greenhouse gas pollution must be reduced as fast as possible. There are no easy, cost-free ways to accomplish this task. In our capitalist market-based economy, pollution price signals are important for all players, including farmers.

Number two is that adequate supplies of food must be maintained. The pollution pricing act reflected this and exempted most farm-used fuel from pollution pricing.

As for number three, the NFU was disappointed that farm-used grain-drying fuel was not included as farm-used fuel in the pollution pricing act. Bill C-8 has improved the situation regarding fuel used for grain drying while still providing some pricing signal to reflect the cost of ongoing pollution.

The NFU recommends that the government continue to assist farmers to transition to better practices by providing incentives for farmers to purchase more efficient grain dryers and improve livestock facilities, and that it continue using the pollution pricing act to provide price signals for farmers regarding the costs of pollution where possible.

Specifically with respect to Bill C-234, the NFU recommends that this committee amend Bill C-234 to include a sunset clause for the exemption that would treat grain-drying and barn-heating fuel as farm-used fuel. The sunset period would provide time for clean grain drying technologies to mature and provide time for farmers to retrofit farm building insulation and heating systems to decrease greenhouse gas emissions from their farms.

Subject to any questions, those are our submissions from the NFU today.

• (1550)

Thank you.

The Chair: Thank you, Mr. Wright.

Colleagues, that concludes the opening remarks from our panelists. We're going to now move to questions. We do have the ability to extend for a few minutes, so I intend to use the full hour for the first panel and a full hour for the second.

[*Translation*]

I give the floor to Mr. Lehoux for six minutes.

Mr. Richard Lehoux (Beauce, CPC): Thank you, Mr. Chair.

I thank the witnesses for being here this afternoon.

My question is for Mr. Caron.

I understand that soil compaction has many implications. You mention the need to monitor soil conditions across eastern Canada. I assume budget cuts have been made, as some studies were still done in the past.

Is there a significant lack of support for soil compaction research?

• (1555)

Dr. Jean Caron: That is a fact.

The point of my remarks today was, in a way, to say that it is laudable to try to tax nitrogen, for example, so as to attempt to reduce its use, but it is also important to understand that the more compact the soils are, the more fertilization, and in particular nitrogen fertilization, is required to sustain production. This is due to the phenomenon of nitrogen loss from a lack of oxygen in the soil owing to compaction.

To answer your question more specifically, I would say that research efforts have not been sustained in the past. There was a lot of effort in the 1980s and into the mid-1990s. After that, the teams were virtually all disbanded.

Mr. Richard Lehoux: With that in mind, Mr. Caron, are there other methods that could be used? Is it enough to make budgets available and carry out studies quickly? The timelines are still very tight, and no immediate alternatives are really being provided. Yes, it will result in fewer tractor passes over the fields, which will have an impact, but there is still the whole issue of grain drying, which is a major factor and one for which we don't have many alternatives available right now.

I would like to hear your thoughts on this. It is indeed important that soils be analyzed, but what concrete solutions could be applied in the short term?

Dr. Jean Caron: Grain drying is really not my area of expertise, so I'm not the right person to speak to that.

However, in terms of efforts to improve soils, indeed, research is a good thing, but there are solutions out there, like soil rotation. Soil rotation is no longer encouraged, and production patterns have changed to less and less versatile farms, which has increased the risk of soil compaction. We need to turn back the clock and restore better long-term rotation practices.

Mr. Richard Lehoux: I understand that there is work to be done upstream, Mr. Caron, but the difficulty that we have right now is on the harvest side. Particularly in Quebec, there is an important link to make with the issue of grain drying. Bill C-234 adds certain fuels used for grain drying to the list of products exempt from the fuel charge. This is very much the focus of the bill.

I am trying to detect in your comments what may be a solution in the short term. I agree with you that land rotation could provide medium and longer-term improvements, but what are the short term solutions?

If this requested exemption is not provided soon, the fuel charge will quickly become a burden on farmers. I'm thinking of grain drying, among other things, but there's also building heating, which is far from negligible in Quebec.

Dr. Jean Caron: I'm really caught off guard here. My testimony was not focused on that aspect.

Mr. Richard Lehoux: You mentioned available clean technologies. Can you give us some examples?

Dr. Jean Caron: I don't know what document you are referring to, but what I sent to the Senate did not mention such technologies. In fact, there are tracking technologies, among others. If you want to increase production efficiency and reduce the risk of soil compaction, obviously, you're going to have to go with lighter machinery, diversification of the production model, and more rotations.

To go back to your question, I can say that it is clear that because of the climate change that we are seeing now in production settings, there are more and more extremes. We can see that on the ground. This has more significant consequences, especially on drying. You want us to address that. Because there will be delays in seeding and crops will be ready less quickly, producers will end up with higher drying costs.

• (1600)

Mr. Richard Lehoux: Indeed, Mr. Caron, it's—

Dr. Jean Caron: It's heading in that direction. It's to be expected. However, production models need to be diversified, as Mr. Boisseau-Bouvier mentioned earlier, to make agriculture more resilient and reduce its sensitivity to climate-related hazards. Obviously, this doesn't happen with a snap of the fingers. Changes in soil quality will take place over 10 to 15 years. So there are short-term solutions that need to be put in place to support the transition.

Mr. Richard Lehoux: Do I have any time left, Mr. Chair?

The Chair: You have only 20 seconds left, so thank you very much, Mr. Lehoux.

Thank you, Mr. Caron.

I'll now give the floor to Mr. Turnbull for six minutes.

[*English*]

Mr. Ryan Turnbull (Whitby, Lib.): Thanks, Chair.

Thanks to all the witnesses for being here today. I'll start with Émile Boisseau-Bouvier.

In your opening remarks, you expressed some concern about removing the price signal from the price on pollution within the agricultural industry, certainly for these on-farm fuels for grain drying and for heating and cooling.

Is your concern that if we remove that price signal, we'll essentially be removing the incentive to make the change to renewable energy on the farm?

[*Translation*]

Mr. Émile Boisseau-Bouvier: Yes, absolutely.

If I may, I'll speak in French, just to make sure I get all the nuances.

If we remove this price indicator, it will be a way to favour fossil fuels. As I said in my speech, it will be a form of subsidy for fossil fuels that will make them more competitive with alternatives that are favourable to us all, that are sustainable and that will achieve Canada's climate and environmental objectives. We need to maintain a strong price signal, otherwise we will never be able to accelerate this transition.

[*English*]

Mr. Ryan Turnbull: Thank you. I appreciate that.

Is it possible to heat and cool a barn or greenhouse or fuel a grain dryer with renewable energy?

Émile, I'll start with you and then I'd like to ask Mr. Wright the same question.

[Translation]

Mr. Émile Boisseau-Bouvier: One of the differences in Bill C-234, compared to Bill C-206, is the inclusion of animal housing areas. In this regard, there are solutions that already exist to get away from fossil fuels. There is an opportunity for the government to encourage those alternatives, whether it's improving the insulation and ventilation of those buildings or installing heat pumps that will make the energy system more efficient, for example. Electrical input changes can also be made. We know that our farmers often live at the end of a road, so these changes can be costly. The government can provide grants for this. These are all tools that are in the hands of the government and that make it possible to promote solutions that are sustainable and that make it possible to heat a building, for example, using renewable energy.

[English]

Mr. Ryan Turnbull: If I hear you correctly, there are alternatives, but the government should be or could be further helping to realize.... The government should be helping to finance some of those on-farm renewable energy solutions.

Would you say that's true?

[Translation]

Mr. Émile Boisseau-Bouvier: Yes, that's exactly it. Our farmers have environmental values. We need to make it easier for them to make that their first choice so that they don't even have to ask. So we need to favour renewable energy, not fossil fuels, as Bill C-234 is proposing right now.

[English]

Mr. Ryan Turnbull: Mr. Wright, I'll go over to you. I noticed you're a self-proclaimed environmentalist. In your bio on the NFU website, you talk about how you have integrated renewable energy on the farm. If I'm not mistaken, you farm 750 acres in Saskatoon.

Could you tell us a bit about whether you have any experience of integrating renewable energy projects on farm? Can you speak to those solutions, please?

Mr. Glenn Wright: Yes, absolutely.

I would say that the issues associated with grain drying and building heating are two separate things, with technology at different states of readiness. We know how to heat and insulate buildings in a manner that reduces emissions significantly, and I've demonstrated that personally by retrofitting our farmhouse and reducing the energy consumption there by 83%. We made the decision to disconnect from our fossil fuel gas connection.

What farmers really need, though, is assistance to retrofit their barns and improvements to the building codes to require high-performance insulation and ventilation with heat recovery. The technology is ready now, but it is not normalized for livestock facilities. It is probably only becoming mainstream in residential and commercial construction as we speak.

With respect to grain drying, though, the technology is in a state of maturing. We can provide a heat source with heat pumps, but the problem is that grain drying is an intermittent need and it takes a very high energy demand. If we were to decarbonize the electrical grid, I see it being very possible to use a heat pump to provide that

heat source to supplement the air as you're drying your grain. It's just a matter of the technology needing to mature.

• (1605)

Mr. Ryan Turnbull: Thank you very much.

Just in view of time, I'll try to sneak one more question in there.

Mr. Wright, you talked about a sunset clause being important. In terms of the technology being at different stages, would you say, given the innovation and where the grain drying sector is at in terms of adoption, that a sunset clause would be longer term or shorter term within that area, as compared to heating and cooling a building? I think this is being demonstrated across Canada as homeowners retrofit their homes with air source heat pumps and solar panels, etc., through the Canada greener homes grant program.

Could you speak to the different timelines?

Mr. Glenn Wright: Yes, I think that's an excellent point. It would probably make sense to have different timelines for each of these, should there be an exemption. I would actually think it makes sense to look at it on a five-year basis. Probably the heating of buildings may need a shorter sunset period, if a sunset period is required at all; and grain drying is going to come later.

The Chair: Thank you, Mr. Turnbull. Thank you, Mr. Wright. That's time.

[Translation]

Mr. Perron, you have six minutes.

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

I'd like to thank the witnesses for being with us.

Mr. Boisseau-Bouvier, you said earlier that we need to keep a strong price signal to encourage the transition. We all agree with that. However, when it comes to grain drying, several witnesses said during the study of Bill C-206 that we don't have economically viable alternatives at this time.

Are you aware of any economically viable alternatives to propane, especially for grain drying?

Mr. Émile Boisseau-Bouvier: Thank you for the question.

There are opportunities in electricity and biomass, for example, but these are technologies that are in the maturation stage right now, as Mr. Wright just said.

Mr. Yves Perron: When you say we need to help farmers make the transition, I agree with you too, but wouldn't it be reasonable to allow some time for adjustment?

For example, you will recall that Bill C-206 included a time limit provision.

What is your opinion on this issue?

Mr. Émile Boisseau-Bouvier: If there was a mistake when the first bill on carbon pricing was drafted, it shouldn't be corrected by making another mistake by adding these exemptions that continue to favour fossil fuels. As I've said repeatedly, Canada is committed to ending fossil fuel subsidies by 2023. Right now, it is October 3, 2022. The year 2023 is coming up very quickly. For the sake of consistency, I find it difficult to see how the Canadian government could implement Bill C-234 while maintaining the promises it has been making since 2009.

Mr. Yves Perron: We don't seem to be on track to meet the commitment to eliminate fossil fuel subsidies; we're somewhere else. We're talking about tax credits for large corporations. That's something else.

Here, we're talking about producers who would end up paying the tax on propane to dry grain. That would drive up the cost of grain because there are no short-term alternatives.

I understand your point of view, and we have the same objective. However, could there be a compromise? I'm throwing the question out there.

Do you know if there are alternatives for building heating as well?

Mr. Émile Boisseau-Bouvier: Yes. I've named some, just as Mr. Wright did.

The ways of heating buildings, whether agricultural or residential, are very similar. Right now, there are several mature technologies that can decarbonize building heating and cooling, such as electricity or high-efficiency heat pumps. There is also the possibility of revising building code provisions to avoid heating or cooling the outdoors. These are all mature technologies that are ready to be implemented. They just need to be promoted.

• (1610)

Mr. Yves Perron: Do you think the government should support producers in the transition and perhaps give them time to implement it in the next five years, for example?

Mr. Émile Boisseau-Bouvier: I believe that the government must encourage these alternatives. To do so, it must provide financial incentives. We were talking about the price signal. We need a negative price signal for negative solutions, which in this case are fossil fuels, and a positive price signal for renewable solutions that promote energy efficiency.

Mr. Yves Perron: Thank you, Mr. Boisseau-Bouvier.

Mr. Wright, do you think there are other solutions that can be put in place quickly for building heating and grain drying?

[English]

Mr. Glenn Wright: Certainly with respect to heating buildings, there are technologies ready to go.

With respect to grain drying, it really depends on how much drying you need to do. If the grain is simply tough, we already have options. There are many passive options that people should be using. These are grain air tubes that go in grain silos. Natural aeration with supplemental passive solar heating is a good option, I think. It's actually what I tried to use in the harvest from hell of 2019.

It's when you have damp grain and when you have these very extreme conditions that you need a high-energy supplementary heat source to dry grain and dry it quickly. That might be a little bit slower to come. It really needs decarbonization of the grid and assistance for farmers to increase the power supplies to their bin yards.

[Translation]

Mr. Yves Perron: Since the transition is difficult, would it be reasonable to include a sunset clause that would give producers a buffer period to adjust, without erasing the price signal from the carbon tax?

[English]

Mr. Glenn Wright: There's a delicate balance to be struck here. When you have an exemption, it can take away the price signal that encourages people to act.

With respect to grain drying, I've already made comments that it would be appropriate to have a sunset clause that is perhaps reviewed after five years.

With respect to heating of buildings, though, I do think we already have much of the technology ready to go. What farmers need is assistance to make a capital investment.

[Translation]

Mr. Yves Perron: Thank you.

The Chair: Thank you, Mr. Perron.

Mr. MacGregor, you have six minutes.

[English]

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

Thank you to all of our witnesses for appearing today.

I'll start with Mr. Boisseau-Bouvier.

We are spending a lot of time talking about the bill before us, which is Bill C-234, but I want to talk about the parent act.

The statute that this bill is amending is the Greenhouse Gas Pollution Pricing Act. When that bill was originally drafted and duly passed by the Parliament of Canada in 2018, I believe, it already included definitions of a qualifying farm fuel, an eligible farming activity and eligible farming machinery.

You've been talking about how it's wrong and that Bill C-234 is heading in the wrong direction because it's sending the wrong message. Do you have an opinion on the original exemptions for farming activities that were included in the parent statute?

What is your opinion on the fact that farmers can buy diesel for their tractors and not have to pay a surcharge on it because there is no viable alternative? Do you have an opinion on the provisions that are already in the parent statute?

[Translation]

Mr. Émile Boisseau-Bouvier: Thank you for the question.

This is another case where the federal government is going to have to align financial incentives with climate goals and build on innovation and the development of new technologies to ensure their timely availability for our Canadian producers and farmers. This is another case where the trade balance will have to be restored so that our farmers who care about the environment and live for the environment can make choices that are consistent with their own values.

With respect to the exemptions you mentioned, it would be entirely appropriate for the committee and Parliament to look at ways to promote and develop alternatives, for example for tractors.

• (1615)

[English]

Mr. Alistair MacGregor: Thank you.

Mr. Wright, I'd like to turn my next question to you.

In my time on the agriculture committee—it's been four and a half years now—I hear repeatedly from farmers themselves who say that they are on the front line of climate change.

You've already referenced the harvest from hell of 2019. Look at what happened to my province of British Columbia last year. Months apart, we had wildfires and then devastating floods, which basically cut off the port of Vancouver from the rest of the country.

I'd like you to add to this conversation by setting the table about the inflationary impacts of climate change. This is the crossroads we're at right now. It's not only trying to deal with some relief for farmers; we also need to talk about the broader costs that are being incurred as a result of climate change.

Perhaps you could spend maybe a minute setting that up for the committee.

Mr. Glenn Wright: Yes. Thank you. I'll do my best.

It's so overwhelming, when you think about it. I mean, farmers depend on the weather, particularly where I'm from in the Prairies. Without irrigation, we really depend on adequate moisture to water our animals and to grow our crops and to protect us from fire. We've had such dry conditions since that harvest from hell. We've been threatened with grass fires. The high winds and dry conditions can make it downright scary to live where we are. My heart goes out to the people of B.C. and what they faced last year, certainly.

There's no doubt in my mind that change is only accelerating for us with respect to our environmental conditions. Some of that is largely driven by human activity. If we don't recognize that what

we're doing has consequences, then I'm afraid we're not going to have time to react. It behooves us to make changes right now, not only to adapt but also to mitigate and stop making the problem worse. I think that's why these changes are so urgently needed.

I would say to your former question about the price signal with respect to diesel fuel for tractors that there is a benefit for all sectors to have pricing signals. The trouble with tractors right now is that we don't have an alternative, but you cannot impact what you're not tracking, so as you exempt people from any pricing signals, it prevents us from tracking it. That takes away the motivation to create those technology solutions that we desperately need.

Mr. Alistair MacGregor: Thank you.

I appreciate your comments on the sunset clause. That's certainly what our committee explored when we reported Bill C-206 back to the House in the previous Parliament.

You have already talked about the state of technology. We know that it's developing, and we certainly heard from a number of witnesses in the previous Parliament that it is not yet commercially viable.

There's a new addition to this bill in “property used for the purpose of providing heating or cooling to a building or similar structure, including those used for raising or housing livestock”. I understand that you may think a sunset clause on that might be viable, but what do you think about the current language of it? Do you think it's open to too much interpretation in the number of buildings that could qualify?

Mr. Glenn Wright: Thank you for asking me that question. I do think the language is perhaps a little bit too vague. I would suggest perhaps striking those two words, “including those”, so that it is only focused on buildings for housing livestock. I don't believe that residential and shop buildings on farms need to have an exemption, because we know already how to heat those buildings more efficiently with the passive house standards for residential homes. I turned my gas off in 2008 and retrofitted my home many years ago. I reduced the energy by 83%.

It's possible now. We need to incentivize farmers to make those changes. Removing the pricing, though, would actually be a step in the wrong direction for buildings other than just the livestock handling facilities. Striking those two words to tighten up the language would be a good amendment.

Mr. Alistair MacGregor: Thank you.

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

We'll now go to the second round of questions, colleagues.

Mr. Epp from the Conservatives, you have up to five minutes.

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

I'd like to thank the witnesses for their testimony today.

I want to begin with the statement from Mr. Boisseau-Bouvier that what's contemplated under Bill C-234 would become a de facto subsidy for the oil and gas sector. I must admit that I fail to see how the addition of a tax, and then the potential removal of that tax, becomes a subsidy. That's logic beyond my head. I just want that on the record. From what we're hearing from farmers, grain farmers in particular, they're getting cents back on the dollar that they're spending on this carbon tax on grain drying and barn heating. I wanted to start by putting that on the record.

I'd like to direct my first question to you, Mr. Wright, please.

With the greenhouse pollution pricing act of 2018, the government did grant the on-farm fuel exemption. With respect to barn heating and grain-drying fuels, do you think that was an intentional policy decision or an oversight?

• (1620)

Mr. Glenn Wright: Boy, that's a good question. I don't know that I can read the minds of the government, but it strikes me that it would probably have been an oversight more than an intentional policy decision. I mean, I'm really just guessing at this point.

Mr. Dave Epp: It makes sense.

I'm trying to understand the NFU position, then. With the harvest from hell from 2019, if I understood your testimony correctly, the NFU wrote to the government asking for a full exemption because it was an extraordinary year. Is that correct?

Mr. Glenn Wright: Yes. That was the context that promoted that resolution. That's correct.

Mr. Dave Epp: Okay. Would the NFU position be consistent if we had a similar extraordinary year?

Mr. Glenn Wright: I think the science and the information continue to evolve and change, and rapidly change. There wasn't as much of a sense of urgency to respond to the climate crisis in 2019 as there is now.

You might recall that there was a lot of court action surrounding the Greenhouse Gas Pollution Pricing Act. We had the premiers of many provinces, Conservative premiers primarily, asking the question, "Is this constitutional?" I actually need to thank those premiers, because they managed to do something that 40 years of environmentalism couldn't do. In a matter of a year, they got environmental degradation declared as an "existential threat" to humanity by the Supreme Court. We owe them a debt of gratitude there, I think.

Mr. Dave Epp: Going back to the NFU position, what would your message be to the eastern Canadian corn farmers who are in a similar situation of requiring grain drying every year for their crop? What would you define as an extraordinary year similar to the NFU position in 2019, or do you think they should just suck it up?

Mr. Glenn Wright: I think extraordinary years are when we have widespread conditions. It's no secret that I think Bill C-8's re-

visions are meant to refund pollution prices paid in aggregate back to producers. There will be some winners and losers each year as local conditions.... You might have a wetter harvest in one place than you have in another. The extreme conditions you referred to would be a widespread situation, much like the drought we experienced in western Canada last year, which dropped yields by 35% to 40%.

Mr. Dave Epp: You just touched on the amount that's contemplated as rebates. From 2019, the initial cost averages per farm on the pollution pricing for grain drying was estimated at 0.05% to 0.38% of an average Canadian farm's net operating cost, representing \$210 to \$774. Can you comment on whether you feel those numbers would be accurate relative to grain farming, particularly from your members across Canada? Would those costs be a representative average from them?

Mr. Glenn Wright: I would think they're fairly close, yes. We have thousands of members across Canada. You're likely going to see higher costs on much larger farms, because in those situations time is not on your side. You have to push to get through all of the acres and get the harvest into the bin, so often that doesn't give you the luxury of waiting for weather conditions to dry the grain in the field somewhat. I would say that smaller farms are more likely to have some flexibility to not run the combine every day, but I do think that on an aggregate basis, yes, those numbers are probably close.

Mr. Dave Epp: The feedback that we were getting is that they're not close, but that's probably influenced more by commercial farm sizes versus the smaller farm sizes that are supplanted with off-farm income.

You mentioned that there are commercial options available. How fast do you think the electrical grid across Canada could be put in place to support that kind of infrastructure?

Mr. Glenn Wright: I think it really depends on our ambition. If you're really focused on cost and trying to amortize the investment we already have in much of our infrastructure, then it may take time. I note that the clean electricity standard is suggesting that the grid should be decarbonized by 2035, so we're talking about a 12-year time horizon. Certainly to me, fuel switching from natural gas or propane to electricity only makes sense when you have a decarbonized grid, because if you're just moving the smoke stack emissions from your farm to a natural gas or coal-fired power plant, that's different.

The Chair: Thank you, Mr. Wright. Thank you, Mr. Epp.

Now we have Ms. Taylor Roy for five minutes.

Ms. Leah Taylor Roy (Aurora—Oak Ridges—Richmond Hill, Lib.): Thank you very much, Mr. Chair, and thank you to the witnesses for being here today.

I found the discussion very interesting. Thank you, Mr. Wright, for your viewpoint as a farmer.

I think this bill was initially introduced.... Obviously we're concerned about the economic welfare of our farmers and their ability to manage with all the increasing costs. Mr. Epp has spoken about extraordinary years when there are real challenges. Do you feel these kinds of exemptions or rebates should be tied to hardship?

I notice that in 2021, Statistics Canada reported that farms had very healthy incomes; in fact, their revenues increased despite the increasing prices of inputs. I'm wondering, given that fact, whether you feel this should somehow be tied to need as opposed to a blanket exemption.

• (1625)

Mr. Glenn Wright: That's a good question.

It's a lot like business risk management programs. When you make a policy that applies to everyone in aggregate, usually there ends up being some winners and some losers, because it doesn't work when you paint everyone with the same brush. The suggestion that you're putting forward, then, to address individuals or individual farm businesses on the basis of need is certainly another alternative that the government could look at implementing.

Ms. Leah Taylor Roy: Thank you very much.

I'm also wondering about the barn heating, not the grain drying. It seems that with the grain drying, we need perhaps more time. What would you suggest in terms of barn heating for livestock agricultural purposes? Do you feel the alternatives are there now and that we we don't need to include that in this bill, that just further assistance from the government in making the transitions would be sufficient, or do you believe that we still need some time to make that transition?

Mr. Glenn Wright: I believe we need some time.

The problem is twofold. You have the issue of new construction and the issue of existing buildings. With respect to the new construction, what we need more than ever is to modify the building code. The building code is woefully inadequate for our climate and not focused on energy efficiency as much as it could be. The technology is ready.

With respect to existing buildings and infrastructure, farmers need help to do that work. It's a large undertaking to retrofit a barn to be much more airtight and insulated and to have heat recovery ventilation. There are probably going to be unique heat recovery ventilation issues that arise with the dust and contaminants that are in livestock facilities that aren't seen in a shopping mall, for instance.

I'm not suggesting there's a silver bullet ready here, but we know how to do it. The engineering principles are sound, but farmers need assistance to do it.

Ms. Leah Taylor Roy: Thank you.

For Mr. Boisseau-Bouvier, I was wondering about your thoughts on the pricing signals. You're obviously in favour of them.

What impact do you think legislation like this—which, once we have the signals in place then reverses or takes them away for a

while—has on the kind of farm clean-tech development that's so needed in the grain drying field, for instance?

[*Translation*]

Mr. Émile Boisseau-Bouvier: Thank you for the question.

I want to confirm that this is indeed a fossil fuel subsidy; I want to make that clear. Removing the carbon tax as proposed in Bill C-234 will slow the arrival and implementation of sustainable alternatives because they won't be cost competitive. Consumers and farmers can have the best of intentions, but if it's just not a profitable business for them, they're not going to go with the sustainable alternatives.

Therefore, the price on carbon and the price index must be maintained to encourage consumers to make decisions that move in the right direction.

[*English*]

Ms. Leah Taylor Roy: Thank you very much.

[*Translation*]

The Chair: Thank you very much Ms. Taylor Roy and Mr. Boisseau-Bouvier.

I'd now like to welcome Mr. Lemire, who is joining our committee to replace Mr. Perron.

Mr. Lemire, you have two and a half minutes.

Mr. Sébastien Lemire (Abitibi—Témiscamingue, BQ): Thank you, Mr. Chair. Don't get too attached to me; don't worry, Mr. Perron will come back to the committee.

I'd like to talk to Mr. Boisseau-Bouvier about alternatives.

Right now, propane is considered perhaps the most efficient, but I think it's also possible to dry grain with electricity.

Do you know if Quebec has any agreements on this, particularly with respect to preferential tariffs? Has Hydro-Québec ever explored this? What about drying using electricity?

• (1630)

Mr. Émile Boisseau-Bouvier: These are good questions, Mr. Lemire.

I don't know if Hydro-Québec has special rates for grain drying. I know there are agreements with large industrial consumers and that there are also special rates for greenhouses. I don't have the information on the specific issue of grain drying with me today, though.

Mr. Sébastien Lemire: Supply was more difficult during the rail crisis. Have you seen anything that farmers have been able to put forward in a rather creative or spontaneous way that could be considered as possible alternatives to drying grains with propane?

Mr. Émile Boisseau-Bouvier: Yes. In fact, one thing that's very common on a farm is organic matter. Organic matter can be used to heat and dry grain, for example. That would be an interesting way to do it that would need to be explored in this context.

I think Mr. Wright would like to round out my answer.

Mr. Sébastien Lemire: Go ahead, Mr. Wright.

[English]

Mr. Glenn Wright: I think there's a big parallel here with respect to drying grain. It's much like our fertilizer program. In the fertilizer realm, we're talking about four R's—the right place, the right time, the right placement....

With respect to grain drying, it is very critical to focus on psychrometrics. It's all about air temperature and relative humidity, because as you're moving air through the grain, it has to be at a lower relative humidity to pull moisture out. I don't think many farmers understand yet that it's the same type of principle here. You have to use the right air source at the right time in order to conserve power and have the lowest energy bill possible.

We could do a lot of things in terms of passive drying and passively collecting heat from the sun. A little experiment I did on the farm was to just heat the air using the sun before it went into the aeration fan rather than using any propane or other supplemental heat. By doing so, I was able to lower the relative humidity of the air going through the grain.

There are options; we just haven't been thinking about them.

[Translation]

The Chair: Thank you, Mr. Wright.

Thank you, Mr. Lemire.

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

[English]

Mr. Alistair MacGregor: Thank you, Chair.

Mr. Wright, I know the NFU has written extensively about the high-input, high-output farming model, and also about the state of farm debt, which has gone up considerably over the last 20 years on Canadian farms. Ultimately, Bill C-234 is trying to tackle one small part of the price of inputs that farmers have.

I've always been amazed at the ingenuity and innovation that exists in Canadian farming activity. Do you have any examples you can share with the committee of how farmers are really leading the way in trying to reduce their input costs, because that's such a huge part of farming and it really affects their balance sheet?

Could you provide some examples, and examples of where you think the federal government should be doing more to build upon that kind of model that farmers are already leading with?

Mr. Glenn Wright: Yes. I'm one of those farmers, I suppose, who's experimenting and trying to do everything I can to reduce my risk and to be more ready for the extreme weather that's coming with climate change. I have been following some of the principles outlined by the NFU, largely focused on reducing my inputs. I've

been trying to incorporate biological processes to provide my fertilizers.

I view farming as the start of a third revolution. The first one was mechanization. Then came chemistry with fertilizers and herbicides, and now we're just getting into the biological aspect. We're going to be looking at genetics to breed crops that might be able to fix their own nitrogen, or perhaps a perennial cereal crop so that we wouldn't have to seed it every year but continue to harvest it.

On my farm, yes, I've been employing intercropping and perennial cover to establish nitrogen in the soil and also to prevent erosion. I have reduced dramatically the amount of fertilizer that I'm applying because my back-of-the- napkin calculations show that this is the largest source of emissions on my farm. We're also trying to minimize how many passes we make so that we can use less fuel. Necessity is certainly the mother of invention.

Without pricing signals, though, farmers are still focused on yield. If we did have a pricing signal or output-based performance standards for our food, all those pollution prices collected on our food should be rebated to farmers on the basis of production to encourage these more sustainable food production methods.

● (1635)

The Chair: Thank you, Mr. Wright. Thank you, Mr. MacGregor.

Colleagues, that ends our first panel today, but on behalf of all of you, I'd like to thank our witnesses. We had Monsieur Jean Caron from Université Laval, appearing as an individual; from Équiterre, we had Émile Boisseau-Bouvier; and from the National Farmers Union, we had Glenn Wright. Thank you so much for your testimony today.

Colleagues, please don't go far, because we're going to be turning to our second panel in just a few minutes. We'll see you shortly.

● (1635)

(Pause)

● (1640)

The Chair: Colleagues, welcome back to the second hour. We'll get started. We're just a few minutes late, of course, because of the vote, so we send our apologies to our witnesses who have had to wait a few extra minutes.

Today we have three different panellists. From the Agriculture Carbon Alliance, we have Dave Carey and Scott Ross, who both serve as co-chairs and are in the room today. Welcome back, gentlemen. Again, you're no strangers to this committee.

From the Canadian Federation of Independent Business, we have Jasmin Gu nette, who is the vice-president of national affairs. He is also in the room. We welcome Mr. Gu nette and Taylor Brown, who is online and can answer any questions. They will be sharing the opening remarks.

We also have, from the Producteurs de grains du Qu bec, Benoit Legault, the general manager.

My understanding is that we have a little bit of a technical issue. We are working on getting Mr. Legault on the line, but I'm going to move forward and make sure that our witnesses are able to provide opening remarks.

We're going to start with the Agriculture Carbon Alliance for up to five minutes.

Gentlemen, I'll let you two share the time. It's over to you.

Mr. Dave Carey (Co-Chair, Agriculture Carbon Alliance): Thank you for the invitation to appear today on Bill C-234.

My name is Dave Carey. I have the pleasure of serving as co-chair of the Agriculture Carbon Alliance, or ACA. I'm joined today by my fellow co-chair, Scott Ross. I will be sharing my time with him.

ACA is a first-of-its-kind coalition of 15 national farm organizations dedicated to working collaboratively on agri-environmental policy. Our membership encompasses major agriculture commodities, including seed, grains, oilseeds, pulses, cattle, sheep, pork, fruit and vegetables, dairy, forage and grasslands, and poultry. Collectively we represent more than 190,000 farm businesses.

A resilient driver of our economy, Canada's primary agriculture industry contributes more than \$32 billion to our GDP, while the entire agri-food industry represents another \$135 billion and provides one in nine Canadian jobs.

The ACA was established to ensure that Canadian farmers' sustainable practices are recognized through a policy environment that maintains their competitiveness, supports their livelihoods and leverages their critical role as stewards of the land. Bill C-234 is a key policy priority for our members. They have been proponents of this bill since day one.

To remain competitive and environmentally sustainable, farmers increasingly need capital to invest in innovations that drive efficiencies, reduce fuel use and implement best management practices in their operations.

Currently farmers pay a carbon price for utilizing natural gas and propane for on-farm practices that are essential to food production. These practices include grain drying, heating and cooling of livestock barns and greenhouses, feed preparation and steam flaking, and irrigation. With no viable alternatives, pricing these activities does not provide the adequate signal to lower emissions from these energy sources.

Bill C-234 allows farmers the capital to make the investments on farm that will drive energy efficiencies and support practices that will help the environment, including energy-efficient grain dryers, precision agriculture technologies, anaerobic digesters and solar panels. Investments in these technologies can cost hundreds of thousands of dollars. Where no alternative exists, carbon surcharges pull capital away from these critical investments that would augment the sector's potential to further reduce emissions.

It's over to you, Scott.

• (1645)

Mr. Scott Ross (Co-Chair, Agriculture Carbon Alliance): Thank you.

Exemptions are, simply put, the best option. Unfortunately, the carbon price rebates for farmers contained in Bill C-8 do not adequately respond to the breadth and variety of carbon surcharges applied to farms. Bill C-234 would provide a complete exemption for essential activities that lack viable alternatives and leave the money in farmers' pockets to make timely investments in their operations.

To support farmers in these efforts, Bill C-234 seeks to amend the Greenhouse Gas Pollution Pricing Act to extend the exemption for qualifying farm fuel to marketable natural gas and propane. We view this as tidying up exemptions that should have been in place from the get-go when diesel and gasoline used on farm were exempted.

Farmers and ranchers are climate solution providers, sequestering millions of tonnes of carbon, protecting biodiversity and grasslands and utilizing the latest technologies to reduce fuel and water use. Agricultural production has increased significantly while total emissions from the sector have been relatively stable for 20 years, resulting in a decrease of GHG emission intensity of 50% from 1997 to 2017.

Farmers and ranchers are stewards of the land, adopting the best environmental practices whenever possible. To be able to continue to invest in innovations, they need to remain competitive and have available working capital to do so. By adopting policies that enable them to remain competitive, producers will be able to further their investments and the sustainability of their operations, which will augment the sector's potential to further lower emissions and sequester carbon while feeding Canadians and driving our food exports.

Canada's farmers and ranchers are strong supporters of Bill C-234 and look forward to it being moved to committee stage for further discussion, debate and analysis.

Thank you.

The Chair: Thank you, Mr. Carey and Mr. Ross.

I'll now turn to the Canadian Federation of Independent Business and Mr. Guénette.

[*Translation*]

Mr. Jasmin Guénette (Vice-President, National Affairs, Canadian Federation of Independent Business): Good afternoon, everyone. My name is Jasmin Guénette, and I'm the vice-president of National Affairs of the Canadian Federation of Independent Business, the CFIB. I'd like to thank the committee for this invitation.

The Canadian Federation of Independent Business represents 95,000 members in all sectors of the economy and in all provinces. We have 6,000 members working in agriculture.

Of course, our farmers are an invaluable asset to our country. They work tirelessly to ensure we have the best food on our plates to feed our families.

We support Bill C-234.

Farmers are currently facing skyrocketing operating costs. I am thinking, for example, of the high cost of inputs and fertilizers. In addition to these, the main cost constraints for SME owners are fuel and energy, insurance, and taxes and regulations.

Through Bill C-234, elected officials have an opportunity to help our farmers deal with rising costs and invest in the future of their farms.

For the past several months, the level of optimism among farmers has been very low. Our survey, the business barometer, shows that the agricultural sector is the least optimistic about the future. Rising costs, such as fertilizer and taxes, supply chain issues, bureaucratic and regulatory red tape, labour shortages and Internet access issues in rural and remote communities all make being a farmer very difficult.

Our farmers want to protect the environment. The land is their livelihood. Ninety per cent of our farmer members farm primarily for personal reasons, and almost two-thirds farm for economic reasons as well.

In a recent survey we conducted of our farmer members, 82% of respondents said that the federal carbon tax had a negative impact on their business. The carbon tax reduces their financial ability to

make technological investments to reduce emissions and improve the environmental performance for their farm. Our members tell us that applying the tax to propane and natural gas punishes farmers for using products where there are no widely available and affordable alternatives.

CFIB members support Bill C-234. We recommend that the committee support it as well. In doing so, you have the opportunity to send a clear message to the agricultural sector that you recognize its challenges in terms of costs and the key role it plays in Canada.

While the current federal carbon tax includes exemptions that apply to fuels used for agricultural purposes, farmers are facing major cost increases and rising prices for propane and natural gas. This bill provides exemptions for propane and natural gas used for on-farm grain drying and barn heating, for instance. The exemptions in the bill are crucial. Bill C-234 will help support the health and growth of Canada's agricultural sector.

Thank you. It will be a pleasure for me and my colleague Ms. Taylor Brown, who is with me today, will be pleased to answer your questions.

• (1650)

[*English*]

The Chair: Thank you very much, Mr. Guénette.

Now, Madam Clerk, do we have Mr. Legault online?

The Clerk of the Committee (Ms. Josée Harrison): Yes, he is. Could you just ask him to turn his camera on?

The Chair: Mr. Legault, there's your camera and there you are. It's over to you, my friend, for up to five minutes.

[*Translation*]

Mr. Benoit Legault (General Manager, Producteurs de grains du Québec): Thank you, Mr. Chair.

I thank the committee for the invitation to appear today.

My name is Benoit Legault and I am the general manager of the Producteurs de grains du Québec. Our organization represents 9,500 grain producers from all regions of Quebec. These producers cultivate more than 1 million hectares of land, generate a turnover of \$1.5 billion and create nearly 20,000 jobs.

First, it is important to say that agricultural fuels represent a significant burden for a grain farm. For a typical farm with 200 hectares of corn and 200 hectares of soybeans, this represents a bill of almost \$108,000 in 2022, up from \$60,000 in 2019. So that's an increase of almost 80%.

Propane accounts for nearly 60% of energy costs for corn and 7% for soybeans. At over \$36,000 per year for a typical farm, propane is therefore a significant energy cost item.

As you know, Quebec has a greenhouse gas policy based primarily on a cap-and-trade system for greenhouse gas emissions. The latest offers were between \$25 and \$78 per tonne of carbon, averaging \$40 per tonne. The federal tax has been \$50 a tonne since April 1, 2022, and is set to rise to \$167 a tonne by 2030.

Quebec carbon credits mean a carbon cost of over \$9,000 for a farm, of which nearly \$4,000 is associated with propane. Should the cost of carbon in Quebec follow the trend of the federal tax, these carbon costs would rise to \$38,000 and \$16,000 respectively, in the specific case of propane.

Through a previous exemption, the federal government recognized that the carbon tax on farm diesel was not useful and was not the best way to achieve the desired results. The fact that agricultural producers are already well engaged in good practices to enhance soil health and lower net greenhouse gas emissions probably contributed to this. It is still very clear to us that this tax on farm diesel could only be counterproductive in this regard.

Thus, Quebec's agricultural producers believe that this tax is equally counterproductive in terms of the energy needed to dry grain. This is an essential operation carried out on the farm in order to preserve the quality of the grain and to allow for a gradual and structured sale throughout the year.

It must be remembered that there is no other cost-effective energy or technology for drying grain and that the tax only increases the cost of production, undermines the competitiveness of grain production businesses and impedes the ability to invest in beneficial practices to reduce greenhouse gas emissions. Consequently, this exemption will be very beneficial economically for farms, but also for the environment in general.

I would like to remind you that grain producers in Quebec and Canada have been investing for decades in improving their practices in order to be ever more efficient and to gradually but surely lower their environmental footprint. Practices have changed dramatically since then.

The producers I represent ask me to reiterate that sustainable production also has an economic component, namely maintaining competitiveness, profitability and transferability from the farm to the next generation. It is therefore important that any regulatory framework be adjusted so as not to harm the economic reality of the farm and its ability to pursue its process of continuous improvement of agri-environmental practices. A large body of literature in the agricultural field states that success in adopting good agricultural practices depends very much on incentives and substantial investment.

Grain farmers, their multi-generational heritage and livelihoods, have a front row seat to the impact of climate change. They want to be part of the solution and have even committed to net zero emissions by 2050.

To get there, we need research, guidance and support for structuring investments. Regulation should only be used at the end of the

road and must be well targeted and consistent. The imposition of a carbon tax on grain drying goes against this principle. It is therefore essential to promote this exemption. Indeed, the financial resources lost by grain production companies are resources not allocated to practices and technologies that are beneficial to the environment and that allow the reduction of greenhouse gas emissions.

These are the main messages that Quebec grain producers have asked me to convey to the committee today.

• (1655)

Thank you for your attention.

The Chair: Thank you very much, Mr. Legault. You respected the time allocated to you perfectly.

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

[English]

Mr. John Barlow (Foothills, CPC): Thank you very much, Mr. Chair.

Mr. Guénette, you said that you had about 6,000 members who are involved in the agriculture sector. Mr. Legault, do you have an idea of how many farmers your organization represents?

Mr. Benoit Legault: We represent around 9,500 growers.

[Translation]

Mr. John Barlow: Thank you.

[English]

Mr. Carey, do you have an idea of how many farmers your groups would represent?

Mr. Dave Carey: Yes. Our 15 national organizations collectively represent 190,000 farm businesses.

Mr. John Barlow: Okay. Perfect.

Just to put that in context, I think the NFU has about 3,000 members, and many of those aren't farmers. I just want to put that in the context of the groups in this panel who are saying that their members are very supportive of Bill C-234. I just want to ensure that we have this in context.

Mr. Carey and Mr. Ross, we've been hearing a lot today that if there wasn't this carbon tax on grain-drying and the heating and cooling of barns, there would never be any innovation, technological advancements or emissions reductions. Is that a fair statement?

Mr. Dave Carey: I don't agree that it would be a fair statement. I think it's important to note that when it comes to innovation, the actual farmers who are purchasing natural gas and propane are not the innovators in that sector. They are customers, just like we would be as a household.

I think currently the price signals on-farm are extremely high. Farmers are already as judicious as possible with input prices, whether that's fertilizer, natural gas, propane gas or diesel. Those are among the biggest costs in their books.

Mr. Scott Ross: I would just characterize.... In the previous panel, someone alluded to a third wave of efficiency gains in our sector. I think we're actually through a lot of what we have seen with biotechnology and are actually in a very data-driven time in our industry. That data is telling farmers very clearly, in no uncertain terms, without a carbon price or with, to reduce fuel use.

I think the price signal is very strong. It's coming through with the prices we see on diesel and natural gas these days regardless.

Mr. John Barlow: One of my colleagues asked a couple of witnesses in the previous panel what other options are available, and there really wasn't an answer. There were lots of answers like "things are in the works" and "things are happening", but that doesn't help us right now.

Are there options other than propane and natural gas to heat barns, cool barns or dry grain right now?

Mr. Dave Carey: There's nothing that's scalable or viable at a macro level or an action level. There are niche things that we could certainly do, such as pelletization in small instances, but I think what we saw in the first panel was a lot of theory. What Scott and I represent as the ACA is the realities on-farm. There are no viable alternatives to economically and sustainably dry your grain or heat and cool your livestock barn currently today. Natural gas and propane are the only options. Electrification often doesn't even reach the BTUs required to dry your grain.

• (1700)

Mr. John Barlow: I would say that's probably very similar to wood pellets or these things, which would probably cause me to go back on land more often and actually increase emissions and energies rather than decrease them. Is that accurate?

Mr. Dave Carey: Yes. There's certainly validity to some biomass digesters on-farm, but you would be increasing your diesel use by taking your tractor on-farm, and your labour costs. You then need to dry that feedstock and store it in some manner, which creates a lot of fire hazards, particularly in the Prairies, where we have changing weather patterns. They would need to constantly be stoking that thing. Like heating your home through a wood fireplace in your family room, it's a labour-intensive thing. It's not scalable.

We're looking to remain competitive to keep food costs down for Canadians and grow our exports.

Mr. John Barlow: Thank you.

Mr. Guénette, the other argument that we've had from some witnesses is that Bill C-234 is redundant because of the Liberal Bill C-8, the carbon tax rebate on farms. However, we had Finance Canada here in a previous meeting, and they're saying the average farmer gets about \$800 back through the rebate. Many witnesses have said that's pennies on the dollar in terms of what they're actually paying.

CFIB did a study last year that showed the average farmer was paying about \$45,000 in carbon tax. Are those numbers correct, and

does that show the discrepancy in what farmers would be getting back through the carbon tax rebate compared to what they're actually paying in the carbon tax?

Mr. Jasmin Guénette: From our perspective, it's better to offer not paying the taxes than to offer rebates. You are right that in a previous survey we asked our members how much the carbon tax was costing them, and we came up with the figure of \$45,000. The carbon tax is extremely expensive for our farm members. Bill C-234 would be helping our members deal with huge cost increases on their farms, cost increases related to energy and fuel use and other increases.

Mr. John Barlow: Thank you.

I have one last question to either of the witnesses. When we see that farmers have paid \$34 million on a fertilizer tariff and we see the fertilizer emissions reduction policy and we see that farmers are four times more likely to commit suicide than people in other sectors in Canada, what's the burden this is having on Canadian farmers?

Another colleague said that the revenues are high, but that doesn't take account the input costs.

The Chair: Please be quick. It's not because I'm trying to cut you off, but we are out of time. Maybe take just 20 seconds, Mr. Ross.

Mr. Scott Ross: We'll just say that one of the things we look at right now when we look at our sector is the level of farm debt, for example, that farmers are taking on. We are now exceeding historic record levels with over \$110 billion in farm debt.

As well, what has happened with interest rates is that the debt servicing costs on farmers are more than doubling, tripling, over the last 12 months alone. That just piles onto many of the input costs you just referenced as well, so it's a very challenging time for profitability and competitiveness in our sector.

The Chair: Thank you, Mr. Ross, and thank you, Mr. Barlow.

We're now going to turn to Ms. Valdez for up to six minutes.

Mrs. Rechie Valdez (Mississauga—Streetsville, Lib.): I'd like to thank the witnesses for joining, and it's good to see some of you here in person as well.

I'll start with some questions to the Agriculture Carbon Alliance.

In your opinion and through the experience of your members, what is the greatest barrier to farmers in transitioning to more sustainable technologies? Is it the cost, or do farmers not have proper access to the technologies?

Mr. Dave Carey: I can start.

Currently for oilseed and grain drying and for the heating and cooling of livestock barns, there just isn't another technology commercially available at any sort of scalable, economically viable level.

As for a rebate versus an exemption, farmers during the season need to be able to invest in their operations. When they actually have more money on the farm, they make more investments.

These days, the average combine to harvest your crop is now over \$750,000. Those were major capital investments if you made them, but there's no alternative to natural gas and propane at a scalable, economically viable level.

• (1705)

Mr. Scott Ross: I would say that where those technologies are available and where there are improvements that can be made, working capital is what's needed. What we hear from farmers is that they need the capital to invest in those available technologies.

Mrs. Rechie Valdez: Your fact sheet mentions that Bill C-8 does not adequately respond to the breadth of surcharges that apply to farms. Can you describe how these affect farmers in your alliance and how we, as the government, can improve our price on pollution in terms of rebates to better address the needs of farmers?

Mr. Scott Ross: I will just say that when we look at the impact of carbon surcharges on farmers, we see it's very lumpy. It's very variable from one farm to another, and it's not a reflection of the sustainability of their practices so much as it is a reflection of what they're producing, where they're producing it and the extreme weather events they are facing.

Many of the challenges we're talking about today with grain-drying costs and the heating and cooling for livestock are necessary climate mitigation activities that farmers are taking to respond to the climate conditions they're experiencing on their farms. The challenge with a rebate is that it's a blanket treatment that doesn't necessarily respond to that variability.

Mr. Dave Carey: I think it's very hard to create a taxation policy like this that actually applies to sensitivities on-farm, and farmers, as has been alluded to by my colleague at the CFIB, are getting pennies on the dollar back. As well, the turnaround time is 18 to 24 months down the road, as opposed to having the working capital that they need throughout the year.

During the harvest for grains right now, they're running their grain dryers 24 hours a day. These are not small dryers of the kind we think of for laundry; these are sometimes 100 feet tall and 50 feet wide, running continuously for the duration of the harvest in September, October and November.

The grain bills are \$20,000 or \$30,000. They might get a few hundred dollars back a year, 18 months or 24 months from now. It does not allow them to make any adjustments on the farm when

they need to during the year, when cash is more difficult to come by.

Mrs. Rechie Valdez: You spoke about farmers really needing funding. How can we improve on the on-farm climate action fund? Any feedback you have there that can assist farmers would be greatly appreciated.

Mr. Scott Ross: I would say that the biggest thing is flexibility in ensuring that funding is available to emerging technologies and innovations as they come online and is not overly prescriptive in order to ensure that you're really enabling farmers to be decision-makers. They are fundamentally very focused on farm efficiency and improving their environmental footprint.

Also, it's ensuring that you're working with partners who have strong relationships and networks in the industry to help spread the word of mouth around new technologies and ensuring that funding is flexible to accommodate the diversity of technologies we see coming online.

Mrs. Rechie Valdez: Thank you.

If I have some time, I'll continue my questions with Mr. Legault.

I understand that farmers have had difficulties with climate change, rising prices and global instability. Can you share how grain farmers could benefit from the exemption from the fuel charge for propane and natural gas?

Mr. Benoit Legault: I don't know if your question addresses....

I'll do it in French. It's going to be easier for me.

[*Translation*]

I imagine your question is mostly about Quebec. As you know, in Quebec we have a particular situation. We have a credit system and we are not covered by the federal tax, so this exemption, in the short term, affects us less. However, it will affect us more in the medium term, because the gains we will make in terms of tax exemption for agricultural fuels will allow us to obtain the same flexibility on the Quebec side.

So that is why we are here today. We support a principle that has just been talked about a lot, which is that we have to do things the right way, in a coherent and useful way. This is not what is being done at present by applying the carbon tax to propane. We are here to talk about this principle. Once this exemption is applied nationally, obviously, we will try to transpose it here in Quebec for agricultural fuels that are not yet covered by the exemption.

[*English*]

Mrs. Rechie Valdez: Thank you.

[Translation]

Mr. Benoit Legault: This cost, as I expressed earlier, is enormous. For a farm the size of the ones we have in Quebec that specializes in corn and soybean production, propane pricing represents a cost of \$4,000 to \$5,000.

• (1710)

The Chair: Thank you very much, Mr. Legault.

Mr. Benoit Legault: Our understanding...

The Chair: I am sorry, Mr. Legault, but there is no time left to respond. Thank you.

Thank you very much, Ms. Valdez.

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

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

I thank the witnesses for being with us.

Mr. Legault, I would like to allow you to finish your last sentence quickly.

Mr. Benoit Legault: Thank you.

I was just going to say that today, propane pricing is a \$4,000 to \$5,000 cost, but by 2030, it will be \$16,000 to \$17,000.

Mr. Yves Perron: All right, thank you.

Mr. Legault, the last time we looked at a similar bill, we looked further into the issue of grain drying. After exploring the subject, we realized that there was no viable alternative in the short term.

Is it the same for heating buildings or, on the contrary, are we closer to finding alternatives in this area?

Mr. Benoit Legault: I will speak about my sector. The issue of heating buildings is perhaps less important in our case than it is for livestock buildings. The buildings used for grain production are hangars. Of course, the conversion is probably easier. Heating the buildings is certainly not the biggest burden for grain farms.

The challenge with buildings, in the case of grain production and drying, is that you have a high energy requirement in a short period of time. We are talking about electricity, for example. One day, it may be possible to dry grain with electricity, but we are still far from this technology. Even then, the electrical system will have to provide access to the necessary electricity. In many parts of Quebec, we don't even have access to three-phase electricity. We are talking about a very large electrical load or energy load that only propane and natural gas can currently provide.

So, technologically, we're not yet able to dry grain in any way other than using the fuels.

Mr. Yves Perron: I would like to hear from Mr. Carey and Mr. Ross on the same issue.

In the short term, there is no alternative for grain drying, but do you think a viable alternative will be found more quickly for heating buildings?

[English]

Mr. Dave Carey: I can start.

I think that when we look at heating or cooling buildings, we need to be very clear that those would be livestock buildings and greenhouses. There's no intention, I think, in this legislation to consider housing costs or the heating and cooling of homes.

Infrastructure has to take into account that Canada's a very big country. In many provinces, we simply do not have alternatives to natural gas or propane. Electrification does work, but even most homes are still heated by natural gas and propane. I think we are still some distance away from having an economically viable, scalable alternative to natural gas and propane that would work across Canada as a whole, and this is federal legislation that we're discussing.

[Translation]

Mr. Yves Perron: Do you wish to add anything, Mr. Ross?

[English]

Mr. Scott Ross: I would just add that with regard to some of the technologies that were cited in the last panel, this is not an either/or proposition. The intent of this bill, and the value of it, is that it provides working capital to the farmers to invest in the available technologies in their operations and employ them, recognizing, as Dave said, that the fundamental technology there is not a viable, scalable alternative. It supports continuous improvement while recognizing limitations in the market.

[Translation]

Mr. Yves Perron: Thank you.

Mr. Guénette, upon examining the issue, we realize that there are no viable alternatives in the short term. However, there could be innovation and research.

You said earlier that you wanted an exemption rather than a reimbursement, because reimbursements are partial and complex to obtain, most of the time. Indeed, we know how much paperwork there is when dealing with the government, whether it's the Canadian government or someone else. I say this without judgment.

How do we maintain the message that we need to reduce the ecological footprint? The idea of pricing pollution is an important and promising one. How do we keep the message alive?

Would a sunset clause be a viable compromise?

Mr. Jasmin Guénette: I will respond. If my colleague Ms. Brown then wants to add something, I will invite her to do so.

First, we support the idea of a sunset clause. We have suggested a sunset after 10 years, if that will help get Bill C-234 passed and help our farmers. We must find a way to help them deal with the skyrocketing costs they are currently facing, whether for fertilizer, energy or inputs of all kinds.

As far as environmental habits go, I have to say that farmers are some of the biggest environmentalists you can find. These are people who make their living working the land. My own grandfather was a farmer. I can tell you that farmers are still people who take care of their land. It is by empowering our farmers to invest in new technologies, whether it is to improve their facilities or to make any other environmentally beneficial changes, that we will really help them to further reduce their environmental footprint. As I said in my testimony...

• (1715)

The Chair: Mr. Perron's time is now up.

Thank you, Mr. Guénette and Mr. Perron.

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

[English]

Mr. Alistair MacGregor: Thank you very much, Mr. Chair, and thank you to all of our witnesses.

Mr. Carey and Mr. Ross, I think I'll start with you.

We, of course, are talking a lot about Bill C-234, but I also want to look at the parent statute, the Greenhouse Gas Pollution Pricing Act that it is seeking to amend. I was present in the 42nd Parliament when that statute became law. It was part of a budget implementation act.

When the Liberal government drafted that bill, they took the time to include definitions of qualifying farm fuel, of eligible farming activities and of eligible farming machinery. Why do you think they took the time to include those provisions in the parent statute?

Mr. Dave Carey: I don't want to speculate as to what the government's thinking was, but I think they wanted to be sufficiently broad while appropriately narrow. I think the biggest confusion that we had at that time—or now—is that only gasoline and diesel were included, as opposed to natural gas and propane.

Mr. Scott Ross: All I would add is that when we look at the intention behind this bill, I view Bill C-234 as a natural sort of tidying up of that parent statute and what was intended in the first place.

Mr. Alistair MacGregor: Yes, basically, I think there was an understanding there that for those particular fuel sources there were no viable alternatives and that farmers do require a lot of diesel to power their tractors. I know there's promising technology being developed, but currently, for the horsepower that needs to be generated, there are no viable alternatives.

I want to turn to the current state of technology for grain drying in particular. We've heard a lot of talk about the BTUs that are necessary and the problems that may exist with using biomass, for example.

Farmers are an innovative bunch. We have many people who are out there actively working to overcome the challenges. Have you

heard from your members on what some of the promising technologies might be 10 years from now, and maybe how the federal government can step in to try and encourage that development?

Mr. Dave Carey: When it comes to grain drying, in my day job our 43,000 canola farmers would love it if they could use electricity. It would be a cheaper alternative. I think what Scott alluded to is that we're certainly not opposed to the transition to more energy-efficient fuels on farms, or renewable fuels.

Electrification is a massive discussion and a massive undertaking. It certainly speaks to discussion in the earlier round on what powers that electrification. We're talking about the infrastructure across Canada. We are a huge country that swings from -40° to plus 35° from winter to summer.

There certainly are more energy-efficient tools that we're interested in. Farmers are currently struggling with the capital to invest in technologies that exist now. If they need to find the capital to invest in the next wave of technologies.... They need the working capital on farms so that they're economically sustainable.

We're certainly not here to say that we don't want to help see that transition. That transition will take time. In the meantime, we have a lot of food to grow here in Canada.

Mr. Alistair MacGregor: Absolutely. High fuel costs certainly are a driver. If you can find a way to employ a different energy source, that's a great thing.

What are some of the biggest transitions away from fossil fuels that farmers have made over the last 10 years on their own? Are there any success stories that you've witnessed?

• (1720)

Mr. Scott Ross: Generally speaking, it's the adoption of precision agricultural technologies and massive progress in the number of times tractors and combines are passing over fields. It's the reduction in fuel use we've seen by precision agricultural technology. The no-till technology to reduce the time equipment is spending in the field has been the most significant.

When it comes to livestock operations, I think there's been a continual evolution in the adoption of heat exchangers. Solar technologies and others are employed in many instances to support what is still the absolute requirement, which is fossil fuel heating and cooling as the core constituent of that. I think we continue to see new technologies being employed.

Mr. Dave Carey: The key is that there's no silver bullet here. Farmers need to have all of the tools possible to deploy on a farm.

In the early 1990s there was about 7% no-till or low-till in the Prairies. Now we're up to the high 60s. That was because of the introduction of herbicide-tolerant crops. We look at biotechnology and gene editing as part of it. There are food additives for the cattle industry to reduce methane emissions. There's no one thing that's going to be that silver bullet, but we need that innovation and farmers continuing to invest in their operations. To do that, it helps if we have money left on the table at the end of the day.

Mr. Alistair MacGregor: It's more like silver buckshot.

Voices: Oh, oh!

Mr. Alistair MacGregor: This is my final question.

I live in British Columbia, so this conversation that we're having is not going to really impact me, but I am curious. B.C. is not known as a major grain producer, but we do have the Peace region. I think there are roughly 380,000 acres in grain production up in the Peace region.

Bill C-206 made it to the doorstep of the Senate in the previous Parliament. If Bill C-234 goes the distance and we see this actual change to the federal legislation, what's your understanding of how that will impact provinces that don't fall under the federal...? Will it have some spinoff effects in B.C.?

Mr. Scott Ross: I think the intention behind it is to demonstrate the benefits of a provision like this. The provinces ideally would be looking at what's working and what's helping to incent the adoption of technologies.

As Dave has just alluded to, there's very much a recognition that farmers having the working capital they need to invest in these kinds of technologies is really going to be critical for our ability to reduce our environmental footprint. Our expectation and hope would be that those provinces that are not in the backstop jurisdictions will look at what's working federally and employ similar provisions in their respective pricing regimes.

The Chair: Thank you, Mr. MacGregor.

Thank you, Mr. Carey and Mr. Ross.

[*Translation*]

We now turn to Mr. Lehoux.

Mr. Lehoux, I believe you're going to share your time with Mr. Falk, right?

Mr. Richard Lehoux: Thank you, Mr. Chair. I will indeed be sharing my time with my colleague Mr. Falk.

I thank the witnesses for being here today.

My first question is for Mr. Legault.

Some witnesses from the previous panel told us that electricity could be an interesting avenue for drying grain. Of course, we understand that a three-phase network is needed to achieve energy efficiency.

Your association represents 9,500 Quebec producers. How many of them would have access to the electrical devices needed to dry grain? Has this research been done by the Producteurs de grains du Québec?

Mr. Benoit Legault: What I was pointing out is that the power demand is particular to grain drying. Obviously, you would need at least a three-phase network, but I can't even tell you if that would be enough today or if you would need something more. The three-phase network also depends on the power demand. If there are thirty dryers on the same row, the lights should not start flickering in the houses around the grain-producing farms. I can't tell you what kind of electrical power that requires.

Mr. Richard Lehoux: Thank you very much, Mr. Legault. Your answer clearly expresses that it is very difficult to apply.

I yield the rest of my time to my colleague Mr. Falk.

[*English*]

Mr. Ted Falk (Provencher, CPC): Thank you, Mr. Lehoux, and thank you to all our witnesses for coming.

I am going to talk to the Agriculture Carbon Alliance folks a little bit here.

When the Greenhouse Gas Pollution Pricing Act was adopted for whatever reason, there was a specific carve-out for diesel and gas for agriculture. I think it was a recognition of the importance that we as Canadians place on our food supply, on our food chain, on agriculture and on the important work that farmers do.

We know that for whatever reason, there was an omission, whether intentional or inadvertent. A sector of our farm community was not included, and that includes the folks growing livestock and also the people irrigating their fields and drying their grain.

I live in Manitoba. It gets to -35°C below there. I know that a broiler farmer empties out his barn every five weeks, and it sits empty. He washes it. He cleans it. He disinfects it, and he gets ready for the next batch. When those chicks come in there on day 1, do you know the temperature that the barn needs to be?

• (1725)

Mr. Dave Carey: I assume it would be sufficiently warm, or cool.

Mr. Ted Falk: It has to be 95° Fahrenheit for the first week.

You've already addressed this point, but I want to make sure that we're all on the same page here. Is there a fuel source other than propane or natural gas that can accomplish that in an efficient manner?

Mr. Scott Ross: Not that is widely available or economically viable right now.

Mr. Ted Falk: Okay.

I would like to think that our farmers are smart. I know lots of them, and I don't know of one farmer, at least in my riding, who unnecessarily spends money on fuel. They're best-practices producers, and I think your support of this bill is very admirable.

When I look at the numbers that you've indicated here, I see that as a conglomeration, you represent over 200,000 producers. I think your voice is loud and clear that this is a bill you want to see move forward. Have I interpreted that correctly?

Mr. Dave Carey: Absolutely. I can say that in the ACA, it is also the first time we've ever actually brought every segment of agriculture primary production together. Supply management, export-oriented grains and oilseed, dairy, poultry—all are in support of this bill. It does have varying degrees of impact depending on which of those commodities you're in, but there's a recognition across every one of those organizations—and that's included in our letter of support—that this is a key policy principle and a key tool for economic viability and environmental viability on a farm.

Mr. Ted Falk: I think I'm pretty much done here.

The Chair: Yes. Thank you very much, Mr. Falk.

Certainly the member of Parliament for Guelph, which we know has a lot of agriculture, is no stranger to the agriculture committee. Mr. Longfield, it's good to see you. You have five minutes, my friend.

Mr. Lloyd Longfield (Guelph, Lib.): Thanks, Mr. Chair. It's good to be back on AGRI and to see a lot of familiar faces around the table as well.

I want to start with Agriculture Carbon Alliance and possibly move on to the other witnesses. Thank you all for being here.

I visited a farm in Listowel, not too far from Guelph, where a woman created a small business around using a press to take the oil from oilseeds. She has converted her diesel using an add-on to her injection system, which she buys from Switzerland, to create electricity using the biodiesel that she gets from the oilseeds. She takes the dry seeds and makes what she calls “nutrigrain bars for cattle,” a very high-protein, high-density feed for cattle. She also uses the oil to feed boilers, and she also takes some of her hydraulic oil and other oil to heat the barns.

She created a business around making her farm more sustainable and is now selling those solutions to other farms around her. Have you looked at the small business opportunities that pricing signals give the market?

Mr. Scott Ross: I can't speak to that specific technology or that specific example, but in considering that story, I think one of the important elements is that many of those investments were probably made a number of years ago, setting the stage for that plan.

Fuel prices right now for farmers on diesel, or whatever it may be, are the number one concern we hear about from our farmers every day. I think those business opportunities would exist in the absence of that specific carbon pricing signal in these areas because there is still an absolute need to reduce fuel use wherever possible.

Mr. Lloyd Longfield: The company's name is Energrow. You can look them up.

In the larger context, I'm wondering whether your association works in other countries or has associations with other associations in other countries that have had high fuel costs, higher than in North America.

I'm looking at the RIELA stationary dryer system from Germany. It's a two-scale system. It does 120 tonnes per hour for grain, with 4% moisture removal, and up to 18 tonnes per hour for maize, with 20% moisture removal. It's a scaled system that looks like it could be put on any feed lot or any silo system anywhere in Canada.

Germany seems to have some technology they've developed. I've heard the argument today that there are no other technologies out there, but they're using biofuels to do the drying.

There's another one in England, Alvan Blanch from the U.K., that's using airflow systems that were mentioned in the last panel.

Then in Saskatchewan we have Assié dry air grain drying using finished alfalfa pellets for seven to 10 tonnes per hour. That's a little bit less volume, but it's still viable for many farms.

How do we tie the innovations in other countries into Canadian innovations that could then look at the price signals the market is getting, indicating that there's actually an economic opportunity here?

• (1730)

Mr. Dave Carey: I think those are excellent examples of where we are going. The example in Listowel is a great example of “What works for your farm, works for your farm”. I would suspect that this farm is not a major size in acreage.

Mr. Lloyd Longfield: A lot of farms around her are 200-acre farms, and in Ontario that's.... I'm from Manitoba, so I know that 10,000 acres isn't uncommon on the Prairies.

Mr. Dave Carey: It's fantastic to hear about this technology. I would hope that if it were viable for Canada, the wait-list wouldn't be too long, because currently farmers can't buy new technology because there is no supply of it.

In Canada, most farmers who have a grain dryer have done as many upgrades as they possibly can. We saw the \$50 million announced for grain dryers. There are approximately 50,000 grain dryers across Canada. The average grain dryer is \$100,000 pre-cement in the Prairies, so that entire thing could do about 500 grain dryers. There's also just a lot of infrastructure already in place. For farmers to invest in that, they need the money in their hands, or support from government.

There's also no one size that fits all. If these work for their farm, farmers will go that route if they have the economic means to do so.

Mr. Lloyd Longfield: We have capital cost allowances for people who are investing in clean technologies. We do have other programs that are available. When I hear numbers like that, I just see opportunity in terms of helping the farmers as well as helping Canadian business.

The Chair: Thank you, Mr. Longfield.

Thank you, Mr. Carey and Mr. Ross.

[*Translation*]

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

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

Mr. Guénette, is the exemption for heating buildings as important as the exemption for drying grain?

Mr. Jasmin Guénette: Could you answer this question, Ms. Brown?

[*English*]

Ms. Taylor Brown (Senior Policy Analyst, Canadian Federation of Independent Business): For sure, if English is okay.

I think they're both absolutely necessary for farmers, especially right now. We've heard that they need this really badly. Of course we need that grain-drying focus. I hear every single day from farmers who are so stressed and angry that they're asking me, "What's going on with this bill?. When is this going to pass?", etc.

I think the primary focus is on grain drying, as we are in the season, but definitely heating of buildings is very important.

[*Translation*]

Mr. Yves Perron: Thank you, Ms. Brown.

I would like to hear the views of Mr. Carey and Mr. Ross on the same issue.

Is the exemption for heating buildings as essential as the exemption for drying grain?

[*English*]

Mr. Scott Ross: It's not an easy question to answer, in that livestock farmers are competing with other livestock farmers around the world. They are in global markets, and competitiveness is front and centre just as much as it is for a grain operation.

For both of those industries, this is a critical issue. I think the reality is that in many instances, our producers are competing in markets with jurisdictions that don't have a carbon pricing pressure on their competitiveness and profitability. When engaging our members, it's one of those commodities referenced by our membership. We hear that it's a critical issue for all of them in their own respective areas.

[*Translation*]

Mr. Yves Perron: I'll repeat the question I asked at the end of the previous round and you'll have 20 seconds to answer me.

In the event that we vote for the exemption, what could we do to maintain the message that pollution needs to be reduced?

[*English*]

Mr. Dave Carey: On farm, I'd say the pricing signal is there.

To be clear, even if Bill C-234 were passed, farmers are not made whole from carbon pricing. The second carbon pricing goes up, every year the cost of custom-haul trucking, freight, their inputs and

the rest of their day-to-day expenses go up. We're simply asking for an exemption for on-farm food production.

The pricing signal, we feel, is already there. Farmers are not using inputs unless they have to. It is simply too expensive. The costs that we face as suburban or urban Canadians are nothing compared to what a 6,000-acre farm in Saskatchewan faces.

The price signal is philosophically very important for this regime. Farmers are already facing that. This is about just food production, not the rest of their lives outside of primary food production on farm.

● (1735)

[*Translation*]

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

I now turn the floor over to Mr. MacGregor.

[*English*]

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

I want to continue on the same line of questioning.

One of the big differences between Bill C-234 and the previous bill, Bill C-206, is the addition of a new paragraph 1(1)(b.1) that defines "eligible farming machinery" as:

property used for the purpose of providing heating or cooling to a building or similar structure, including those used for raising or housing livestock;

When I first read this, it seemed to be fairly vague.

Mr. Carey, I think you mentioned earlier that you definitely want to see greenhouses and livestock mentioned. Do you think the wording could be tightened up a little bit in this particular section?

Mr. Dave Carey: I'm not a lawyer, but it's certainly... Greenhouses already have an 80% exemption currently, so the parent legislation referred to earlier is certainly already there. I would certainly defer to the lawyers and drafters, but the intention of the bill is that it be for a building that heats or cools livestock or for greenhouses. As long as that is there, I wouldn't want to get overly prescriptive with the committee.

We did hear the CRA say on the last iteration of Bill C-206 that it was too broad and too vague. I believe the intention of this bill is actually to be more specific, recognizing that what you might call a building or something in one province might be different in another province.

Mr. Alistair MacGregor: Quickly, because I don't have a lot of time, if we are going to keep this in there, there have been some suggestions about tightening up the language and putting in a sunset clause. Do you think that farmers could be meeting us halfway? If we're going to provide them some relief on the cost, do you think there should also be some better investment incentives to make their buildings more efficient? If we're going to give them a break on the energy costs, there should also be a quid pro quo to try to make the energy loss as small as possible.

Mr. Dave Carey: Yes, I think within the scope of a PMB, they can ponder only one act, but I would suggest that putting in a sunset clause would be appropriate. I would caution the committee about being overly draconian about that. If it's 10 years, I think that is appropriate, but you could add an order in council provision to allow the government of the day to make the right decision—sunset it, extend it, rescind it, or whatever it might be—based on where it is. What I wouldn't want to see is this committee and our successors 10 years down the road having the same conversations around on-farm usage.

I believe, absolutely to your point, that it would require additional legislation of government programs and funding to incentivize a further investment. I believe a PMB is fairly surgical and narrow in scope.

Mr. Alistair MacGregor: Thank you, Chair.

The Chair: Thank you.

Thank you to our witnesses.

To Mr. Carey, to Mr. Ross, Mr. Guénette, Madam Brown, and Monsieur Legault, thank you very much for providing important testimony today on Bill C-234.

Colleagues, just before we break, I want to give you a bit of an update in terms of what we're planning to do on Wednesday. We do have three individuals who have been confirmed. We have Ghislain Gervais, president of the Sollio Group; Dennis Prouse, vice-president of government affairs with CropLife Canada; and Mark Thompson, executive vice-president of Nutrien, all of whom have confirmed.

It is no secret that Mr. MacGregor has certainly introduced the concept of a new study. Mr. Perron has given us notice of a particular motion that he might like to move, and Mr. Lehoux would like to be able to move a motion as it relates to Minister Fraser in this committee. I've asked those three gentlemen not to move their motions today so that we didn't have to disrupt this meeting, but we are going to set aside one hour on Wednesday. It will be a public forum. If the committee chooses to move in camera, that's their choice, but it will start as a public meeting to discuss those motions. It will be committee business so that we can deal with those motions without disrupting the rest of our preprogrammed schedule. It will be for the benefit of our witnesses.

Colleagues, that's just a sense of what's going to be happening. We will let you know whether the witnesses will be in the first hour or the second. Our desire is to have them in the first hour so that we could move to committee business in the second to discuss the motions that are intended to be moved at that time.

Thank you, everyone.

The meeting is adjourned.

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