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Chair: Mr. Pat Finnigan



Standing Committee on Agriculture and Agri-Food

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• (1530)

[*English*]

The Chair (Mr. Pat Finnigan (Miramichi—Grand Lake, Lib.)): Welcome to meeting number 21 of the House of Commons Standing Committee on Agriculture and Agri-Food.

Pursuant to the order of reference of Wednesday, February 24, 2021, and the motion adopted by the committee on February 25, 2021, the committee is beginning its study of Bill C-206, an act to amend the Greenhouse Gas Pollution Pricing Act (qualifying farming fuel).

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

Proceedings will be made available via the House of Commons website.

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

[*Translation*]

To ensure an orderly meeting, I would like to outline a few rules.

Before speaking, please wait until I recognize you by name. If you are on the videoconference, please click on the microphone to unmute yourself. Those in the room, your microphone will be controlled as normal by the proceedings and verification officer. A reminder that all comments by members and witnesses should be addressed through the chair.

[*English*]

I would like now to welcome our witness, member of Parliament for Northumberland—Peterborough South and sponsor of Bill C-206, Mr. Philip Lawrence.

Welcome, Mr. Lawrence. You may give an opening statement of up to seven and a half minutes.

Mr. Philip Lawrence (Northumberland—Peterborough South, CPC): Perfect. Thank you, Mr. Chair.

It is an honour and a privilege, friends, to join you at the Standing Committee on Agriculture and Agri-Food to speak about my private member's bill, Bill C-206.

It has been a pleasure throughout this private members process, especially as a new MP, to get to talk to farmers and stakeholders

from coast to coast to coast. Do you know what? In talking to farmers, nearly all farmers, in fact, every farmer, supported Bill C-206.

After all, we have to remember that our farmers are the backbone of our communities, the engine of our economies. They work early mornings and late nights to put food on our table and clothes on our back. They have continued to ensure throughout COVID-19 and really at any time in recent history that our food supply has been protected. While we have battled the pandemic along with the farmers, they have not paused their work. They continue to plant their fields, feed their livestock—

The Chair: Mr. Lawrence, I'm sorry. I guess there are sound issues.

Madam Clerk, did you want to deal with that?

The Clerk of the Committee (Ms. Alexie Labelle): It seems that the microphone is not selected in the Zoom screen.

Mr. Philip Lawrence: My apologies. That's my fault.

• (1535)

The Chair: Did everybody hear it? Is there an issue with translation?

I think it's good.

The Clerk: Now we cannot hear anything. For the translation, the interpreters have his speaking notes.

Mr. Philip Lawrence: I think I've resolved the issue. Can everyone hear me now? Shall I continue, Mr. Chair?

The Clerk: Yes.

The Chair: Go ahead, Mr. Lawrence.

Mr. Philip Lawrence: Our agriculture industry accounts for almost 7% of our total GDP. It is more vital to our economy than many might realize. We are the fifth largest exporter of agriculture in the world. The agri-food and agriculture industry employs 2.3 million Canadians. That's one in eight jobs in Canada. We are one of the world's largest producers of flax seed, canola, pulses and oats.

While the farmers' work has been unwavering, they have faced many challenges, known colloquially in August and the autumn of 2019 as the harvest from hell. They've also faced some global trade wars that have reduced their markets. In addition to that, they've been fighting the pandemic along with all of us. Some of those barriers were unpreventable. However, one that is very controllable and where we can help Canadians is that they currently bear an inequitable share of the burden of the carbon tax.

The greenhouse gas pollution pricing currently allows qualifying farmers an exemption on certain farm fuels such as gasoline and diesel; however, it fails to extend that exemption to other fuels such as natural gas and propane. This is challenging on many different fronts, as farmers quite often don't have other options and their only option for their particular industrial equipment may be natural gas and propane.

The science says that natural gas and propane are often cleaner fuels than diesel or gasoline. Why would we not include them in this exemption? Farmers, after all, are stewards of our land and, along with our indigenous people, were some of the first environmentalists standing up for the land and also for the animals and plants located on their properties.

Farmers have been leaders in environmental technologies. They've led with such technologies as no-till to prevent soil erosion, or precision-led, satellite-led agriculture that reduces the use of fossil fuels. In fact, the Canadian agriculture industry has already achieved net zero decades ahead of many other industries.

Beyond the fact that the carbon tax presents a significant cost to our farmers, it has tremendous pricing barriers for our farmers as well. Many times our farmers are price-takers, and so, unlike other industries, they cannot simply push the carbon tax on to the consumers. They absorb it themselves, which can be a make or break for many of them, making them uncompetitive in some cases.

We've seen the result of higher taxation on farmers as farm debt has doubled in the last 20 years. Farmers are struggling now. Farmers want to reinvest in our communities, to spend money at the feed stores, the tractor dealerships and local restaurants to keep the rural economies flowing through these very difficult times. Rural Canada needs more support, not more taxes.

Our farmers deserve a break. Bill C-206 aims to fix what seems to me, to put it gently, an oversight in the initial carbon tax legislation. By expanding the farmers' exemption from the carbon tax we are securing their continued innovation in environmental protection, the protection of Canada's food supply, the livelihood of farmers.

What may seem like an insignificant amount of money to the government may very well be make or break for many of our farmers. I have seen carbon tax bills of tens of thousands of dollars. This is having a tremendous impact on our farmers across Canada.

In closing, Mr. Chair, I would like to thank the farmers for everything they do. Conservatives will continue to advocate for farmers and common sense solutions. I hope to see, this time, not just all parties, but all members support Bill C-206.

Thank you. I look forward to your questions.

The Chair: Thank you, Mr. Lawrence.

Now we'll go to the question round.

To start us off for six minutes is Lianne Rood.

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

I'll be splitting my time today with Mr. Steinley.

Thank you, Mr. Lawrence, for appearing today on your bill. As you know, I spoke to your bill, so I'm interested also in hearing a couple of things that you didn't touch on in your bill. Of course, you said this bill is going to help farmers. This is on-farm use that directly affects their bottom lines.

Does this bill extend an exemption for farmers for heating their barns with propane and natural gas?

• (1540)

Mr. Philip Lawrence: Thanks very much, Ms. Rood, and thank you for your support. I really appreciate it, and the support of the rest of the members who supported the bill.

The tone we want to strike is one of collaboration, so we would welcome amendments. Currently, it does not include barn heating, but we would like to work on that with the committee to increase the scope of this, as we want to continue the tone of openness, transparency and collaboration with this legislation. I am certainly open to any suggestions that will help our farmers.

Ms. Lianne Rood: Thank you very much.

My second question is one that I kind of alluded to at the beginning. I'm curious to know whether you've been hearing from farmers, as I have in my own riding of Lambton—Kent—Middlesex, on the difference this would make to their profit margins, if this change were to be made, and the viability of their businesses going forward.

Mr. Philip Lawrence: Yes. We've certainly seen a number of agriculture stakeholder groups, including those out in Saskatchewan and Manitoba, who have shared numbers that range from 8% all the way up to 12% or even 15% in terms of the net income that will be impacted.

As powerful as those numbers are, it's much more powerful, to me, when I am actually talking to farmers about the impact. As I said, I have talked to many, many farmers—I don't have an exact count, but it's many—and not one of them has indicated that they don't support this legislation.

I might say that these are farmers who support the Green Party, the NDP, the Liberal Party and the Conservative Party of Canada. They have all agreed that this bill is essential and something that they want.

Ms. Lianne Rood: Thank you very much, Mr. Lawrence.

I will defer the rest of my time to Mr. Steinley.

Mr. Warren Steinley (Regina—Lewvan, CPC): Thank you very much, Lianne.

Thank you, Mr. Lawrence, for being here.

This will dovetail into my questions. The Agricultural Producers Association of Saskatchewan is familiar to this committee. Their president, Todd Lewis, presented to this committee on capacity growth. They did a release in January 2021 about the carbon tax, in which they said:

It's not good news. It's a significant hit. It's pretty significant when you're talking about \$10 an acre on an average annual basis. What's so important about it is that it's not expansive, [it] just directly [affects our] bottom line.

APAS's numbers say that by 2030, because of the carbon tax, the price could be \$12.50 per acre. This cost is carried entirely by farmers and affects their bottom line. In your bill this is something that's very important to producers in Saskatchewan. Could you elaborate on whether you have talked to APAS and whether the numbers he is talking about are reflective of farmers across the country?

Mr. Philip Lawrence: Yes, we've talked to agriculture stakeholders across the country, of course particularly those who would be affected by the federal change in the carbon tax. Nearly all of them said that this will have an impact.

One of the things I'm proud of with our private member's bill is that we've seen a real change in the dialogue. Initially, of course, the government said that this was insignificant and that it wasn't needed for a solution. However, we've seen a marked change in even the way the government is discussing this. I think it's a consensus now that the way in which the carbon tax is currently structured unfairly impacts farmers and those who are working as hard as they can every day to deliver our food supply.

Mr. Warren Steinley: Obviously, this is something we're doing because right now it's not an option to repeal the carbon tax. Repealing the carbon tax is what we hear out in Saskatchewan as the first choice. Thank you for bringing this bill forward to have some easement of the cost being borne by Saskatchewan producers.

Some people say that producers get a rebate, so what's the big deal if they're going to get the money back that they're putting forward? We saw recently, though, that lots of people in provinces across this country receive less of a rebate than what they paid in carbon taxes. If there's going to be a rebate—that will be some of the argument of our colleagues—why would you take the money in the first place if you're just going to give it back? Most of the time when the government gives a rebate, it's not as much as what has been paid in the first place.

Have you heard some of the producers talk about a rebate? Is there a similar feeling that if you're going to give the money back, then why take it in the first place?

Mr. Philip Lawrence: Yes, exactly. I actually had the opportunity on the finance committee to interview Mr. Scott Ross from the Canadian Federation of Agriculture. His position was, "Our membership has been pretty clear that their preference [is] for an exemption"—not a credit. I think I can read that in.

I think it's pretty clear that Canadians would rather just keep the money in the pockets of farmers as opposed to it going to Ottawa and then coming back. Sometimes that money gets stuck in Ottawa. Why would we not just go ahead and leave it right in the pockets of farmers?

• (1545)

The Chair: Thank you, Mr. Lawrence and Mr. Steinley.

Now we have Mr. Ellis for six minutes.

Mr. Neil Ellis (Bay of Quinte, Lib.): I'm having trouble with technology again today. It has only taken me a year to figure this out.

Thank you, Mr. Lawrence, for showing up at the committee today. It's a pleasure to have you here today. As you know, our ridings border each other so we do have a lot in common. It's great to see you again. We've run into each other many times.

I have a quick question, Mr. Lawrence. Can you give us some examples of eligible farming activities under the Greenhouse Gas Pollution Pricing Act?

Mr. Philip Lawrence: I certainly can. I'm just going to—

Mr. Neil Ellis: I'm sorry. You're breaking up big time.

Mr. Philip Lawrence: Is that on my side there? I'm sorry.

The Chair: Yes. It's kind of rough. Try it again, Mr. Lawrence.

Mr. Philip Lawrence: Okay. Is it any better now?

The Chair: It seems to be. Give it a go.

Mr. Philip Lawrence: I'll just flip to the definition. Eligible farming activities include the operation of eligible farming machinery on a farm for the purposes of farming; the operation of eligible farming machinery for the purposes of going from a location at a farm to another location at a farm; or a prescribed activity.

Mr. Neil Ellis: Thank you for that.

Are you aware that your private member's bill does not include grain drying and barn heating under the definition of eligible farming activities?

Mr. Philip Lawrence: The definition of farming is not exhaustive, and it actually doesn't currently include the planting of crops.

If we just wanted to go by the exhaustive list, there would be nothing covered by this exemption, and clearly that's not the case.

Mr. Neil Ellis: Your answer is no, I guess, in that sense.

Mr. Philip Lawrence: No. My answer is what my answer is.

Mr. Neil Ellis: In the chamber you have indicated that you believe eligible farming machinery includes the equipment used for grain drying. Are you aware of paragraph (f) in the same section of the legislation, which states that eligible farming machinery does not include "property that is used for the purpose of providing heating or cooling in a barn or similar structure"?

Mr. Philip Lawrence: That's correct, but that does not, of course, include grain drying.

Mr. Neil Ellis: Did you consult with any legislative experts when drafting your private member's bill?

Mr. Philip Lawrence: Yes. The House of Commons provides drafting experts, and they did concur. Actually, they drafted it.

Mr. Neil Ellis: Are you aware of any options to improve the energy efficiency or switch fuels for grain drying?

Mr. Philip Lawrence: I am aware that there are some in the workplace, but my understanding in talking to numerous stakeholders from coast to coast is there is not currently one that is financially viable.

Mr. Neil Ellis: Thank you. That's my time.

The Chair: Thank you, Mr. Ellis.

[*Translation*]

Mr. Perron, you have six minutes.

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

I'd like to begin by thanking Mr. Lawrence for the concern and interest in the agricultural community. Whatever happens to the bill, we appreciate his intent to take care of the people who feed us.

Mr. Lawrence, in talking with the last speaker, you raised some concerns and I want to make sure I understand them.

If passed, the bill would exempt propane used for grain drying. Is that correct?

• (1550)

[*English*]

The Chair: Did we get translation?

Mr. Lawrence, did you hear the questions?

[*Translation*]

Mr. Yves Perron: I think Mr. Lawrence left.

[*English*]

The Chair: It seems you're having some difficulty, Mr. Lawrence, with your connectivity.

Did you hear the question, Mr. Lawrence?

Mr. Philip Lawrence: I did not.

The Chair: You're breaking up also. The voice is breaking up.

Madam Clerk, do you want to do a sound check? Are you getting Mr. Lawrence clearly?

Mr. Lawrence, you did not hear the question. Is that right?

Mr. Philip Lawrence: That's correct.

The Chair: Let's give it a try again.

[*Translation*]

Go ahead, Mr. Perron.

Mr. Yves Perron: Mr. Chair, I want to make sure the clock is reset. I don't want us to squabble about it.

The Chair: My finger's on the button.

Mr. Yves Perron: Perfect.

Mr. Lawrence, I wanted to begin by thank you for your interest in the agricultural community through this bill. Regardless of the outcome of the work, it's clear that you're doing this work for the right reasons. That shows.

During the exchange you had with the previous speaker, some of the answers weren't very clear.

Would the exemption in your bill as written apply to grain drying and barn heating?

[*English*]

Mr. Philip Lawrence: I hope everyone can hear me.

To be clear, it does apply to grain drying. It does not apply to barn heating, but we're open to an exemption on barn heating.

[*Translation*]

The Chair: Is there interpretation, Mr. Perron?

Mr. Yves Perron: I heard the interpretation, but the interpreter mentioned that she was having a lot of difficulty in hearing.

Mr. Lawrence, could you try to position your microphone between your nose and mouth, and speak slowly?

Are we continuing, Mr. Chair?

The Chair: It looks like the screen is frozen again.

[*English*]

It's frozen again. Transmission is really bad and it's freezing on and off.

I think you're connected on Internet, Mr. Lawrence. It seems to be the best. It's going to be hard to continue this panel because it's a really bad connection.

Mr. Lawrence, I don't know if you can hear. It's frozen again.

Mr. Philip Lawrence: Mr. Chair, I apologize. Could you possibly suspend?

The Chair: We've lost Mr. Lawrence.

We'll suspend the meeting for now and let the clerk see if there's a way we can reconnect Mr. Lawrence. We'll be back once we hear back from them. We'll suspend for a minute.

• (1550)

(Pause)

• (1555)

The Chair: We're going to start timing again.

[*Translation*]

Go ahead, Mr. Perron.

Mr. Yves Perron: Before I begin, I'd like to know how much time I have left.

The Chair: You have five minutes.

Mr. Yves Perron: Good. That's what I was going to suggest. It's a deal.

Mr. Lawrence, we're starting over. You're telling me that grain drying is covered, but not barn heating. So this bill doesn't apply to fuel, but to its use. It's a combination of the two. Is that correct?

[English]

Mr. Philip Lawrence: There is an exemption under the current act with respect to qualifying farmers for both. Right now it is for gasoline and for diesel from barn heating. Currently, as Mr. Ellis rightfully pointed out, barn heating and cooling is not included in the act for diesel and for gasoline. When we amended the act to include natural gas and propane, it's not included in the barn heating, per se. The amendment that we would welcome, quite frankly, and would look forward to includes barn heating as well.

[Translation]

Mr. Yves Perron: I still see a problem with agricultural production. For example, a grain farmer would be exempt, but not a chicken farmer who heats his poultry house with propane. This is an issue I am raising.

Now, I am very concerned about the inequity in the Canadian market with respect to the treatment of agricultural producers. You know that this legislation doesn't affect Quebec at all and that Quebec participates in the carbon exchange with California. There's an exemption but producers are indirectly affected.

I know that other provinces, including British Columbia, are eligible for exemptions. Are you aware of the distinctions that exist? How do you think we could standardize that so that it's fair for everyone?

[English]

Mr. Philip Lawrence: Yes, I think that's an excellent point. I think farmers find it way too complicated in general. When we look at the carbon tax and other types of regulation, it's so terribly challenging. You look at some of the agri support programs and they themselves are difficult. It's amazing the amount of paperwork and professional advice that's required, whether farmers are filing their income taxes or preparing an HST return or preparing the carbon tax that they owe at the end of the year. These just make farmers less and less competitive and take them away from the things they're great at, like planting fields and raising livestock.

• (1600)

[Translation]

Mr. Yves Perron: Mr. Lawrence, do you have any data on alternative energy?

Basically, I think all members of the committee want to intervene to reduce greenhouse gas emissions as much as possible and slow down climate change. However, it needs to be done in an intelligent way. There have to be alternatives.

Have you found any alternatives that producers could use for grain drying, for example?

Do you have any thoughts on this? Should the committee be looking at this?

[English]

Mr. Philip Lawrence: I think that's a great thing to study. I have heard from stakeholders that currently there aren't any economical-

ly viable solutions. However, what I would say to that is perhaps the opportunity to help farmers in this and to reduce greenhouse gas emissions—and I agree with the member; I think every member wants to reduce emissions and fight climate change—is not through using the stick of an inequitable carbon tax in the way it's applied, but just by making the carbon tax more equitable and by funding innovation.

Leave the money in the pockets of the farmers. Trust me, if you've ever met or worked with farmers or been a farmer yourself, you know they're among the most thrifty and environmentally minded, sustainably minded human beings on earth. If you give them the proper resources, I'm sure they will fight climate change and save money.

[Translation]

Mr. Yves Perron: In this case, an alternative plan would be required to intervene.

Have you or anyone in your party started thinking about this, other than to create an additional exemption in the tax?

The purpose of the carbon tax is to reduce global warming. It's a noble goal. What could be put in place to achieve the same goal?

Have you give any thought to how to phrase this?

[English]

Mr. Philip Lawrence: I think Conservatives have traditionally supported innovation and will continue to do so. I believe that innovation is a key driver to making sure that we protect our climate. There are so many great ways of doing it. I just don't think an inequitable share of the carbon tax should be put on the shoulders of farmers. Instead, we should be encouraging innovation.

The Chair: Thank you, Mr. Lawrence.

[Translation]

Thank you, Mr. Perron.

[English]

Now we have Mr. MacGregor for six minutes.

Go ahead, Mr. MacGregor.

Mr. Alistair MacGregor (Cowichan—Malahat—Langford, NDP): Thank you so much, Chair, and thank you, Mr. Lawrence, for coming before the committee and being in the hot seat to talk about Bill C-206.

I've had a lot of back and forth with legislative drafters over my years as an MP and I know it's quite a challenge. We're lucky to be aided by such professional staff in the House of Commons, who take our big, bright ideas and put them into legalese. There is always a lot of back and forth between an MP and the drafters because when we write our bills, part of the challenge is also to figure out how they will be interpreted. Writing is the easy part. Then you have to figure out, when the rubber hits the road, whether your bill will be interpreted in the right way.

I just wanted to follow on Mr. Ellis's line of questioning.

When you were having your back and forth with the drafters, I know why you picked "qualifying farm fuel". This is a very specific term that is used in different sections of the existing act. It's referred to in section 17 and section 38 of the existing statute, showing that the carbon tax is not payable. However, when you look at those other definitions, such as when it comes to eligible farming activity and eligible farming machinery, can you tell the committee what your back-and-forth discussions with the drafters were like on whether you should tackle those parts as well? Did they offer any insights?

Mr. Philip Lawrence: Yes. We had discussions and they said this would include grain drying. I have to tell you, looking at it, it's common sense. When we talked about farming, it's not an exhaustive list. It does not include, for example, planting of crops. I would say that's part of farming. If you've ever been to a farm and seen a grain dryer, you would say equally that is part of farming. Eligible farming activity includes the operation of eligible farming machinery.

We then look at the next part of the act. It refers to "an industrial machine". This fits four-square and I honestly can't see a reasonable person disagreeing on that.

• (1605)

Mr. Alistair MacGregor: Yes, so you're quite confident. I read in the media.... We had both Minister Bibeau and Minister Wilkinson say that Bill C-206 as written doesn't provide for relief from fuel costs of grain drying, but you and, of course, our legislative drafter, who helped you with this bill, beg to differ on that.

Mr. Philip Lawrence: Yes, exactly. We were in complete agreement on that.

Not to be too partisan, but just to be open and candid, when we look back at the credibility on this, in the initial part of the discussion, Minister Bibeau said there was no financial impact of the carbon tax on farmers. I shouldn't say "no", but it was insignificant.

Now it has moved to the point where we have stakeholders agreeing that we have an issue here. Now they've presented the fact that, yes, there is a problem. I applaud the minister for coming that far.

However, once again, I look at farming. Farming includes grain drying. I look at industrial machine in farming activity. It includes grain dryers. I just don't see how a reasonable person could come to the conclusion that it doesn't include grain drying.

Mr. Alistair MacGregor: I come from a province where we have our own provincial carbon tax, so we are not subject to the

federal carbon tax. In fact, our carbon tax was set up by a conservative government. Our "conservatives" like to call themselves "liberals", but that's just how B.C. operates.

Looking at existing provincial precedents, in B.C. propane is still subject to the carbon tax, but it's free from the motor vehicle tax. Were you looking at any provincial precedents in other jurisdictions to help give you some insight on how to develop this bill?

Mr. Philip Lawrence: We did look to B.C., particularly with respect to the exemptions that were given. That gave us inspiration as well. As I said, we got support from the NDP—thank you very much, Mr. MacGregor—and from the Green Party. We really cast this as a common sense agriculture solution that I believe will actually give additional resources to farmers so they can help fight climate change.

Mr. Alistair MacGregor: I've spoken to a lot of farmers and received a lot of correspondence on Bill C-206 and, as you said, there is pretty much near unanimous support for the bill.

I see that the government is concentrating on making investments in clean technology, energy efficiency, fuel switching and other technologies on the farms. I think that's great, but it's going to take some time for these to come into effect. It seems to me that Bill C-206 can act as a bridge until these technologies make themselves available. Wouldn't you agree with that?

Mr. Philip Lawrence: Yes, a hundred per cent. I could not agree in any stronger terms. The farmers and the stakeholder groups we talked about all want to fight climate change. Everyone here wants to fight climate change. However, there just isn't an economically feasible alternative right now.

Certainly, let's fund innovation. I would support the government, and I support your saying that, but right now we have farmers in very difficult times. They're desperately needing a break, and this could be a small break that might save the family farm.

Mr. Alistair MacGregor: Yes, and I think our committee's next study is going to provide a lot of great testimony on that and, hopefully, some great recommendations.

That uses up my time. Thanks so much, Mr. Lawrence.

Thank you, Chair.

The Chair: Thank you, Mr. MacGregor.

We'll go to the five-minute round.

Mr. Epp, I guess you'll share your time with Mr. Lehoux.

You have five minutes. Go ahead.

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

On behalf of the farmers in Chatham-Kent—Leamington and everywhere else, thank you to my colleague MP Lawrence for bringing this bill forward.

I'm going to pick up on some comments you made earlier.

Minister Bibeau was at committee earlier and did testify. It was stated that the average carbon tax charges to farms were between \$210 and \$819 per farm, or very insignificant numbers. That was with the assumed backstop of \$50 per tonne. Yet the Federation of Independent Business has estimated the cost at \$14,000. That was based on the PBO report, which you've touched on.

Are these shifting numbers due to shifting practices in the agriculture sector, or is this more an increasing awareness? Can you comment on the discrepancies, please?

Mr. Philip Lawrence: This is one of the achievements of this private member's bill, as I've said. It's that we've been able to change the dialogue.

Initially, the Minister of Agriculture kept saying that this is an insignificant or not a big cost, but the stakeholders—and I have to give it to them—and the farmers came out in unison and said, yes, this is a big impact. Right? Every stakeholder group that I know of is supporting this legislation, because they know what impact the carbon tax is having on farmers.

It's an inequitable distribution. It's part of the economics of being a farmer that often they are price-takers and, unlike other industries, they can't just push it down the lane. As everyone in the agriculture committee knows, the margins are very thin. Farmers have to work enormous hours just to pull in an income.

Whether we're talking about APAS or CFIB, they have all said that this is tens of thousands of dollars in costs for farmers. In a very tight market and a very difficult year of the pandemic, wouldn't it be great if we could extend a bit of a break to our farmers?

• (1610)

Mr. Dave Epp: The greenhouse sector is a huge one in my riding. I know they have a partial exemption on their fuels, but they actually burn natural gas, scrub their emissions and recycle CO₂ back into their greenhouses.

Can you comment on how the whole carbon tax regime takes this into account?

Mr. Philip Lawrence: The key is that we're equitable and we're fair to our farmers. To be generous, I think maybe it was an oversight in the original Greenhouse Gas Pollution Pricing Act that farmers weren't dealt with equitably.

I'm sure that farmers, as we return money back to their pockets, will not only reinvest in their community, but they will also invest in agriculture innovation, of which farmers have been drivers.

Thank you for the excellent question.

Mr. Dave Epp: Thank you.

I'll cede the rest of my time to my colleague, Monsieur Lehoux .

[*Translation*]

The Chair: You have the floor, Mr. Lehoux.

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

I'd like to thank my colleague Mr. Lawrence.

There were two interventions before mine, those of my colleagues Mr. Perron and Mr. MacGregor, who spoke about alternatives. It's very important to talk about this when we want to remove propane and barn heating. It has to be exempt now.

I don't know your point of view on that, Mr. Lawrence. In Quebec right now, we can't ask for that. One of the alternatives might be electricity that could be used much more extensively. Right now, the problem is affecting electricity with three-phase power in the regions so that farmers can get affordable electricity at a lower price. That isn't the case right now and it won't be the case until we have alternatives.

You still think it's relevant to set aside the tax on propane and barn heating. Is that correct?

Mr. Philip Lawrence: Thank you, Mr. Lehoux.

Next time,

[*English*]

I will respond in French. I'm still working on my French.

The reality of the market right now is that farmers can't all switch over to other more sustainable ways of grain drying. I think would be great for the committee to study that. I would definitely be interested in hearing from some of the experts.

As Mr. MacGregor rightfully pointed out, right now farmers are in a difficult position. This provides a nice bridge to the future. Giving farmers this break of reducing the cost a little bit and helping them out a little bit has been done in other places, including in Canada.

The reality is that natural gas and propane are cleaner than diesel and gasoline. Some might say they're marginally cleaner, but they are. Why would we not include this exemption when it already exists for marginally dirtier fuels?

The Chair: Thank you, Mr. Lawrence.

[*Translation*]

Thank you, Mr. Lehoux.

Now, we'll continue with Mr. Drouin for five minutes.

Mr. Richard Lehoux: Thank you, Mr. Lawrence.

The Chair: Mr. Drouin, you have the floor.

[*English*]

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

Thank you to Mr. Lawrence.

I supported your bill, but for different reasons. I had made a commitment to farmers back home and I thought I would honour that commitment.

You had a chat with Mr. MacGregor with regard to paragraph (f) and paragraph (c) of eligible farming activity. Interpretation of the law and how somebody views that is important. Do you not see the conundrum that could create because of the lack of clarity that you present in your bill or section versus another section? Somebody could take the government to court—the David Suzukis of the world or other organizations—saying that the Government of Canada is wrong and the interpretation is wrong. They'd bring us to court and then they'd side on the particular heating and cooling aspect of the bill.

Did you have those conversations with certain groups when you drafted the bill?

• (1615)

Mr. Philip Lawrence: No. No one ever brought that up as a concern until Minister Bibeau did. Let me just be clear here in what the definition says. It says that the exemption is for eligible farming activity, which means the operation of eligible farming machinery on a farm for farming purposes. Then it says, “an industrial machine”.

No one would say that a grain dryer is not an industrial machine. No one would say that a grain dryer is not farming machinery. There's no other purpose. You're not going to go tanning in a grain dryer. This is a common sense understanding. As a lawyer, I can tell you, Francis, anyone can sue anyone for anything at any time. It's a matter of whether it has any weight.

As I said, I want the tone of this to be collaborative. If the government says to me, “You know what? We like your bill and we want to include grain drying in there,” I'm not going to object. Let's make the amendment, and if that is the difference between this bill passing and not, let's include it.

Mr. Francis Drouin: We're discussing this bill, but at the time this particular act was presented, around two or three years ago, you and I and all Ontario MPs were not subject to lobbying on this because the government of the day had presented its own carbon pricing mechanism. Knowing that climate is different and weather is different from region to region, do you not believe that we should be asking the provinces to implement such a system as a carbon mechanism, especially now that the U.S. has signed on to the Paris Agreement, so that we don't have to bring an “Ottawa knows best” approach?

Mr. Philip Lawrence: That's not really within the scope of this bill. I appreciate the question. I guess what I can tell you, Mr. Drouin—and thank you for your support, by the way—is that the

provincial minister of the environment did come out in support of Bill C-206, which of course will affect Ontario. The broader discussion of the carbon tax is really not within the scope of this bill. I'm happy to have a discussion with you at a later point.

Mr. Francis Drouin: But it is the reason we're here, right?

To go back to your bill, there are rumours about your leader potentially announcing that he's supportive of a carbon pricing mechanism. We've talked about potential technologies being out there. I know our Minister of Environment has announced that there will be \$170 per tonne, basically in 10 years, which sends a market signal to industry, to researchers, to innovators out there that yes, they can potentially present new technologies.

We've been back and forth in this country over carbon pricing for the past 15 to 20 years. At some point we have to move forward. I agree with the objectives of the bill, but we all have to play our part in this. Are you advocating for a complete exemption forever, or a partial exemption for the next 10, 15 or 20 years, until the market can adapt?

Mr. Philip Lawrence: I'll stay squarely within the scope of this legislation. I do appreciate your attempting to get me to comment on things I should not be commenting on inside the scope of this committee. Well done.

With respect to this legislation, it is an exemption on natural gas and propane for qualifying farmers. The bill does not have a date as to when it will end, just like the greenhouse gas act, but what I would say is that this exemption will be more critical with the automatic escalators as the carbon tax increases year after year and gets higher and higher.

The Chair: Thank you, Mr. Lawrence.

[*Translation*]

Thank you, Mr. Drouin.

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

Mr. Yves Perron: Mr. Lawrence, I'll continue along the same lines.

Obviously, we want to reduce greenhouse gas emissions in the medium and long term.

If the bill isn't passed, or if it is partially passed after being amended, what should we do with the money collected for the carbon tax?

[*English*]

Mr. Philip Lawrence: I apologize. I didn't quite understand. It might have been the interpretation.

[*Translation*]

Mr. Yves Perron: Mr. Lawrence, what should we do with the money collected from farmers?

You said that there are refunds, it was partial, there was a lot of paperwork, and so on.

If your bill isn't passed, or if it's partially passed, what should be done with the money collected from this tax?

• (1620)

[English]

Mr. Philip Lawrence: I believe that, as much as possible, we should have an exemption as opposed to a rebate. If a rebate is ever in place, that money should go directly back to Canadian taxpayers, but my preference would be to have that exemption. Currently, the carbon tax is not expenditure neutral, meaning Canadians pay more in carbon tax than they receive. That was acknowledged today at the public accounts committee.

[Translation]

Mr. Yves Perron: We're here to ask questions and think together.

Isn't there a middle ground with lower taxation? The money collected could be invested in research and development or in direct investments in farms.

You mentioned solutions like biomass, which is extremely expensive. Rather than saying that there's no tax and that the government will support the sector, couldn't there be some participation in transition assistance plans, and not necessarily in the form of a tax.

[English]

Mr. Philip Lawrence: Like you said, I want to have a collaborative and open tone with respect to this legislation. At the end of the day, I just want to help farmers. I just want to make it a bit less expensive for farmers. Am I supporter of research and development? Absolutely. Canada right now is actually lagging behind in the OECD in R and D. In fact, our GDP to R and D spending is below that of the EU, the United States and Australia. You raise a great point.

The Chair: Thank you Mr. Lawrence.

We'll now move to Mr. MacGregor for two and a half minutes.

Mr. Alistair MacGregor: Thank you, Chair.

I was listening to your exchange with Mr. Drouin. We live in a place and time where you can both be right. Mr. Drouin has a point in recognizing where we have to go as a world and that every sector has to do their part, including farmers, and they are.

You can be right in recognizing that farmers, right now, do have these costs, and they don't have alternative options. This is what I see as a bridge benefit, and something that's going to allow them to respond to some of these unexpected costs. If we do get another really wet fall, and farmers are having to dry their grain, that's going to be a cost that they just can't escape.

I know you don't have a lot time to give me an answer, but you said you would be open to an amendment to your bill that would cover barn heating. I live in a part of Canada where we don't have brutally cold weather like they do on the Prairies. I can only imagine what the costs are to keep an animal barn heated, so that the animals aren't freezing to death. You may not be able to give me the answer right now, but would you be able to submit to the committee what your proposed amending language would be for us to consider?

Mr. Philip Lawrence: Yes, certainly, no problem. We have already had discussions. I don't have that amendment drafted, but we've had discussions with the legislative clerk, and I would be happy to report back to the committee on what the amendment might look like.

I agree with everything you're saying. It's sage counsel that both Mr. Drouin and I can be right. I don't really want this bill to be a discussion about the carbon tax in total. I just want to help farmers.

The Chair: Next is Mr. Steinley for five minutes.

Mr. Warren Steinley: Thank you very much, and thank you to my colleague for being here.

I've heard a lot of discussion around some of the ideas of what we could do to help farmers. Philip is saying that he wants to put forward a bill that helps farmers.

In that vein, Philip, you've done a wide range of consultations and during those consultations, how many farmers have said that this exemption is not needed?

Mr. Philip Lawrence: None. Even farmers who don't specifically dry grain, or maybe aren't affected by it specifically, they all know people who are and they see the impact it's had on farmers. It's part of the economy of agriculture, because there are so many price-takers in the farming industry that when you increase the cost of input, it makes them less competitive. Quite frankly, many countries across the world don't have the same price on pollution. They don't have the same carbon tax they're fighting against, so it makes it that much more difficult.

Even people outside the agriculture industry, everyone's interested in having lower food costs, particularly during the pandemic. We've seen inflation across many of our major grocery store chains. We want to keep food costs down, because that affects, quite frankly, the most vulnerable of Canadians the most.

• (1625)

Mr. Warren Steinley: In having this conversation and listening to my colleagues say that we need to engage farmers and make sure that they realize that they need to be environmentally friendly, and that we need to do our part, which I agree with, I would say to my colleagues in this meeting right now, and to you, Mr. Lawrence, is that farmers do do their part. Ranchers do do their part.

I remember on our farm that my father and uncle used to, summer and fall, harrow. You could see the topsoil fly about 10 miles down the road. We went to zero tillage seeding, and that was great for soil conservation.

When farmers find innovations that are good for their soil and good for the environment, they do it on their own. They don't need this approach where.... I thought back on this when we were talking about our next study. You don't need to tell farmers to do better because they are constantly looking for innovation and abilities to do better, such as to have more fuel efficient vehicles. Farmers, ranchers and producers want to do that because it helps their bottom line, and they know it's good for the environment.

With regard to soil conservation, they want to do that because they know that the soil is their livelihood, and they want to have that soil as fertile and healthy as possible.

I know you don't want to get into the whole debate around the carbon tax, but this exemption, I would tell my colleagues, is for farmers to be able to maybe put some extra money into innovation, to put some more money in their pockets so that they can maybe experiment with another crop so that it can have more nutrients in the soil.

Farmers don't need an "Ottawa knows best" approach. Sometimes maybe we need to take a step back and listen to what farmers and producers are doing, instead of always thinking that we need to lead the pack. Maybe sometimes we need to take a look at what these producers are doing across the country.

Could you comment on that, Mr. Lawrence?

Mr. Philip Lawrence: Thank you, Mr. Steinley, and thank you for your wise words.

I think it's a long-held belief of mine that if Canadians, in this case, particularly farmers, keep the money in their own jeans, they're more capable of making those appropriate decisions than Ottawa ever will be.

I will bet on the wisdom, the environmentalism and the sustainability of our farmers any day. Like I said, I live in farm country. They are amongst the most intelligent, hard-working people that our country is blessed with.

Yes, I agree with your sentiments exactly. If we leave that money in the blue jeans of farmers, they will do a better job of spending it than Ottawa ever could.

Mr. Warren Steinley: Thank you.

Just to circle around, Mr. Ellis had a conversation around grain drying, and obviously there are your comments around the ability for us to exempt some of the fuels for grain drying. How do you see that panning out?

We did have, like you said colloquially, the harvest from hell here in western Saskatchewan. When it's wet, we need to get that crop off and get it in the bins, and dry it when it's in the bins.

I know, Alistair, we do have a bit colder winters, so barn heating when we're calving here when it's snowing in mid-March is pretty important for our livestock producers.

Just give us a little conversation around that, Philip, and how we can make sure that we're helping those farmers who have to dry the grain and make sure that the barns are heated for calving season or lambing season, whichever it may be.

Mr. Philip Lawrence: Yes, there's no doubt. Anyone who's been to a farm and has seen a grain dryer knows that it's part of the integral part of a farm. If, in fact, a grain farmer in the autumn of 2019 didn't have a grain dryer, the ability to dry grain, that farmer would have no product, and—

The Chair: Thank you.

Sorry, Mr. Lawrence.

Mr. Drouin, you have up to five minutes.

Mr. Francis Drouin: Great.

Thank you again, Mr. Lawrence, for being with us.

I just want to make one comment.

We're not trying to penalize any farmer. What we're trying to change is the landscape of certain carbon-intensive suppliers to our farmers, and I think that's a distinction.

I just have one question for you, Mr. Lawrence. I know you said, in your exchange with Mr. MacGregor, that you were working on a particular amendment. In terms of timing, do you know when that amendment may or may not be ready for us to consider?

● (1630)

Mr. Philip Lawrence: I am at the behest of the committee, so you'll have to tell me when the scheduling.... I believe that we're not scheduled to return now for a little while, but next time we're discussing that, I would probably be able to table it.

What I would say is that, if the government wants to, if its only objection to my bill is the fact that it doesn't explicitly say "grain drying", which I think common sense would tell you it includes—you can ask any farmer—the good news is that you guys are in government. You can introduce a bill tomorrow, and trust me, you'll have my support and, I would suspect, that of the rest of my party.

Let's get this done if that's the position of the Liberal Party of Canada. Let's help farmers. Let's not just start parsing small words to delay things.

Mr. Francis Drouin: The only comment I would make is that you had better have a conversation with your House leader, because right now legislation is moving as slowly as molasses.

It's great to have you here, and I appreciate your coming before our committee. Thank you.

Mr. Philip Lawrence: Perfect. I couldn't get through a committee without saying that if you guys hadn't prorogued because of the WE scandal, we would be further along in the legislation. That completes our—

Mr. Francis Drouin: That's a long way out from Bill C-206.

The Chair: I think we're getting into some debate, so we had better end it here.

This is all the time we have for this, but I want to thank Mr. Lawrence for being here to explain his bill.

We shall now suspend and go in camera for our business session, *[Proceedings continue in camera]*
to look at the coming weeks.

Everybody needs to log out and then come back on for the in
camera session. We'll see you on the other side.

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