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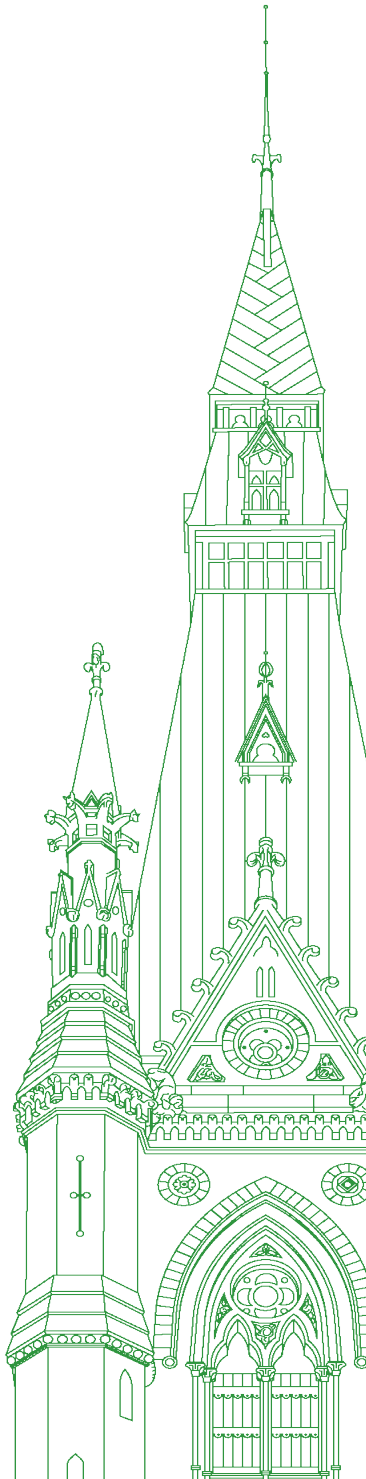

Chair: Mr. Kody Blois

Standing Committee on Agriculture and Agri-Food

Monday, October 24, 2022

● (1540)

[*English*]

The Vice-Chair (Mr. John Barlow (Foothills, CPC)): I call this meeting to order. Welcome to meeting number 33 of the House of Commons Standing Committee on Agriculture and Agri-Food.

I will start with a few reminders for witnesses who may not have joined us in the past.

Today's meeting is taking place in a hybrid format. The proceedings will be made available via the House of Commons website, and the webcast will always show the person speaking rather than the entirety of the committee.

Especially for our witnesses, screenshots or photos taken of your screen are not permitted. For members and witnesses participating in person, please keep in mind the Board of Internal Economy's guidelines for mask use and health protocols. We don't need to worry about that.

I would like to make a few comments for the benefit of our witnesses here today. Members and witnesses, you may speak in the language of your choice. Interpretation services are available and, if interpretation is lost, I will stop the clock to ensure that we can get interpretation back up and running as quickly as possible.

Before speaking, please wait until I recognize you by name. If you are on video conference, please click your microphone on to unmute yourself. For those in the room, your microphone will come on automatically, so you don't need to worry about that.

Again, for our witnesses, please speak slowly and clearly. When you are not speaking, your mike should be on mute for the benefit of our translators.

All comments by members and witnesses should be addressed through the Chair.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Monday, May 30, 2022, we are resuming our study on a private member's bill, Bill C-234.

[*Translation*]

Ms. Andréanne Larouche (Shefford, BQ): A point of order, Mr. Chair.

Did all the witnesses pass the sound test to ensure they can be heard by the interpreters?

The Vice-Chair (Mr. John Barlow): Yes, the first group of witnesses did.

[*English*]

The second panel has not.

I would like to welcome our witnesses for the first panel.

As an individual, we have Richard Gray, professor, from the department of agriculture and resource economics at the University of Saskatchewan, by video conference. We have Tristan Skolrud, associate professor, University of Saskatchewan, also by video conference. From the Canadian Federation of Agriculture, we have Mr. Todd Lewis, second vice-president, and Frank Annau, director of environment and science policy.

Each witness will be given up to five minutes for their opening remarks. Afterwards we will proceed with questions from our colleagues.

I will give you a signal. I will just raise my hand when you have about one minute left in your presentation.

Welcome, everyone. I'm certainly looking forward to the testimony today. We'll start with Professor Gray.

You have the floor for five minutes.

Mr. Richard Gray (Professor, Department of Agricultural and Resource Economics, University of Saskatchewan, As an Individual): Thank you, Mr. Chairman.

I'm a professor and grain policy chair at the University of Saskatchewan. I also provide labour and marketing advice for my son, Eric, who operates a 3,000-acre family grain farm in Indian Head, Saskatchewan. By the way, we rely on grain aeration and do not own a grain dryer.

In the absence of explicit policies that recognize the role that crop production plays in the removal of atmospheric carbon, I'm in favour of the tax relief offered in Bill C-234. I would go further to advocate for public investments in research and extension, and direct producer support for investments in less greenhouse gas-intensive grain drying and heating options. As a well-trained economist, I understand that pollution pricing is an efficient way to incorporate external pollution cost into private decision-making. As a grain farmer and an agricultural science graduate, I also recognize that every tonne of harvested grain contains more than a tonne and a half of CO2 that was removed from the atmosphere.

Ideally, this sequestration of carbon should be subsidized at the external cost of carbon. Similarly, when grain is consumed or burned, the carbon emissions should be taxed at this same rate. Unfortunately, neither the sequestration of carbon in grains nor the emissions from burning grain are included in the global greenhouse gas accounting system.

For example, the CO2 that you're breathing out this afternoon is not included as part of the Canadian greenhouse emissions, nor are the CO2 emissions that come from livestock or from trucks burning biodiesel. CO2 emissions coming from burning or digesting grain and other biomass are deemed to be emissions-free. They're assumed to be emissions-free only because it is also assumed that some farmer has recently removed this carbon from the atmosphere. While treating biofuel emissions as carbon-free worked well for the biofuel industry and consumers, the farmer who has actually removed the carbon from the atmosphere receives no explicit credit for this sequestration.

I first realized this flaw in greenhouse gas accounting about three years ago, when looking at about 4,000 tonnes of harvested grain, all rich in carbon and all of which had come from the atmosphere. Since then I've done a lot of reading and discovered that Searchinger and others published an article in 2009 in *Science*—perhaps the most prestigious journal in the world—entitled “Fixing a Critical Climate Accounting Error”. Despite over 600 citations to this important article, the flaw in the accounting system has not been addressed.

By not measuring grain-related emissions, the incomplete accounting creates strong incentives to use grain to produce biofuels. However, because the grain sequestration is not measured, there are no corresponding incentives to produce the additional grain required for the biofuel. Searchinger and many others, including me, argue that the effect of this is higher grain prices, increased food insecurity, and the carbon-intensive clearing of rainforest and peatlands for agricultural production.

Given it is unlikely Canada can change this flawed international accounting, Canadian policy-makers need to keep a fundamental policy trade-off in mind. If the Canadian taxation of greenhouse gases, or other policies, result in fewer grain exports, these reduced exports will increase international grain prices and will have to be accommodated in the rest of the world through either reduced food consumption or increased greenhouse gas emissions elsewhere. By removing the taxation of grain for grain drying, I believe the amendments contained in Bill C-234 may approximately align with this broader global perspective.

Finally, Mr. Chair, I recognize the enormous power of research and innovation to solve these problems. Finding ways to efficiently reduce greenhouse gas emissions is an important public-good problem that requires public investment. Research investment is needed to continue to develop more sustainable grain drying and heating options. Programs that help producers to benchmark their emissions relative to similar farms may help them identify opportunities for reduction. Finally, using subsidies to increase investment in more efficient systems can reduce emissions without jeopardizing our grain production, which is so much needed in the rest of the world.

That, Mr. Chairman, concludes my remarks.

● (1545)

The Vice-Chair (Mr. John Barlow): Thank you very much, Mr. Gray. You're right on time.

Now we'll go to Mr. Skolrud for five minutes, please.

Dr. Tristan Skolrud (Associate Professor, University of Saskatchewan, As an Individual): Thank you, Mr. Chairman.

I would like to thank the committee for the opportunity to appear today to discuss Bill C-234, which would eliminate carbon pricing on a farmer's use of natural gas and propane for grain drying and heating.

The issue of carbon pricing in agriculture is contentious and complicated for many reasons that are already well understood by members of this committee. Food is perhaps one of society's most basic and pressing needs, and any measure that increases the costs of producing food is understandably met with a great deal of trepidation.

However, Canada has also pledged to reduce emissions to at least 40% below 2005 levels by 2030, with the goal of net-zero emissions just 20 years later. It would be prudent to achieve this goal at the lowest total cost to society. There are low-cost mitigation opportunities in the agricultural sector that could be exploited to keep the cost of this GHG reduction goal as low as possible.

However, despite the fact the agricultural sector accounts for approximately 10% of Canada's total GHG emissions, the Greenhouse Gas Pollution Pricing Act has used a mostly laissez-faire approach for the sector, leading to the exemption of well over 8.2% of Canada's total GHG emissions from carbon pricing. Bill C-234 seeks to expand that exemption to one of the few remaining areas of agricultural emissions covered by the act: grain drying and heating.

To understand the economic implications of this amendment, especially with respect to grain drying, I would like the committee to bear in mind the following points:

When the price of an input increases, there are two effects for farms operating in competitive markets. One effect is to substitute, to change to a different set of inputs that haven't been as influenced by the price change. At the current state of technology, this effect is minimal, relying on changes to harvest practices that will vary by region, weather and crop type. The other effect is to reduce output, but in this case, the size of the price increase is unlikely to elicit a strong output effect. At current crop prices, it's still profitable to dry, even at a higher cost.

It may be that producers choose to dry their grain slightly less than before to ensure that they do not pay more to dry than they would earn from having drier grain. However, producers may be unable to make this adjustment if they're selling to grain buyers with specific moisture requirements, which is common.

Therefore, with limited changes in producer behaviour, there will be limited reductions in GHG emissions from grain drying before greener alternatives become available.

However, removing the carbon pricing exemption will have an effect on the investment in grain-drying alternatives that emit fewer GHGs. The development of greener alternatives will require significant private capital, and if grain drying is unregulated, the signal to private capital will be lost. Previous testimony on this amendment suggests that sufficient alternatives are at least 10 years away. Keep in mind that this estimate is a function of the carbon price. A higher price will shorten that time frame if private capital senses a profitable opportunity.

Absent Bill C-234, the money spend on grain drying and heating by the agricultural sector is still returned to the sector, albeit at levels that are unlikely to exactly cover a single farmer's outlay. Some farmers will receive less than they paid, and some will receive more.

From an economic perspective, the question is as follows: Will the social welfare costs of redistributing income from larger, more energy-intensive farms to less energy-intensive farms through uneven rebate distribution outweigh the gains from the investment signal sent by keeping the price in place? Based on what we understand about the efficiency of carbon taxation and the government's estimate of the social cost of carbon, my opinion is that, no, the cost of exempting grain drying and heating from carbon taxation will not outweigh the long-term benefit.

Thank you.

● (1550)

The Vice-Chair (Mr. John Barlow): Thank you very much. I appreciate your testimony.

Now we'll move to the Canadian Federation of Agriculture and Mr. Lewis, or whoever is going to provide your presentation.

Mr. Todd Lewis (Second Vice-President, Canadian Federation of Agriculture): Good afternoon, everybody. My name is Todd Lewis. I'm a grain, lentil and canola farmer from Gray, Saskatchewan, and second vice-president of the Canadian Federation of Agriculture. I am joined today by our environment and science policy director, Frank Annau.

The CFA is Canada's largest general farm organization and represents over 189,000 farmers and farm families nationwide. Canadian producers sit at the centre of an agri-food system that provides one in nine Canadian jobs and contributes nearly $140 billion annually to the Canadian economy.

On behalf of our producers, we thank you for the invitation to speak to Bill C-234. We believe the bill offers great relief for farmers by exempting natural gas and propane from the carbon price, particularly for use in activities such as recirculating aquaculture operations, feed preparation and steam flaking, as well as grain drying and livestock heating and cooling.

These latter two activities are critical to mitigating climate impacts such as drying wet grain during extreme autumn rainfall, cooling livestock to prevent heat death during summer heat, and heating during extended cold periods in the wintertime.

We understand that the carbon price is a market signal for producers to adopt low-emission energy alternatives wherever possible, but over the past year that signal has been dwarfed by skyrocketing costs for inputs such as fertilizer, gasoline and diesel. Even when fuel prices aren't at record highs, farmers constantly seek to increase fuel efficiency wherever possible.

Current high prices across all fuels and inputs take away working capital to invest in that efficiency, capital that is even further eroded and reduced by the price on carbon for natural gas and propane. Where potential alternatives are available, that means less money to invest in solutions such as energy-efficient grain dryers. Where no practical alternatives are available, that means producers simply pay more for practices that are essential to food production without the option of reducing emissions.

According to the Parliamentary Budget Officer, half of all farmers in 2019 either barely broke even or actively lost money. With farm debt now exceeding $122 billion and a series of interest rate increases over the past year, the pressures on farmers' margins make it challenging to invest in the future. With current debt and inflationary impacts, the carbon price simply adds a financial burden that reduces producers' ability to invest in sustainable technology and practices.

However, by ensuring that the farm fuel exemption of the Greenhouse Gas Pollution Pricing Act is truly reflective of critical on-farm practices, Bill C-234 allows farms to respond to market signals by freeing up cash to invest in emission reduction solutions, including precision agriculture technology, solar panels, anaerobic digesters and future innovations as they come available.

We respect recent efforts with Bill C-8 to provide relief to farms through carbon rebates. Unfortunately, these efforts do not adequately respond to the highly variable fuel requirements and carbon price impacts of different forms of production, regions and climate conditions experienced by farmers across Canada

The inclusive exemption proposed under C-234 is the most targeted means of ensuring that carbon pricing isn't unduly taking away capital needed to make timely investments in the sustainability of operations where no viable alternatives exist today. Even without the carbon price, farmers are constantly focused on reducing input costs and adopting efficiencies.

Farmers are on the front lines of climate change. We are stewards of the land who are invested in the long-term sustainability of our natural resources. We're also climate solutions providers, sequestering millions of tonnes of carbon, protecting biodiversity and grasslands, and utilizing the latest technologies to reduce fuel and water use. This has resulted in a 50% decrease in emissions intensity from 1997 to 2017. Bill C-234 will help producers drive emissions even lower by allowing them to remain competitive while making investments in sustainability.

Canadian producers strongly support this bill, and we at CFA strongly encourage its timely passage through Parliament.

Thank you again for this opportunity, and we look forward to questions.

● (1555)

The Vice-Chair (Mr. John Barlow): Thank you very much, Mr. Lewis. I appreciate your testimony.

I just want to let the committee know that we have Ms. Gladu subbing in today for Ms. Rood.

Welcome, Ms. Gladu, to the committee.

We also have Mr. Masse subbing in for Mr. MacGregor.

I appreciate your coming.

[*Translation*]

I'd also like to welcome Ms. Larouche, who is replacing Mr. Perron.

[*English*]

We will turn to the Conservatives.

Mr. Steinley, you're up for six minutes.

Mr. Warren Steinley (Regina—Lewvan, CPC): Thank you very much, Mr. Chair. I appreciate everyone for being here.

There were a lot of numbers that came out this afternoon about where we are with carbon and carbon sequestration, in particular. Professor Gray said that for every tonne that's taken out, 1.5 tonnes of carbon have been sequestered.

Mr. Gray, is that an estimate, or do you have data to prove that?

Mr. Richard Gray: The actual number that's been used in previous studies, including some Agriculture Canada estimates, is 1.65 tonnes of CO2 per tonne of grain on average. I use 1.5 tonnes as a conservative estimate of that.

Mr. Warren Steinley: We love to have conservative estimates. Thank you very much. I appreciate that.

I think something a lot of people don't realize is how much our producers sequester when they produce crops, and it's a message that we need to get out there, so I appreciate your bringing that number to the committee.

Dr. Skolrud also talked about the fact that, in Canada, agriculture emissions are 8% of the country's emissions. That is something we need to talk about more, because it's a very good number. The world average of a country's emissions coming from agriculture is 25%.

I'll ask Mr. Lewis this. Wouldn't a better use of our innovation and technology be to help other countries get to where we are? Eight per cent should be a laudable goal for other countries. Instead of punishing our farmers and not proceeding with this bill, shouldn't we be giving our farmers a break and allowing them to outsource some of our great technology to other countries to get them to where we are?

Wouldn't it be a better use of our time to make sure that the climate is more sustainable throughout the world, rather than punish our farmers here in Canada?

Mr. Todd Lewis: I think farmers, especially in western Canada, with a lot of the technology such as direct seeding.... Zero till was invented in western Canada. It was invented in Saskatchewan.

We see lots of that technology being exported and the manufacturing numbers out of Saskatchewan that.... Our air drills, those systems and that technology are being exported around the world.

Canadian farmers are world leaders in all kinds of sustainability practices, and recognition of that is important. I agree with you. Those numbers in Canada show our success and how good Canadian farmers are at sustainable practices. Recognition of that is important.

● (1600)

Mr. Warren Steinley: Yes. I agree with that. Thank you very much. I appreciate that.

Sometimes, at the agriculture committee, we should talk about some of the great things our producers are doing and not always come to the committee with the thought, "We have to force these producers to do better when they're some of the best in the world."

I would like to go on to another question, and I've asked it at a few other committees. You brought up zero till, Todd, so I'll ask you.

Do you remember there being a punitive government policy that forced producers in western Canada to come up with zero till and direct seeding?

Mr. Todd Lewis: No. It was a drive to efficiency. It's an example of farmers being driven. It's a happy coincidence that it is carbon-friendly, but it is a drive to efficiency, using fewer passes to put a crop in, less fuel and fewer inputs. All of those things are very important.

Our technology, the entire agricultural system and crop development have been geared toward drought-tolerant crops. Drought-tolerant crops typically have more roots, and more roots sequester more carbon. It's an example of how the system we have here in Canada is sustainable. Farmers have gone that way because it makes sense, and it makes economic sense as well.

Mr. Warren Steinley: If it makes economic sense, generally, farmers are going to get to where they need to be.

I have a couple more questions for you, Todd. You are representing a lot of producers here today. Do you know any producers for whom the carbon tax on their farm is revenue-neutral?

Mr. Todd Lewis: Not that I understand.

In western Canada, specifically, we have a lot of issues with the money that's paid on grain transportation, for instance, with carbon tax. The railroads pass that tax on diesel fuel and their operations directly to farmers. In a lot of cases, it's thousands of dollars. There's no way for farmers to recoup that, and there's no incentive for railroads, for instance, to improve their carbon footprint if they can pass the cost along.

In our experience, producers are starting to feel the pinch of the carbon tax. The rebate programs and so on should start keeping up with what the actual costs are.

Mr. Warren Steinley: I think that if you speak with any producer, if they can decrease their fuel consumption on farm, it's something they want to do. Fuel is one of the largest costs, other than fertilizer and chemicals, when it comes to the on-farm production and the harvesting.

I'd say that another good technology that has helped in reducing emissions is something like GPS field mapping.

Could you just say a couple of words about that? If we use that technology and take what we do here in Canada around the world, would that help to reduce emissions in the agriculture sector as well?

Mr. Todd Lewis: Yes, absolutely. Variable rate technology and GPS.... Far more efficiency in passes in the field and lower numbers of passes in crops are a huge advantage for producers here in Canada.

The Vice-Chair (Mr. John Barlow): Thank you very much, Mr. Steinley.

We go now to Mrs. Valdez for six minutes, please.

Mrs. Rechie Valdez (Mississauga—Streetsville, Lib.): Thank you, Mr. Chair, and thank you to the witnesses who have joined us today.

Through you, Mr. Chair, I'll direct these questions to Dr. Skolrud.

Last week a witness from the David Suzuki Foundation said that carbon pricing reduces transition costs. What would you say to those who are skeptical of moving away from fossil fuels?

Dr. Tristan Skolrud: I would say to those who are skeptical of moving away from fossil fuels that the transition is coming and there are public policies we can undertake to make that transition not be as stark when it gets here.

The prices in most renewable technologies are still too high to warrant widespread adoption, but taking steps now will help make that adoption much more convenient when it eventually happens.

Mrs. Rechie Valdez: Thank you.

Can you clarify how investing in clean technology will be more cost-effective five years from now, as opposed to the choice to save money today by continuing to use fossil fuels and the impacts of that?

Dr. Tristan Skolrud: In investment, especially in these areas, there's a lot of efficiency to be gained through the process of learning by doing. If we start investment now, what we learn every year will lead to a technology with a lower marginal cost when it's eventually deployed.

That's one reason why the time path of carbon taxation is so important. It's important to start with an adequate price early enough to facilitate that type of investment, if that's the goal society wishes to undertake.

● (1605)

Mrs. Rechie Valdez: Do you believe Canada's carbon pricing system is adequate, or should it be strengthened? If so, how?

Dr. Tristan Skolrud: It's inadequate in the agricultural sector, which is my prime area of expertise. I'll leave the discussion of remaining sectors to my colleagues.

In the agricultural sector, one thing I mentioned in my opening remarks is that the vast majority of agricultural emissions are not covered by the current greenhouse gas pricing plan.

It's difficult because there's a lot of low-hanging fruit in the agricultural sector that simply will not be taken because there's no incentive to do it. Most of the big GHG savings on the farm are not going to come from changes to fuel use. They're going to come from changes to manure management and fertilizer changes.

Right now, under the current plan, we do not have an incentive to make sufficient reductions in those areas.

Mrs. Rechie Valdez: Thank you.

Our Canadian farmers are leaders in innovation. We've seen it time and time again in this committee.

How long do you believe it will take for us to fully implement non-fossil fuel technology?

Dr. Tristan Skolrud: I don't think that is in the cards. I don't think agriculture is going to exist with non-fossil fuel technology, because I would certainly include nitrogen fertilizer in that category, due to how it's created through natural gas.

I think the best you could hope for, if your goal was to eventually get to net zero—as the Canadian government has stated—is to get nitrous oxide emissions in line with the rate that's suggested by the social costs of carbon.

Agriculture is not going to get to a place, in the near future, where no fossil fuels are used.

Mrs. Rechie Valdez: Thank you.

I'll go over to you, Mr. Lewis, with the same question.

With your experience with farmers, what can we do to help provide a more eased transition for farmers?

Mr. Todd Lewis: Do you mean transition to not using fossil fuels?

Mrs. Rechie Valdez: Yes.

Mr. Todd Lewis: Research and development and putting money towards improving existing technologies and new technologies.... Farmers are early adopters of technology and always have been, so as they become available and if they make practical sense, farmers will use those practices.

As for what the professor said, it's difficult to envision how to replace a 600-horsepower tractor with an electric motor under current conditions. It will be a number of years before we get there.

Agriculture is wide and varied across this country. There are many opportunities to lower our fossil fuel use. Research and technology are going to be a big part of that.

Mrs. Rechie Valdez: The professor mentioned incentives and that those are definitely needed for farmers. Do you have any ideas or anything you can share with this committee so we can help with that?

Mr. Todd Lewis: With regard to the previous question, if it makes sense economically, farmers will pursue it. At the same time, it has to be a balancing act. You can't have things over-regulated. The money needs to stay in farmers' pockets so they can make those choices to improve their technology.

The Vice-Chair (Mr. John Barlow): You have about one minute left, Mrs. Valdez.

Mrs. Rechie Valdez: Thank you. I'm good.

The Vice-Chair (Mr. John Barlow): Thank you very much. I appreciate that.

Now we go to Ms. Larouche for six minutes, please.

[*Translation*]

Ms. Andréanne Larouche: Thank you very much, Mr. Chair.

I'd like to thank all the witnesses for being with us today and testifying about the many challenges facing the agricultural community today.

Mr. Gray, in doing some research on your work, I saw that one of the things you've been looking at is innovation in agricultural infrastructure. Are you aware of viable alternatives to propane for grain drying? I heard you talk a little bit about that, and I'd like to hear more.

[*English*]

Mr. Richard Gray: The available technologies are actually on a continuum, and it depends very much on the crops grown, the moisture content of the grain, and the harvest conditions in each year. If the grain is slightly over-moist, aeration is a very good way to condition that grain and bring it into line with moisture requirements. Grain aeration requires far less energy than propane drying would. That tends to be what we employ on our farm.

If the moisture content is higher, that's where additional natural gas is required. I think that's the particular issue for crops like corn, which are taken off later in the season.

● (1610)

[*Translation*]

Ms. Andréanne Larouche: Can you tell us more about the technologies being developed to avoid fossil fuels in this process?

[*English*]

Mr. Richard Gray: A good example in the case of heating is the use of heat pumps and electrically driven heat pumps, which may be solar collectors in combination with heat pumps. They may reduce the greenhouse gas footprint of heating systems.

In the area of grain drying, I don't think we've really explored all the ways in which you can put drier air into grain other than just heating it—condensers and other things. Again, that's up to the technology experts to develop. Some of that will come as it becomes apparent that we need to find more greenhouse gas-efficient technologies.

[*Translation*]

Ms. Andréanne Larouche: Thank you very much for your testimony before the committee today, Mr. Gray.

Mr. Lewis and Mr. Annau, from the Canadian Federation of Agriculture, in your opinion and from what you're hearing from your members, do you know if the carbon tax exemption is as important for grain drying as for heating and cooling farm buildings?

[*English*]

Mr. Todd Lewis: I would say they're equally important if you need to dry your grain. Remember, it's not something people are doing just because. It's to save that grain. If it's not at the proper moisture content, it will spoil, and it will become unsellable. You'll have all kinds of problems during storage and when trying to move that grain later in the year. It's the same thing when it's -40° out and you're trying to heat your chicken barn. There's no choice. You have to have the thermostat turned up to protect your livestock. For practical purposes, both are very important.

In the instance of grain drying, it's one of our biggest climate mitigation practices. When we have extended periods of wet weather in the fall or late fall, it's one of the few practical solutions we have that has really developed over the years. It has saved millions and millions of bushels and literally billions of dollars to the Canadian economy to have that technology used by producers.

[*Translation*]

Ms. Andréanne Larouche: I understand that we would also need time for all that. Until alternatives to fossil fuels are introduced, what would be the optimal duration of the carbon tax exemption? There's a lot of talk about a 10-year period for the limitation clause. Given that pollution must have a price, would that be an appropriate length of time?

[*English*]

Mr. Todd Lewis: It's a moving target. If a sunset clause is something that could be used to recognize when new technology is available....

I'll use the example of grain drying. The burning of straw to dry grain sounds like a practical solution, but in a lot of western Canada, for instance, where a lot of the grain drying is done, we don't bale straw. I've never had a baler on my farm. You'd be looking at buying new equipment and putting up straw in a dry year, hopefully, to have it sitting there for a potentially wet year the next year, or two or three years down the road, when you use your grain dryer.

It just isn't a practical solution, and that's an example. As technology improves, there will be other things that come. Maybe we'll all be using pellets some day to dry our grain, but that technology doesn't exist right now and the infrastructure isn't there for it.

[*Translation*]

Ms. Andréanne Larouche: For the reasons you mentioned, and to give ourselves time to see things evolve or even to acquire new technologies, does this 10-year period seem appropriate or not?

[*English*]

Mr. Todd Lewis: I would say it's appropriate. As I say, it's going to be a moving target. If 10 years is enough...or maybe we'll have new technology in five. A lot of things can move at a very quick pace.

● (1615)

The Vice-Chair (Mr. John Barlow): Thank you, Mr. Lewis.

[*Translation*]

Thank you very much, Ms. Larouche.

[*English*]

Mr. Masse, you have six minutes, please.

Mr. Brian Masse (Windsor West, NDP): Thank you, Mr. Chair. It's nice to be here.

Mr. Skolrud, I just want to make sure I have your position correct. You're concerned about a bill like this because it could act as a disincentive for innovation. Is that correct? Did I hear that correctly?

Dr. Tristan Skolrud: Yes. That's the cost that I identified.

Mr. Brian Masse: You mentioned some low-hanging fruit that isn't being accessed right now. If there was some movement on this bill, and if it did actually provide some targeted incentives for that low-hanging fruit, would that be of interest in the sense of a temporary measure to bridge the gap? I'm from the auto industry. We've been dealing with incentive models and so forth for a long period of time.

Do you think that's a reasonable bridge between the two?

Dr. Tristan Skolrud: Oh, absolutely. I wouldn't even consider it to be a bridge. I would consider it to be a good practice to leave in place. If a farmer is subjected to higher carbon taxes through grain drying, they should have the ability to implement 4R at a higher rate, for example, to reduce emissions that way at a cheaper cost. If they could offset the carbon tax they are paying in grain drying by substituting some other practice that they could see a benefit from in terms of carbon tax revenue reductions, that would be a win-win. It would also lead to fewer greenhouse gas emissions.

Mr. Brian Masse: Okay. Excellent.

I'm going to move to Mr. Gray and Mr. Lewis.

With this bill laid out the way it is, if the amount of money even allowed farmers to plan for 10 years in terms of that relief, do you think there's enough in here to make it meaningful, especially if it is targeted to those things that actually reduce emissions and provide some relief for our farmers?

Perhaps I'll start with you, Mr. Gray, so that you're not left out, being virtual, and then I'll go to Mr. Lewis.

Mr. Richard Gray: I believe that certainly a 10-year window is a time to respond to some of these, but again, you have to identify the specific technologies. You can't talk generally. There have to be specific technologies that are developed or in the wings, if you like, that can be implemented.

I'll leave it up to Todd to mention specific examples, so I'll pass on that, thanks.

Mr. Brian Masse: That's good. I'm a big fan of the carrot-and-stick approach, as long as you have the appropriate ones available, so that was a great answer.

Mr. Lewis, please.

Mr. Todd Lewis: To go back to the example from the professor about offsets and so on, and the recognition of it, that's an important part of what producers want and need to see, but that needs time to be developed as well. We're not there yet, but we are paying this carbon tax today. It's coming out of producers' pockets today, right as we speak.

This year's drying costs are increased because of the carbon tax. I think that's an example of something that very practically is pinching producers' ability to invest in new technologies before we even get some of these technologies off the ground. That's what farmers are saying: Let's get these programs developed, and then we can offset and do those kinds of things.

However, the carbon taxes come first, and that's very difficult for producers to deal with, because it's money out of their pockets today.

Mr. Brian Masse: With interest rates rising as well, borrowing for innovation is going to become a greater struggle. We should probably be looking at low interest rate loan programs or something along that line, because that's a concern.

I'm also worried that if it's not dried properly, you've just wasted all the greenhouse gas emissions and all the environmental and other things beforehand, and if it gives a damaged product, that's a complete writeoff altogether.

Is it fair to say that sometimes farmers struggle to decide on how much to do in terms of the associated cost to their products? Is this something that's happening out there or not?

Mr. Todd Lewis: We have examples. I know people who haven't bought new dryers because of the cost involved. They're not cheap things to buy, and they're not something that's used every year in a lot of grain operations, so they stick with the old dryer. Once again, they're paying the carbon tax on propane.

Typically, natural gas dryers are more efficient than propane ones. Natural gas costs a lot of money to have brought on site to a lot of farms. Those are just examples of programs that could help bridge the gap until the new technologies are here, but as it sits right now a lot of producers are having trouble funding more efficient grain dryers.

Mr. Brian Masse: It's very significant. Thank you.

Is that all the time, Mr. Chair?

The Vice-Chair (Mr. John Barlow): You have about a minute left.

Mr. Brian Masse: I have one last question for Mr. Lewis.

Excuse my ignorance on this, but is there a preferred technology at this point in time? Do we have a leader in innovation for the dryers in Canada, or is this almost all foreign purchasing products that we have to do for those things?

● (1620)

Mr. Todd Lewis: It's in Canada. I think there's going to be a made-in-Canada solution. With the innovative manufacturers and so on that we have in Canada, if there's a solution to be had it will be found here in Canada, I believe, anyway.

The other part we can't forget about is the livestock heating. It's vastly important as well, and they're paying that. As I said, when it's 40 below outside, you've got to have the temperature turned up for your chickens. There are better building codes and everything else. Producers are making the investments in better buildings, better heating and more efficiency—just like you are in your homes—but at the same time they have to have it and that cost is really hurting a lot of producers.

Mr. Brian Masse: Thanks for returning us back to that conversation.

Thank you, Mr. Chair.

The Vice-Chair (Mr. John Barlow): Thank you, Mr. Masse.

We will now go back to the Conservatives.

[*Translation*]

Go ahead, Mr. Lehoux. You have five minutes.

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

I'd also like to thank the witnesses.

Mr. Lewis, there's a lot of talk about carbon sequestration and the lack of recognition of it. If we actually accounted for all the sequestration that farmers and producers are doing right now, do you think we'd be close to net zero?

[*English*]

Mr. Todd Lewis: I am a former president of the Agricultural Producers Association of Saskatchewan, and some of the research we did showed that in some cases farmers are not only net zero; they're net positive if we can get sequestration recognized.

It's not just in crop production. Our livestock producers are some of the best managers of grasslands anywhere in the world. We're world leaders in it as well, and it's not only in western Canada. It's in eastern Canada as well. Our producers are world leaders in it, and recognition of that will be really important in getting to net zero.

[*Translation*]

Mr. Richard Lehoux: I think the answer you gave is very clear.

Farmers are already feeling the effects of the carbon tax for this season, and it will be even worse next year. We're talking about $45,000 more in carbon tax. What could a farmer do with that amount of money?

We just talked about sequestration, which is judged negatively and not recognized, and the corresponding carbon volumes are taxed again. What could an average farmer do with that money?

[*English*]

Mr. Todd Lewis: It could be something as simple as buying a new tractor, for instance. They could make a payment on a new tractor and maybe buy a new tractor. Chances are that new piece of equipment has a level four engine as opposed to a level one engine, so their emissions are actually being reduced with that investment in the new technology.

They maybe have a variable rate program for their air drill. That's another example of something that can lower your carbon footprint. There are lots of opportunities if you have the money in your pocket. It's more efficient, and that's what farmers are looking for—the drive to more efficiency—because they save money. If farmers have the money in their pocket, it doesn't go in the bank—it gets spent. That's the one thing with farmers: If the money's there, they spend it. Typically it goes to driving new equipment, and new equipment is more efficient.

[*Translation*]

Mr. Richard Lehoux: Along the same lines, the problem for some farmers is investment. Should there be better investment support for all producers? Some of them are a little less up to date and efficient in terms of technology.

[*English*]

Mr. Todd Lewis: If the programs are in place for producers so they can get into the technology, they will take the opportunity to do so. It's a big step to make those investments, especially in the larger equipment. Even small things like improving the insulation in your barn can make a huge difference in your heating bill. If they have the money in their pockets to do it or a program perhaps to replace furnaces—those kind of things—it can make a huge difference in the carbon footprint of small and big producers.

● (1625)

[*Translation*]

Mr. Richard Lehoux: Professor Gray, we talked about carbon sequestration earlier. Based on your research, why aren't farmers' on-the-ground efforts in carbon sequestration better recognized?

[*English*]

Mr. Richard Gray: It comes back to the very early decisions that were made in the international accords. At that time, we didn't know a lot about emissions or sequestrations from agriculture, so they got excluded. Because they were excluded, it's a bit like the qwerty keyboard on a typewriter in that it never really got changed. Some of it comes from the fact that we have an international agreement that was set up at a time when we didn't understand enough about agricultural emissions or sequestration.

The Vice-Chair (Mr. John Barlow): Thank you very much, Mr. Gray.

Merci beaucoup, Mr. Lehoux.

To wrap us up for this panel, we have Mr. Louis for five minutes, please.

Mr. Tim Louis (Kitchener—Conestoga, Lib.): Thank you, Mr. Chair. I appreciate that. I'm busy typing so many notes that I forgot it was my turn.

I want to thank all the witnesses for being here. I appreciate it.

I will turn to the Canadian Federation of Agriculture, the other Mr. Lewis.

We've mostly heard concerns about carbon pricing regarding grain drying. You mentioned today that we don't have alternatives to reduce GHG emissions in that regard. I wanted to focus more on barn heating. We mentioned it a bit. We heard from Dr. Gray about the use of heat pumps to reduce the footprint in heating use, as well as some lower-tech solutions.

What alternatives exist? What is the uptake right now? How can we incentivize those things?

Mr. Todd Lewis: When it comes to things like barn heating.... If you look at just common residential practices, when you ask people to improve the efficiencies in their homes, you get better insulation, more efficient furnaces and those kinds of things.

Water heating is also important in a lot of livestock operations—dairy operations and so on. It's a package that I think is available. At the same time, you have to realize that a lot of modern agriculture is already at the top level, with well-insulated barns, using efficient heaters and everything else, so recognize that.

If you're using the best technology available, it's hard to improve on it. I think that's some of the frustration farmers are feeling. There are always improvements that can be made, but when you're paying the carbon tax on something like all your natural gas, and you're already at the top level of barns—your barns are brand new and your furnaces are brand new—then the fact that you're still paying the carbon tax is very frustrating for producers.

Mr. Tim Louis: Thank you for that.

Would you be in favour, then, of working together with the government on some programs that would incentivize taking these measures to lower emissions?

Mr. Todd Lewis: Absolutely. Farmers, our producers, are, as I said in my previous answers, interested in being more efficient, because of course any improvement puts money in farmers' pockets.

Mr. Tim Louis: Thank you for that.

You also mentioned, Mr. Lewis, that agriculture in Canada is wide and varied. Those are your words. The federal price on pollution is being applied only to provinces that don't have their own price on pollution. Any province or territory can design their own system that's tailored to their needs, geographically or otherwise. Most provinces have done so.

What kind of advocacy or conversations has the Canadian Federation of Agriculture had with the four provinces that have not taken action? Have you had meetings? Have you asked for more localized solutions from the provinces?

Mr. Todd Lewis: Farmers really can't be involved in the negotiations between the provinces and the federal government. It's between the provinces. We all want to see co-operation between governments.

It's important to remember that the four provinces that don't have those agreements really represent a vast percentage of the agriculture in this country. We're caught, in agriculture, in a spot where we don't have those agreements. We don't see the co-operation, and farmers are caught in the middle now, paying this tax. We're hoping to see the provinces and federal government work it out, but it's really a difficult spot for farmers to be caught in. It has cost us money out of our pockets.

When we compare it to the provinces that have agreements in place, it creates an unlevel playing field. It's difficult for farmers. This country is vast, and we are competing not only with farmers in other jurisdictions but across the nation. The farmers who are paying the carbon tax feel the pinch. It's a competitive issue for many of those producers.

● (1630)

Mr. Tim Louis: Would you see an advantage to working within a province to try and specialize needs within that province?

Mr. Todd Lewis: Absolutely. That's a good and practical solution, but for farmers to try to get provincial and federal politicians to co-operate is a big ask.

Mr. Tim Louis: I understand, and I appreciate your advocating for me.

I had more questions, but I'm out of time.

Thank you.

The Vice-Chair (Mr. John Barlow): Thank you very much to our witnesses, as well as to my colleagues for some great questions today.

We will now recess for a few minutes to switch up our witness panels. Everybody can take a bit of a break. I know my Apple watch is telling me now to stand up.

To our witnesses who are here by video conference, Mr. Lewis and Mr. Annau, thank you very much for all your testimony. Your knowledge is much appreciated. Thank you very much for being here.

We'll take about a five-minute break.

● (1630)

_____(Pause)_____

● (1635)

The Vice-Chair (Mr. John Barlow): I call the meeting back to order.

We are going to be able to extend the meeting until about a quarter to six, so we'll be able to have an extra 15 minutes to try to get the two rounds in, if possible. We have four witnesses, which makes it a bit tighter for time, but we wanted to make sure we could get all of these people who wished to be a part of this study. We'll try to move things along as quickly as possible.

I apologize to my colleagues, because I know they have heard this many times, but for the benefit of our witnesses, today's meeting is in a hybrid format. The proceedings will be made available via the House of Commons website, and the video will always show the person speaking, rather than the entirety of the committee. Screenshots and photos of your screen are not permitted during the meeting.

Members and witnesses, you may speak in the official language of your choice. Interpretation services are available. If interpretation is lost, I will, unfortunately, interrupt and cut you off until we can get it back up and running and resume the proceedings.

Before speaking, please wait until I recognize you by name. If you are on the video conference, please click the microphone icon to unmute yourself. For those in the room, that will happen automatically.

When speaking, please speak slowly and clearly for the benefit of our translation team. As a reminder to all the witnesses and, of course, my colleagues, please direct all of your questions and comments through the chair.

I would now like to welcome our witnesses for today. Appearing today via video conference, we have Mike Medeiros, president of the Canadian Mushroom Growers' Association. He's joined by Ryan Koeslag, the executive vice-president and chief executive officer. We have from Mountain View Poultry, Hessel Kielstra. From the Ontario Federation of Agriculture, we have in person Peggy Brekveld. From the National Cattle Feeders' Association, we have James Bekkering, also via video conference.

I'm sure most of you know most of these folks. We've met many of them before, and we thank them very much for taking the time to be back with us today.

To keep things moving, I will start with our first presenter. For those of you on video who have never been with us before, I will put my hand up when you have about a minute left, to give you that minute warning to end your presentation. You each have five minutes.

We'll start with the Canadian Mushroom Growers' Association and Mr. Medeiros and Mr. Koeslag. I'm not too sure who's going to be giving the presentation—it's Mr. Koeslag. Thank you. I know we're having some issues with Mr. Medeiros's sound, so we may have to interrupt if we cannot ensure that it is working for translation.

Mr. Koeslag, please go ahead. Your five minutes start now.

● (1640)

Mr. Ryan Koeslag (Executive Vice-President and Chief Executive Officer, Canadian Mushroom Growers' Association): Perfect. Thanks very much for the invitation to appear today and speak in favour of Bill C-234.

My name is Ryan Koeslag, and I am joined today by Mike Medeiros, president of the Canadian Mushroom Growers' Association and a mushroom grower. Our association is a member of the Agriculture Carbon Alliance and the Canadian Federation of Agriculture.

For those who are not aware, Canada has a strong, adaptable and high-tech mushroom sector that contributes over a billion dollars to the Canadian economy. Canada grows over 150,000 tonnes of mushrooms annually, and mushroom farms are a big job creator in Canada, creating over 6,400 jobs with competitive wages. Although robotic technologies are being explored, almost all mushrooms are currently picked by hand, and we experience some of the greatest labour shortages in agriculture.

Canadian mushrooms grow 24-7, 365 days a year, supplying nearly all of the fresh mushrooms found in grocery stores across Canada all year round. We export 40% of what we grow to the United States.

Let's think about that for a moment. How many crops in Canada are grown 365 days a year? To grow crops in Canada during the winter, growing rooms must be heated. The carbon tax is adding additional costs to our farms for uniquely growing food in this country during the Canadian winter. Although mushrooms are grown indoors in climate-controlled buildings just like greenhouses, mushrooms were not exempt from the carbon tax. The Canada Revenue Agency has been unable to provide real reasons for why the greenhouse exemption that has been in place for a couple of years now wasn't applied to mushrooms, as the mushroom sector experiences some of the same cost factors as greenhouses, and large concentrations of mushroom farms are located right next to the major greenhouse growing regions in Canada.

With no alternative fuel sources currently available, our farms are unfairly penalized by the carbon tax. We support Bill C-234 for items like the heating of agriculture facilities for growing purposes, and see the carbon tax increasing the cost of production in areas like heating, transportation and other inputs.

I'll pass the floor over to Mike Medeiros, the president of the Canadian Mushroom Growers' Association and a grower at Carleton Mushroom Farms, located just south of Ottawa.

Mr. Mike Medeiros (President, Canadian Mushroom Growers' Association): I would like to thank everyone for inviting us here today as well.

I'm the president of Mushrooms Canada, and I operate a mushroom farm about 30 minutes south of Ottawa, near the village of Osgoode.

Ours is a second-generation family farm, where I farm with my brother and other key family members.

My farm currently pays carbon tax in excess of $150,000 a year. We have examined the rebates offered, and we have been unable to access any rebates, or we found them too little to offset the costs.

With a new tax here, and a difficult year, with costs over and above the increasing heating and inflation costs—transportation and compost have doubled in many cases—as farmers we are expected to absorb all these expenses because we're price-takers, unable to pass on the cost to the retailer and consumer.

The carbon tax is added directly to our farm inflation costs, not to mention the ongoing precautionary COVID-19 measures. Mushroom farms are extremely efficient and sustainable, with a low carbon and water footprint. We know this through a study conducted in partnership with the Mushroom Council in America, which places mushroom growing as having one of the lowest carbon footprints for food sources.

Mushrooms are an extremely healthy and nutritious food source grown in Canada, and we use recycled material such as straw and poultry manure to turn into compost.

Again, our industry supports Bill C-234, and we are happy to answer any questions you may have.

Thank you.

● (1645)

The Vice-Chair (Mr. John Barlow): Thank you very much.

We will now move on to Mr. Kielstra for five minutes, please.

Mr. Hessel Kielstra (Mountain View Poultry Farms): Thanks, Mr. Chair, for allowing me to speak to the committee. I will just read through what I sent earlier.

I strongly support Bill C-234. As you are reviewing the impact of the carbon tax on various farm industries, I would like to point out that it challenges the very viability and sustainability of our poultry operations in the province of Alberta.

In particular, I struggle with the application and impact of the carbon tax on the natural gas we use in our farming operations as we raise broiler chickens.

It increases the cost of raising broiler chickens, and we can recover these increased costs partially with price increases, but really, most of them won't be recovered. It is a burden on our operations. It is also at cross-purposes with the intent of the carbon tax. If I understand the intent and philosophy behind the tax, it is meant to reduce the use of fossil fuels.

Herein lies the conundrum for us. We need to use a certain amount of natural gas to heat our barns to a certain temperature, 30°C to 31°C, and sometimes even higher in order to raise chickens and get them into the food chain. If we follow the intent and philosophy behind the carbon tax and reduce the needed temperatures for raising chickens by cutting back on natural gas, we will have chickens that suffer. Most of them will die because of lack of proper temperatures. This in turn would leave us vulnerable to charges of animal cruelty, so we obviously will not and cannot reduce our consumption of natural gas.

As a committee filled with intelligent individuals, you all will understand that we cannot follow the full intent and spirit of the legislation.

Please change the legislation via Bill C-234, and remove the carbon tax on natural gas that we and other farmers specifically use on chicken broiler farms. We have always felt honoured to be in the position to provide Canadian consumers with quality chicken meat, and we wish to continue to do so.

As for financial viability, we face the following. Every $10 per tonne of carbon tax costs us significantly more each month, and when the cost goes to the intended level of $170 per tonne, our cost will rise to an average of approximately $40,000 per month, or approximately $480,000 per annum.

These levels of carbon tax will destroy the viability of our chicken operation and many other operations in the chicken industry. This definitely was not the intent of the architects of the carbon tax. These are the unintended consequences that can occur even with the best intentions and that must be subsequently corrected and fixed.

Hopefully this helps you in your deliberations. If necessary, I'm available in a number of different forms. I also took a page to show what we paid in the last year. We paid in the last 12 months $106,000. At the projected price of $170 per tonne, that will come to $475,000.

It's a problem for us and for many others. I think most of it speaks for itself, but we can dive into more particulars in other ways. We would love to see this removed. Always remember that no matter what we do, we still have to pay the bill for the utilities we consume. This is just an extra tax on us of $475,000 in some years to come—but right now it's at $106,000.

The Vice-Chair (Mr. John Barlow): Thank you very much, Mr. Kielstra. I'm glad we were able to fit you in on this committee, and we appreciate your testimony.

Now we'll go to Ms. Brekveld for five minutes please.

Ms. Peggy Brekveld (President, Ontario Federation of Agriculture): I'm happy to be here in front of the committee again, this time to speak in favour of Bill C-234.

The OFA and its 38,000 members strongly support this bill and the amendments to the Greenhouse Gas Pollution Pricing Act. We are confident that expanding the list of qualifying farm fuels to include natural gas and propane, as well as amending the definition of eligible farm machinery to allow those fuels to be used to provide heat to dry grain and raise or house livestock, will make a difference.

This will have an immediate positive impact on the livelihoods of Canadian farmers and their ability to respond to the greenhouse gas reduction targets.

You have heard a lot about the negative impacts of the fuel charge on grain drying from both the provincial and national organizations. We're going to leave it there. We agree with their comments.

Today I would like to focus on the impacts on indoor livestock operations. The fuel charge has placed a significant and disproportionate financial burden on indoor livestock farmers in Canada. Similar to grain drying, livestock farmers, like poultry, swine and aquaculture operations, have limited ability to pass these added costs to the consumers. You heard that from someone else as well. They also have limited technology alternatives to reduce their consumption of fossil fuels without compromising growing efficiencies and animal welfare. I think the animal welfare one is pretty key.

I'll provide this example. This year, the fuel charge added just under $10,000 to one turkey farmer's cost of production. That's significant to him. It's not an old and inefficient operation. In fact, he's already insulated the walls and ceilings of the barn and sought out energy efficiency where it makes financial sense. Why did he make those changes? It was primarily because government incentive and cost-share programs allowed him to meet the threshold for change, and the return on investment was reasonable. With $10,000 this year and a projected $32,000 per year by 2030, those amounts of fuel surcharges will significantly impact his ability to do any further efficiencies that might exist.

Farmers are very good at math. If a new technology is available and the payback is appropriate, they will adopt it. With an incentive over a penalty, that uptake will be even faster. Making changes in a low-margin, high-risk business environment takes incentives, not penalties.

There are alternatives—you have talked about some—but farmers have concerns. Are they easy to fix? Are there established and robust supply chains for parts? Are there repair technicians in every part of the country that can come out at 10 p.m. to fix it? If there aren't, quality can be damaged and animals may suffer. Also, do they have a return on investment that farm businesses can work with? Are they any better or are they simply shifting the carbon emission to something else?

These are questions that farmers have. That's why we say there are currently no significant viable alternatives. There needs to be a transition.

The nature of agriculture production means that farmers are always looking for ways to reduce costs and improve efficiencies. However, most technologies do not eliminate the need for fossil fuels in agricultural production. In the agricultural sector, the cost of energy alone, without the fuel surcharge applied, is already a significant price signal that drives improved efficiencies and reduced consumption.

As I indicated earlier, incentives are powerful and proven mechanisms to help accelerate the pace of technology adoption in the agricultural sector compared to penalties. Removing the fuel surcharge will free up capital that can be leveraged with cost-share programming to invest in innovations that can reduce emissions from the farm.

The last thing I'd like to add is that the point of a fuel surcharge is to change behaviour. Farmers must heat or cool their barns. Completely changing this behaviour is not a realistic option. In fact, when the pricing actually drives the price margin down to nothing, it drives people out of business.

Last week I was here talking about global food insecurity. You can't have both. Farmers still have to make a profit, otherwise they will just stop farming. We have to be careful with that. If Canada has a desire to impact global food insecurity or even feed our domestic markets, that isn't the change that anyone wants to see happen.

● (1650)

Again, we support the bill, and we look forward to further conversation on this.

The Vice-Chair (Mr. John Barlow): Thank you very much, Ms. Brekveld. I appreciate your testimony.

Now we'll go to Mr. Bekkering for five minutes, please.

Mr. James Bekkering (Board Chair, National Cattle Feeders' Association): Thank you, Mr. Chair.

On behalf of the National Cattle Feeders' Association, thank you for the opportunity to appear before the committee on Bill C-234.

The National Cattle Feeders' Association is the voice of Canada's cattle feeders. We work to improve the growth, sustainability and competitiveness of the beef sector in Canada so as to provide a safe, high-quality and accessible beef supply to Canadians.

My name is James Bekkering. l am the current board chair of the National Cattle Feeders' Association. I also own and operate a cattle feedlot in Taber, Alberta. My feedlot includes a feed mill where I steam flake grains for cattle.

Cattle feeders are a critical part of the beef value chain. As a feedlot owner, I receive cattle from cow-calf operations when the animals are between 400 and 800 pounds, and then feed the cattle a high-energy diet to promote weight gain. When the cattle reach a weight of 1,300 to 1,600 pounds, they are sent for processing.

Canada's cattle feeders are global leaders in sustainability, producing more pounds of beef using less land and less water and emitting fewer GHGs. Environmental stewardship is a critical component of the beef industry's sustainability.

Canadian farmers compete globally and require governments to maintain a business environment that fosters success. Canada's regulatory policy and taxation requirements must track alongside those of our international competitors. As such, the NCFA has followed Bill C-234 with interest and strong support.

The NCFA encourages the government and the opposition to expedite the passage of Bill C-234, given the importance of this bill to Canada's agriculture industry. The agriculture sector is currently facing unprecedented challenges driven by supply chain barriers and rapidly escalating inflation, affecting energy and input costs.

The financial relief that the passage of Bill C-234 would provide is of the utmost importance to the beef sector and to the entire agriculture sector. Today's modern cattle-feeding operation uses more than motive fuel, such as gasoline and diesel, both of which are currently exempt from carbon pricing when used on farm. Of equal importance are fuels not currently exempted, such as natural gas and propane.

Bill C-234 would extend the exemption to include on-farm use of these fuels, which are required for day-to-day farming activity, including the heating of processing barns, medical care buildings and equipment shops. These fuels are also used for irrigation and to prepare and process cattle feed, such as steam flaking feed corn, wheat and barley.

Currently there are no viable alternative energy options for farmers to operate these essential elements of their farming activity. In fact, the processing of grains through these methods, such as steam flaking, can create feed efficiencies that in turn deliver environmental benefits. Taxing farmers on these methods of delivering feed efficiency will serve to discourage investment in new technologies—the opposite of where we should be going.

The exemption proposed within Bill C-234 addresses what we consider was a simple but significant oversight when the Greenhouse Gas Pollution Pricing Act was put in place. The act always should have included on-farm use of natural gas and propane as it did diesel and gasoline.

The passing of Bill C-234 will ensure that dollars remain with our Canadian farmers to make innovative investments in their operations. This is not a time we want to be pulling away capital from our Canadian farmers due to legislation that was originally misguided on the use of fuels on farms.

With food prices skyrocketing, we need to return to the farm gate to look for solutions on how to address costs to farmers and thus costs to consumers. The passing of Bill C-234 will signal an important step in that process.

Farmers and ranchers are stewards of their land, adopting the best environmental practices whenever possible. However, to be able to continue to invest in innovations, they need to remain competitive and have the available working capital to do so.

I understand there has also been extensive discussion at the committee table on a sunset clause to the exemption. This supports a mutual goal that we all share toward moving to more renewable and clean energy. However, we ask that any sunset clause contain flexibility for an extension in the case that no viable alternatives are available at the end of the sunset time frame.

Once again, thank you for the opportunity to appear today to contribute to the committee's deliberations on Bill C-234. We look forward to seeing this bill move forward through the remainder of the process.

Thank you.

● (1655)

The Vice-Chair (Mr. John Barlow): Thank you, Mr. Bekkering. I appreciate your testimony. I'll now move on to questions.

The first round will go to Ms. Gladu from the Conservatives for six minutes, please.

Ms. Marilyn Gladu (Sarnia—Lambton, CPC): Thank you, Mr. Chair, and thank you to all the witnesses for being here today. At a time when food security in the world is under threat, what you do is important. It's up to all of us to do everything we can to make you successful in continuing that.

I'll start my questions with the mushroom growers.

Currently, greenhouse operators are exempt from the carbon tax on propane and natural gas at 80%. I understand from your testimony that this exemption doesn't apply to you. The Liberal government is very fond of continuing to say that people receive back more money from the carbon tax than they pay. I just received my climate action rebate for $102.57, when the Parliamentary Budget Officer says the average Canadian is paying somewhere between $1,500 and $3,000.

I'm interested to know how much you paid in the carbon tax in your business this year and how much you got back.

● (1700)

Mr. Mike Medeiros: For this upcoming year, it's not complete yet, but last year we paid just over $150,000 for the year in carbon tax. There was no rebate for us whatsoever.

A couple of years ago, when the greenhouse growers received their exemption, which was up to 80%, I reached out to CRA and wondered why the mushroom industry wasn't included in this as well, considering that when we do our taxes we're in the same code as that for greenhouse growers. Basically, they're saying that because we don't have glass roofs with our facilities, we're not exempt. I know that some of the pot producers don't use glass roofs—they're indoors, like we are—and they're exempt from the carbon tax, so I was disappointed with that. I guess if you're a hydroponic grower, as a greenhouse as well, you'd be exempt, even though you don't have a glass roof.

I made those points with CRA, and they still wouldn't accept my thoughts on being exempted for the carbon tax.

Ms. Marilyn Gladu: It's so surprising, sir, to hear that the government is favouring cannabis producers and discriminating against mushroom producers.

I'll move along to the National Cattle Feeders' Association.

My understanding is that your sector would benefit from the bill as it relates to steam flaking. Can you explain why this is necessary and how much the carbon tax is costing your sector?

Mr. James Bekkering: We are one of the few feedlots in our sector so far that does a steam-flaking process, because we utilize a lot of corn on our farm and it's a more efficient way of processing that grain.

There's been some increase in that as well, and it's essentially adding efficiency to the grain that we're feeding, thus making the cattle more efficient. I just pulled up the numbers and, in our last six months, since our last increase to the carbon tax, our farm in that process alone has paid $14,000, which equates to 75¢ per tonne of grain that we produce.

Ms. Marilyn Gladu: Did you get more back in your rebate than the federal government took?

Mr. James Bekkering: No, we did not.

Ms. Marilyn Gladu: It's surprising. This seems to be the consistent story all the way around.

I'd like to go now to the Mountain View Poultry Farms.

You said that the carbon tax you paid was $106,000 and it's going to be $475,000, so the government will be taking half a million dollars.

Are you receiving more back in rebate than you're paying?

Mr. Hessel Kielstra: I got a cheque of $202.

Ms. Marilyn Gladu: That's $202, and the government is taking $106,000, and it's going to take $475,000.

I'm quite familiar with chicken farms. I actually caught chickens. Let me say, in terms of heating the barns in order to keep your animals alive, are there any viable alternative sources of energy that you could be using other than a fossil fuel?

Mr. Hessel Kielstra: Not really. Historically, we all moved over to natural gas because the furnaces and everything function better. Before that, we all used coal. We could go back to coal, but that flies in the face of everything we're trying to do.

Ms. Marilyn Gladu: Absolutely. I fully agree.

There's no alternative, yet you're being punished.

Let's go to Peggy from the Ontario Federation of Agriculture.

Is your industry given any credit for the many megatonnes of carbon dioxide that all the crops are absorbing?

● (1705)

Ms. Peggy Brekveld: We would love to see a greater acknowledgement of the work that fields and farms do naturally, which is sequester carbon. That's part of the natural plant process. There's still work to be done. We would certainly support seeing that work happen in the future.

Ms. Marilyn Gladu: Right.

So we have crops across the country—plants, grasslands, etc.—that are taking CO2 out of the air, and they are getting absolutely zero credit for that. The Liberal government is then putting a carbon tax on all these farmers, and now they have put a clean fuel standard on there. I think this is a punishment of an industry that's essential.

I'm sorry, Chair. I realize I'm out of time.

Thank you.

The Vice-Chair (Mr. John Barlow): Thank you, Ms. Gladu. That's good timing.

Ms. Taylor Roy, you have six minutes, please.

Ms. Leah Taylor Roy (Aurora—Oak Ridges—Richmond Hill, Lib.): Thank you very much, Mr. Chair.

There are a lot of differences between the farms and the types of data presented here, so let me start with Mr. Kielstra first.

You have a poultry farm in Alberta. You mentioned that today you're paying, as Ms. Gladu pointed out, $106,000. What percentage is that of your overall operating costs?

Mr. Hessel Kielstra: I haven't figured that out exactly, because—

Ms. Leah Taylor Roy: Just take a guess. What are your overall operating costs?

Mr. Hessel Kielstra: Our overall operating costs are around $10 million.

Ms. Leah Taylor Roy: All right, so it's a relatively low percentage.

Mr. Hessel Kielstra: Yes.

Ms. Leah Taylor Roy: You mentioned that it's going up to $480,000, but that's not until 2030. Is that correct?

Mr. Hessel Kielstra: Yes.

Ms. Leah Taylor Roy: I believe next year it's going up to about $125,000. Is that correct?

Mr. Hessel Kielstra: Yes. I'm just showing where we're headed, where it's going.

Ms. Leah Taylor Roy: I understand. I just wanted to clarify that. We were talking about the crunch right now because of the supply chain, etc., on farmers, and I just wanted to ensure that we had on the record that it wasn't next year's cost. It was far out into the future.

As well, with regard to the carbon tax, when you were asked here if you had alternatives, you said, “Not really.” What do you mean by “Not really”? Coal is not a viable alternative, obviously. We all know that, but are there any things that could be done to make the barns more efficient? If you had subsidies from the government, for example, to adopt some of the new technologies, would you be able to do that?

Mr. Hessel Kielstra: Well, we always improve insulation and things like that. That's the type of thing we can do, but other than that it's very limited.

Ms. Leah Taylor Roy: Have you improved insulation in all your barns?

Mr. Hessel Kielstra: It's an ongoing thing.

Ms. Leah Taylor Roy: What percentage do you think you have actually fully insulated to improve efficiencies as much as you can?

Mr. Hessel Kielstra: I'd say 90%.

Ms. Leah Taylor Roy: That's fantastic.

What percentage efficiency did you find when you did that? How much did your fuel costs drop?

Mr. Hessel Kielstra: Oh, it was probably 15% to 20%.

Ms. Leah Taylor Roy: That's great—15% to 20%. It's more than the price that's put on pollution, then, which is good. It shows that....

We were talking about returns on investment. I think it was Ms. Brekveld who was talking about that. I'd like to talk about it in this context. When we're looking at the price on pollution, which is obviously a cost that's added or put on the emissions, not on farmers but on the emissions they've emitted into the environment, I'm just wondering....

You were talking about the return on investments, Ms. Brekveld. Part of the calculation, as I recall from my finance days, is that you look at the costs you're going to save when you calculate whether a new investment is worth making—

Ms. Peggy Brekveld: Yes.

Ms. Leah Taylor Roy: —so the price on pollution, rather than being a misguided policy, was actually one that was done intentionally, to try to capture the true costs of pollution. It's internalizing externality, if you will. When you do that, that allows you to look at your investments from a holistic perspective and see how much you save, if in fact we are looking at what pollution costs us, as well as what you're going to save in immediate costs. In those returns on investment, do farmers calculate the price on pollution that they will avoid by making these investments?

Ms. Peggy Brekveld: When farmers look at an investment, they look at what will be the bottom dollar at the end of the day. This particular farmer, when he decided to do further insulation to his barn, saw a return on investment. He would have recouped the costs in his savings within a year and a half, so was this a wise investment? Absolutely. Even a five-year return, in general terms, would have been a very good return on investment.

Saying that, we still have to live every day. We still have to make a living. The amount of $10,000 a year might not seem like a lot, but it goes up. It continues to rise. It gets to $30,000. At that point, for some people, we actually see that as half of their income.

I can certainly justify making investments, but there is a point at which it doesn't make a lot of sense. There is an opportunity for government to continue to invest and help us adopt new technologies. If you want to do that, we could.

● (1710)

Ms. Leah Taylor Roy: Yes, we have programs like the clean farm technology program as well, and I appreciate that.

Mr. Hessel Kielstra: Mr. Chair.

The Vice-Chair (Mr. John Barlow): I'll stop the clock.

Mr. Kielstra, you can't interrupt unless you're asked a question or unless there's a technical problem.

Mr. Hessel Kielstra: I just misspoke on something.

The Vice-Chair (Mr. John Barlow): Okay, we'll come back to you, perhaps in another round, or maybe at the end I can ask you to clarify what was misspoken.

Ms. Taylor Roy, please carry on.

Ms. Leah Taylor Roy: Thank you, Mr. Chair.

You know, I understand that, and I think that obviously we have to compare the extra cost to what the farmers are going through from the climate events. We are in the middle of doing a study on global food insecurity, and one of the things that comes up time and time again is the impact of climate events on food security and the operations of our farmers, who do an amazing job as stewards of the land.

As I said before, I come from a family with a lot of farmers, and I so appreciate the work they do and the fact that farming is essential to our carbon sequestration, but when you look at the fact that we all have to continue to do more.... We are all in this together, and we all want to make sure farmers don't have to face these climate events, so it's a really tough question. Do we back off the price on pollution, which—

The Vice-Chair (Mr. John Barlow): Thank you, Ms. Taylor Roy. Your time is up. I appreciate that.

[*Translation*]

Ms. Larouche, you have six minutes.

Ms. Andréanne Larouche: Thank you, Mr. Chair.

I'd like to thank the witnesses on this second panel for reminding us how crucial and vital a role they play in feeding us.

Mr. Medeiros and Mr. Koeslag from the Canadian Mushroom Growers' Association, I want to pick up on something you mentioned earlier. To what extent are the greenhouses of the growers you represent heated by fossil fuels?

[*English*]

Mr. Mike Medeiros: If you look at a mushroom farm, basically we have a super structure. The super structure is four inches thick with insulation. Within the super structure we'll have all the growing rooms, and those growing rooms are another four inches of insulation in each room, so they're very well insulated to try to mitigate extra costs. The problem we have is basically the fresh air that's needed. Come winter, we have to bring the outside air temperature up to about 14°C or 15°C. Here in Ottawa, we have winters of -30°C, so I have to take the -30°C fresh air coming in and bring it up to +15°C. That's huge.

About three years ago, my brother and I invested in basically bringing our own natural gas into our facility, which cost us almost $2 million. We were on propane before. Propane isn't as efficient as natural gas. We did that to sustain our future, basically.

We've also changed our routes of delivery, so we deliver four times a week to our retailers versus the traditional six times a week, which saves about 20,000 kilometres per vehicle, so that's another 100,000 kilometres saved to help mitigate the use of fossil fuels.

We're trying our best to do that. The figure I gave earlier was just the carbon tax we're paying on our natural gas and diesel—coloured diesel. All our input costs have gone up, and some of our suppliers have said—

● (1715)

[*Translation*]

Ms. Andréanne Larouche: I'm sorry for interrupting you. You're right, and we can come back to input costs, but I think you've clearly demonstrated that you've worked to find alternatives.

You talked about natural gas and less frequent deliveries. What is the cost of this carbon tax for a mushroom growing operation like yours?

[*English*]

Mr. Mike Medeiros: Basically, the carbon tax we pay is about $150,000 a year, but all the other input costs, like our transportation costs, have excess carbon taxes on them, so when we have trucks bringing us material, they have extra tax on their line item for carbon, and that's something we haven't captured. It's really hard to capture that with all the different invoices.

At the compost facility we have, farmers have increased the price of straw and deliveries. It's all gone up, and it's due to high fuel costs and high carbon taxes, basically.

[*Translation*]

Ms. Andréanne Larouche: We all understand the challenges you face and the importance of this legislation.

Mr. Bekkering, my question is about farm buildings that house livestock. Can cattle producers electrify the heating in barns?

[*English*]

Mr. James Bekkering: In Alberta, all our cattle are currently housed outdoors, so the heating of the barns is not as significant as it is in the eastern cattle industry. The only barns we heat are our medical barns, for treating sick cattle. It's not as significant a part of our operation compared to the eastern cattle industry.

[*Translation*]

Ms. Andréanne Larouche: What challenges do you face in arriving at using greener methods, such as electrifying heating?

I'd also like to know how the government could give you a better hand in moving to cleaner systems and really reward those who are already contributing by having good environmental practices.

[*English*]

Mr. James Bekkering: Some of the challenges that have been talked about previously are the technology and where it's going with electrifying some of the heating devices and their reliability. Someone pointed out that we need to make sure our technology is running at all times. We do not have the people to service some of these newer technologies.

The Vice-Chair (Mr. John Barlow): Thank you, Mr. Bekkering, and thank you, Ms. Larouche.

Now we go to Mr. Masse for six minutes, please.

Mr. Brian Masse: Thank you, Mr. Chair.

I know you were here in 2019. I was thinking about the theme here of fairness in what we're seeing. In 2019, Loblaws got $12 million for fridges. At that time, they had $800 million in profits alone. They got an investment of $36 million, so it was a $1:$3 ratio that year. In 2018, they also got caught hiding money in the Caribbean and paid a tax of $368 million on that. That's not forgetting that this was an organization that had a 14-year history of fixing the price of bread. This is one of the most important staples we have, and it's nothing short of organized crime at the end of the day when you have that type of long-standing organization.

I learned from my other committee that they also magically got rid of their hero pay on the same day as the other grocery store chains. All three of them got rid of it on the same day.

I want to go to the mushroom growers, Mr. Medeiros and Mr. Koeslag. Is this what you're really seeing, an issue of fairness?

Where I'm from, just outside the Leamington area, there are mushroom farms right there, next to greenhouse plants in operation. A lot of money has gone into the investment for it, often using a lot of the same labour skill force in trying to develop it. I was puzzled as to why you can't get an answer from the Department of Finance, I believe it is, about that.

Can you please highlight that? There seems to be a common theme about fairness, but not even getting an answer doesn't sound appropriate.

● (1720)

Mr. Ryan Koeslag: I think those are accurate statements. There has been an issue about fairness, especially when it comes to how some get exemptions and others do not.

In addition to that, as I mentioned, 40% of what we grow goes to the United States, so there is an international competitiveness issue that we run into as well.

With that said, I think these guys have done a very good job of making sure that our industry has been adapting and making those investments to reduce our carbon footprint wherever possible. In addition to that, we always need to recognize that this is an industry that is already recycling material and growing food on it, too. That's maybe often the case in agriculture, but that's not being recognized.

It seems that systems are being set up so that they're being punished and asked to pay for things that are deemed bad, but there have been no payments for anything that is a positive, like sequestration and the investments they've made. There has been no recognition, and there's been no payback or benefit to the farmers who are making them, other than for being a good corporate citizen or trying to save the environment for the communities they live in.

Mr. Brian Masse: Loblaws in this situation got basically $1 of taxpayers' money for every $3 they put in. Does that sound a little generous to you? Are you looking for that, or are you just looking for a little more balance in terms of what's been invested? That's where the bill comes in. Does the bill finally provide some balance?

Mr. Ryan Koeslag: I'll let Mike answer that.

Mr. Mike Medeiros: It doesn't seem very fair whatsoever. When we did our transition to natural gas from propane, we were able to tap into a fund. Basically, we got $24,000 to help offset the cost of switching from propane to natural gas. It cost us upwards of $2 million to do that, but we knew we needed it to stay viable. It was part of our future if we wanted to be sustainable moving forward.

When Dad started the farm here back in 1984, oil was really cheap. All our input costs now are through the roof, so we needed to do what was best, and natural gas was the best.

Anything that could be done to help us would be tremendous, but we don't get 33¢ on the dollar, basically, for anything we put in. We definitely don't get that.

Mr. Brian Masse: Yes, your ratio is nowhere to be compared in that.

I want to move to our guest, Ms. Brekveld.

With regard to some of the innovation that can be done, one thing I asked a previous panel was about the increased cost of borrowing right now.

How do you think that's going to affect farmers, with not only inflation, but also increased borrowing rates, which the Bank of Canada is talking about doing?

I think one witness appropriately mentioned that if there is a 10-year window, maybe have a review so you can give a heads-up. For the SR and ED tax credits and writeoffs, for a long time.... There is finally a system in place to give a heads-up for these things.

How important is it to have low-cost borrowing and amortization over a number of years? Is it a concern now, with the rates going up and the cost of inflation, to make investments that are going to make it cleaner and greener now?

Ms. Peggy Brekveld: Borrowing costs are very significant to agriculture. In fact, many farmers have borrowed to their limit. There are several options in borrowing. With some of them, I'm not always sure they are the best plan, because sometimes farmers go too deep.

I have significant concerns about the interest rate and the continuing renewal of loans. As a federal government, with Farm Credit Canada being a part of your package, I think this is something you need to keep your eyes on.

I'll also say that farmers can't do it without profitability. Whatever we do, including trying to find ways to be innovative and reduce costs, we're always looking at.... Yes, we love the land and we love to farm, but at the end of the day, we still have to make a profit. We can't do it for free.

Earlier, Ms. Taylor Roy—

The Vice-Chair (Mr. John Barlow): Thanks, Ms. Brekveld, and thanks, Mr. Masse.

I'll turn it back over to Conservatives and Mr. Steinley for five minutes, please.

● (1725)

Mr. Warren Steinley: Thank you, Mr. Chair.

I'll be splitting my time with Mr. Lehoux. We'll do two and a half minutes each.

I would really like to let Mr. Kielstra finish what he was going to say. He wanted to correct the record on something, so I'll give him some of my time to make sure he has the appropriate information that he wanted to get out there on the record.

Mr. Hessel Kielstra: When I was asked the question about the cost and the ratio, I gave a figure of $10 million, but that's more of a fully operational thing. I'd have to take the question under advisement to give a proper answer, because that one is the wrong answer.

Mr. Warren Steinley: Thank you very much.

I'll continue with a couple more questions, Mr. Kielstra.

You were asked earlier how many of your barns you had upgraded with insulation and everything. The cost was probably significant. Was it more or less than $106,000 a barn to upgrade with insulation? I don't know if you had better windows, too.

What amount of money did those upgrades cost? Would the carbon tax that you paid cover those costs?

Mr. Hessel Kielstra: They would have largely covered the costs, because it would be barn by barn. There are about 15 barns. Two years ago, we had a barn burn down, and we went with a whole different style of barn, with tilt-up concrete. That is a lot more energy-efficient than the older barns.

It's a moving target. We have thought about the money that's available under the federal government's program, whatever it's called, where there's money available because of the rate agreements. We've thought about trying to enter into some of that to probably replace a few of the barns.

Mr. Warren Steinley: Thank you very much, Mr. Kielstra. I will just end with one comment, which is that you can see that producers, farmers, do reinvest in their barns when they can. When they have money, they reinvest it to make them more environmentally friendly, and it doesn't take a government program to do it. Producers do it because it's the right thing to do for the health of the herd and for the environment. Sometimes, if you just put the money back into the producers' pockets, they're going to do the right thing with it.

Thank you.

The Vice-Chair (Mr. John Barlow): Mr. Lehoux.

[*Translation*]

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

I'd like to thank my colleague Mr. Steinley for sharing his time with me.

Mr. Bekkering, in your opening remarks, you talked about steam flaking, which has a significant impact on food processing in your feed lots. Are you able to estimate the costs that this steam flaking can cause, in addition to the carbon tax that's being added and will increase?

[*English*]

Mr. James Bekkering: Currently, for every tonne of grain we process, the carbon tax alone is 75¢. When we increase it going forward, it will be $2.50 per tonne. Right now we gain efficiencies by doing the steam flaking. It is still cost-effective for us to do this process because of the high commodity prices we are currently seeing. If commodity prices go down again and these costs increase, the percentage of the cost of that commodity increases as well, so then it may stop being cost-effective for us to do that.

[*Translation*]

Mr. Richard Lehoux: Thank you.

Ms. Brekveld, from the Ontario Federation of Agriculture, we talked earlier about carbon sequestration with other witnesses. If we recognized carbon sequestration for all the agricultural products served by your federation, would that have a significant impact?

[*English*]

Ms. Peggy Brekveld: I believe it will make a significant difference. I think it is a part of the conversation on ecological goods and services. There's opportunity to balance the fact that we are growing food and that we sequester carbon at the same time, as we need some energy to make it happen. I really think there's a big part to play in agriculture by continuing to sequester and being a part of that conversation.

[*Translation*]

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

[*English*]

The Vice-Chair (Mr. John Barlow): That's time. Good job.

Could I ask everybody to mute your microphones if you're in the room or online, when you're not speaking? It's causing a bit of feedback for our interpreters, so could you, if you don't mind, keep an eye on that? Thank you.

Now we go to Mr. Drouin for five minutes please.

● (1730)

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

I want to thank all the witnesses who are here blessing us with their presence in this room, and those who are in virtual mode. My first question will go to Ms. Brekveld.

Thanks for coming here. One of the questions this committee has been debating is with regard to barn heating. Of course, we've heard some of the issues with mushroom farmers and some with poultry farmers. Are there any other sectors that are being impacted by this, where technology may not yet be available and where carbon tax would represent a significant cost to their operations?

Ms. Peggy Brekveld: I will give you an example from a phone call I got this weekend from aquaculture—indoor fish farming. They talked about the fact that they are using some wonderful technologies to reuse the energy they're producing and using the heat once again, but they are still paying the carbon tax on top of that. It is pushing out some of the warm-water fish production from here in Canada. It has real consequences.

Mr. Francis Drouin: As this committee is considering Bill C-234, I would love to get in touch with them and find out a little more in terms of the impact this is having on cost.

I won't ask you about grain drying. I think we've had enough testimony to discuss this.

My next question is for the mushroom growers' association. Mr. Medeiros, thanks so much for appearing before our committee. Ryan, it's great to see you virtually. I appreciate your being in front of this committee.

I think mushrooms are a testament to the innovation that can happen in a sector. I know I was at Whitecrest Mushrooms' operations down in Putnam. Robotics are playing a huge role in helping solve the labour challenges that are happening in ag in general. I know they're working on amazing stuff to reduce their energy emissions.

Are there any other types of projects where your sector is working, particularly on trying to reduce energy within their buildings? I know everybody talks about the carbon tax going up to $170, but are you working actively with suppliers to say, "Okay, we have this price signal coming up in 2030. How are you helping me reduce my energy costs?"

From my own perspective, I have met some companies that are actually doing that in the marketplace right now. I am just wondering if you guys from the mushroom growers' association are actively working with these types of companies out there.

Mr. Mike Medeiros: Earlier, when I said we had reduced our deliveries.... I worked with my retailers for that, to allow deliveries four days a week, so we were able to save about 100,000 kilometres a year doing that.

The next project that our facility is looking at doing is a new indoor compost facility that's looking at using more electricity than fossil fuels. We're also recapturing any exhaust heat to use for heating.

The interesting thing is that my partners and I are looking to do this new facility, and there is no funding for it to help out. This is all on our dime because it's a new company, so there is nothing out there that helps new businesses to be energy-efficient. For anything out there, they want you to have been in business for three years, so if you decide to start a new business or company to be more energy-efficient, there is nothing out there that you can tap into to help out. Basically, we're taking a big chance on doing this, but it's the right thing to do. We believe in that, so we're trying our best.

Mr. Francis Drouin: Yes. I'm happy to have this chat in terms of a new company. I know that normally you need at least two years of taxable income in order to qualify for either a bank loan or most government programs, but I am happy to have a chat, especially if Carleton Mushrooms is behind that, backing them.

I have a question for the National Cattle Feeders' Association.

Obviously, part of this conversation is that methane is a huge GHG emission. We've had a lot of chats at this committee with regard to 3-NOP. How do you see the sector implementing this widely, and would you see your sector benefiting from programs? Some members have mentioned the agri-tech program here, to help feeders reduce their methane output. Is that something you see as a positive?

● (1735)

Mr. James Bekkering: Yes, as you alluded to, I think some of these newer technologies, such as 3-NOP, would be widely adopted by the feedlot industry, because we can implement that fairly quickly compared to the larger cow-calf sector.

The Vice-Chair (Mr. John Barlow): Thank you very much.

Now, we will go to Madame Larouche for two and a half minutes, please.

[*Translation*]

Ms. Andréanne Larouche: Thank you very much, Mr. Chair.

I'd like to thank the witnesses for joining us.

Mr. Kielstra, you talked, particularly with regard to the chicken industry, about how animals are treated and their welfare, including the importance of heat. I have chicken farmers in my riding who have really raised my awareness about these issues.

I'd like to come back to the question I asked other witnesses. What could help you? Efforts are being made to reward good practices. How could we start a transition and encourage a greener way of feeding ourselves, one that generates less greenhouse gas?

Ms. Peggy Brekveld: Is the question for me or Mr. Kielstra?

Ms. Andréanne Larouche: It's for Mr. Kielstra, but you can answer it, too. I didn't ask you any questions, so I'll give you an opportunity to comment on those good practices.

[*English*]

Mr. Hessel Kielstra: We constantly look for better ways to heat, but it's just very difficult in the winters here when it goes down to -40°C at times. We are unique in terms of the coldness we have to deal with. We'll look at any innovation, though. I would have a whole different attitude towards the carbon tax if a percentage of that went strictly to innovation instead of going to other people. If it went to innovation to fix some of these problems and get to a more zero base, we would embrace that very quickly.

I don't know what else to say about it. People have talked, also, about biomass and stuff. There's a huge infrastructure you need with that, and if you need digesters and things like that, our operations in Canada are not big enough for that, and you won't get the heat you need. We're constantly looking.

[*Translation*]

Ms. Andréanne Larouche: Thank you very much, Mr. Kielstra.

Ms. Brekveld, in a few seconds, do you have anything to add?

[*English*]

Ms. Peggy Brekveld: First of all, incentivize best management practices on the field, in the barn, etc. Second, the question is this: If food is for everyone, then why is it just the farmer who is bearing the brunt of the cost? It's a societal thing—

The Vice-Chair (Mr. John Barlow): Thanks, Ms. Brekveld. I have to cut you off there. I'm sorry about that.

We have Mr. Masse for two and a half minutes, please.

Mr. Brian Masse: Thank you, Mr. Chair.

I'll give Ms. Brekveld the final word here. In terms of generalizing for farmers, where I'm from there is a lot of industry—and I reference Ottawa and so forth. Our workers are also transitioning at home into a cleaner, greener environment, but farmers are doing it on their farm businesses as well as trying to do it in their homes. That would seem like an extra burden to me, coming from an urban area.

Is there a will to do that, and a full-blown culture to do that, but they need extra support to do those things? The auto sector is getting some supports, and purchasers are getting supports to transition and so forth, but they don't have to deal with trying to do this with a home business as well. That seems like an extra burden.

Ms. Peggy Brekveld: There's definitely going to be a time of transition as farmers move towards better practices. They are doing great practices—don't get me wrong. There are lots of good things happening. We can continue to build and grow and be better. There's always room for improvement.

Saying that, the transition has to come with some investment from society and from government, because it is the purse holder of society, often. There are opportunities to help us continue to invest and do more insulation, to continue to buy and enhance grain dryers, etc. There is a lot of opportunity to continue to get better, and there's a place for dollars to come from government, because it will benefit society as a whole.

● (1740)

Mr. Brian Masse: Thank you, Mr. Chair.

The Vice-Chair (Mr. John Barlow): Thank you very much, Mr. Masse.

Since we have another minute or two left here, I just wanted to ask a couple of questions that I think came up during the testimonies that I thought were interesting.

Mr. Kielstra, you mentioned—and I think Mr. Bekkering did as well the concern there would be around animal health as well, which I don't think is a subject we've talked about a lot during this testimony.

Mr. Kielstra, could you tell me, square footage-wise, how big the 15 barns are that you mentioned on your poultry farm? How much energy is needed to ensure you keep that to 30°C, and how important is it to keep that temperature? You probably need a very dependable and reliable energy source. Maybe talk about the importance of that to animal health.

Mr. Hessel Kielstra: The barns are anywhere from 10,000 square feet to 15,000 square feet, but the important thing is that we can have that 30°C to 32°C temperature, and we have to get there in order for those little birds to survive. If there's a faulty furnace or something, it doesn't take much and we have 5,000 little dead chickens. If we'd done this to go with the spirit and intent of the carbon tax, we would have done everything to reduce it, but we can't. We are locked in. Those are the types of temperatures you need in order to raise these little birds.

The Vice-Chair (Mr. John Barlow): That's right.

You were talking about other technology that may be available. Biomass has been talked about. Heat pumps have been talked about somewhat in this committee. Are they commercially viable, or are they there to the capacity where they would be considered an affordable energy source for barns that are, let's say, 10,000 to 15,000 square feet?

Mr. Hessel Kielstra: No. As far as I can tell, they don't measure up.

The Vice-Chair (Mr. John Barlow): Thank you very much. I appreciate everyone's time here today, and I thank you very much for your testimony.

I will now bring this meeting to a close. I'll entertain a motion to adjourn.

Thanks, Mr. Steinley.

We're adjourned. Thanks, everybody.