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# Submission to the Senate Standing Committees Bill C-234, An Act to amend the Greenhouse Gas Pollution Pricing Act



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## Summary

On behalf of the Canadian Mushroom Growers' Association/Mushrooms Canada, representing the over 6,500 full time workers across Canada and the over 150,000 tonnes of mushrooms produced annually, we want to express our support for *Bill C-234, an Act to amend the Greenhouse Gas Pollution Pricing Act*.



*Parliament Hill, who every day supplies the nation's capital with fresh mushrooms. Mike is also Mushrooms Canada's President.*

Mushrooms Canada is a member of the Agriculture Carbon Alliance, a coalition of 15 agriculture associations that support this Private Member's bill.

Our farms grow mushrooms 365 days a year including during the harsh Canadian winters. These winters require heat through the use of natural gas and propane to keep the production of mushrooms flowing to all Canadian grocery stores and into the United States.

The mushroom sector contributes close to \$1 billion a year to the economy. Growth and export potential for

fresh mushrooms is phenomenal, increasing by \$50 million last year alone<sup>1</sup>.

Mushroom farms need to heat and cool our indoor farm buildings in order to feed Canadians and drive our export market. With no alternative fuel sources available, these necessary practices for our farms are unfairly penalized by the carbon tax

Similar to many other agricultural commodities, at this point in time, mushroom farms are seeing a dramatic rise in costs of production for things like machinery, transportation, supplies mushroom farms require such as straw and compost materials and farms are also having issues with farm input availability. This is following a very tough two years where farms have paid huge costs protecting their workforce from the COVID-19 pandemic.

This bill will help keep mushroom farms viable and reduce costs. We implore you to pass this bill in the Senate and to support the government's implementation of the legislation to help keep farmers keep producing food across Canada.

**We are providing some basic facts regarding the impacts of the carbon tax on mushroom farms for your perusal.**

## Mushroom Farm Sustainability

Mushroom producers are passionate about sustainability and their emissions and water usage. A recent independent study by *Reshape Strategies* found that mushrooms are a very low greenhouse gas intensive food compared to other food products. Mushrooms Canada members are actively assessing and working together on a net zero strategy.

The study reiterated, "The carbon footprint of mushrooms is much smaller than most other sources of proteins and vegetables. The carbon footprint of mushrooms is much smaller than most other sources of proteins and vegetables."

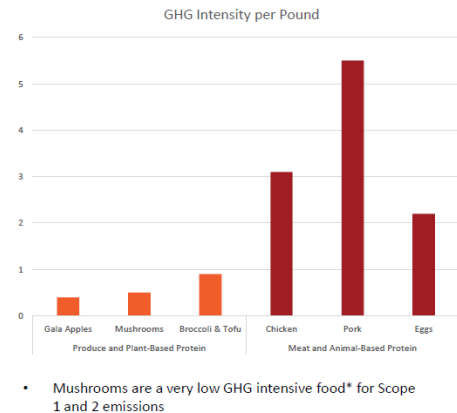
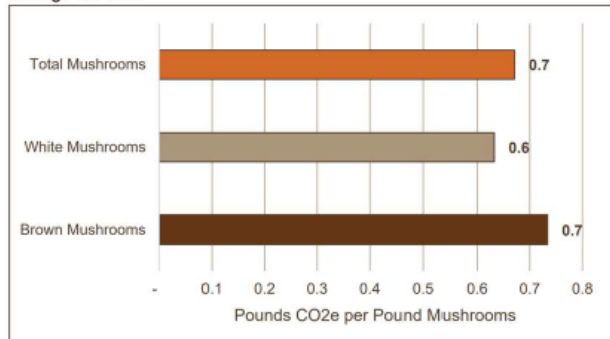
## Mushrooms have 0.5 Kilograms (kg) of CO2 per pound of food consumed.

In comparison:

- Chicken has 3.1 kg CO2 per pound consumed.
- Pork has 5.5 kg CO2 per pound consumed
- Eggs are 2.2 kg CO2 per pound consumed.
- Broccoli and Tofu is at 0.9 kg CO2 per pound consumed.

**A serving of mushrooms is just 0.08 kg of CO2 emissions –only lentils have a lower per serving CO2 emission level.**

**Figure 13.** Average pounds CO<sub>2</sub>e's per pound of mushrooms produced for Phase I composting through harvest



## Carbon Tax Impacts to a Mushroom Farm

With Canada's cold winters, we need to keep the heat on so we can grow affordable food year-round in Canada. This cannot be avoided. The carbon tax is a significant expense for our mushroom farms.

### MUSHROOM FARM EXAMPLE OF COSTS

A medium-sized mushroom farms that employs about 100 people can pay up to \$15,000 in carbon tax each month uses natural gas to heat and cool the buildings where the mushrooms are grown. The carbon tax bills paid are as follows:

- The carbon tax bill is \$9,000 for the month of July.
- The carbon tax bill is \$14,200 for the month of January.
- The total annual cost is more than \$150,000 per year for the carbon tax for one single farm alone.

## Carbon Tax Impacts to the Price of Food and Farm Gate Sustainability Investments

Carbon tax is adding to food inflation. The carbon tax adds up cumulatively within the supply chain increasing the price of food at the grocery store. According to the Dalhousie University, food inflation rates in Canada were 8.9% in April 2023; this is a bigger increase than the United States and Russia.

The cost of the carbon tax is getting passed onto the consumers, but for farmers, much of the carbon tax costs are being absorbed directly by the farms themselves. But there is a limit to absorbing these costs, including the carbon tax, which are increasing too quickly. To remain competitive and environmentally sustainable, farmers need capital to invest in innovations that drive efficiencies, reduce fuel use, and implement best management practices in their operations. The carbon tax is limiting farmers ability to continue to invest in these efficiencies.

## Fairness for All Canadian Agriculture

Greenhouse operations have been exempted from the carbon tax from the onset, but mushrooms were not, even though our operations are extremely similar. The greenhouse sector is using a partial carbon tax exemption called the “Fuel Charge Exemption for Greenhouse Operators under section 36 of the Greenhouse Gas Pollution Pricing Act, and the Fuel Charge Regulation.” Potentially, mushrooms were not specifically listed in the regulations as an oversight.

Mushrooms Canada was made aware of the exemption and that mushroom farms were not included when one of our mushroom farms was offered the *Fuel Charge Exemption for Greenhouse Operators* form to fill out by their energy company. When the form was submitted to the Canada Revenue Agency (CRA) the energy company was told that mushrooms did not meet the exemption “greenhouse” criteria.

In 2020, Mushrooms Canada approached the CRA and requested that mushrooms be allowed to use this exemption, explaining that mushroom is a subsector of the greenhouse commodity. We demonstrated this by pointing out that mushrooms fall under the greenhouse sector within the North American Industry Classification System (NAICS) standard and mushrooms are also accepted as part of the greenhouse sector for the following federal government departments.

- Statistics Canada<sup>2</sup>
- Immigration, Refugee and Citizenship Canada<sup>3</sup>
- ESDC/ Workforce
- Provinces including Ontario
- Academic research institutions including the Conference Board of Canada and the Canadian Agricultural Human Resource Council (CAHRC)

After we shared this information, the CRA official continued to insist that mushroom farms do not qualify because the “buildings are not glass like a greenhouse.” This was an arbitrary decision from someone who doesn’t understand how mushrooms are farmed indoors, and that mushroom farms have all the same production costs and inputs as greenhouses. This is unfair application of an **already existing agriculture carbon tax exemption**, that only one agriculture commodity is currently allowed to use; even though mushrooms a clear greenhouse subsector has the same equally large expenses related to the carbon tax.

**We were also surprised to learn that this greenhouse carbon tax exemption is being used by the marijuana growers, which are accepted as a “greenhouse”, but mushrooms are not.**

This is creating an **unfair playing field for mushroom farms**, where a **greenhouse on one side of the road has a carbon tax exemption**, and the **mushroom farm on the other side of the road** with a similar indoor farm facility, large workforce, and an uncompetitive environment with the American farmers due to the carbon tax, is forced to pay a **climbing carbon tax**.

## Conclusion

In Canada, farmers need to keep the heat on to grow our food. We ask that farmers not be penalized by the carbon tax. We ask that the Senate committees look at this with a broad lens; from a food production and food strategy perspective and that Canadian food production, be considered a priority in a time of world uncertainty.

We respectfully ask that this **Bill C-234 pass** and that **the Senate support implementation of this bill by the Government of Canada**, so Canadian farmers can have equal opportunity to continue to grow food for Canadians and the world as they continue to work on their sustainability and carbon neutral best practices.



What does it take to grow 150,000 tonnes of Canadian mushrooms each year? Watch our **VIDEO** to find out.



## FACT SHEET: Labour Market Information 2021



### CANADIAN MUSHROOM AGRIWORKFORCE

Lots of Job Opportunities on Mushroom Farms.

**6,470 Total Jobs:**

**Mushroom Farms are BIG Job Creators!**

**2,425 TFWP Agricultural Stream Workers**

*mushroom farms are the largest sector employer of TFWP Ag Stream workers*

**194 Mushroom farms** in Canada

### MUSHROOM FARMS COMPETITIVE WAGES & OPPORTUNITY TO GROW:

**Canadians and TFWs paid the same.**

Visit [www.mushrooms.ca/jobs](http://www.mushrooms.ca/jobs)

- **Harvester** Min. to \$20/hr
- **Supervisor** \$18 to \$25.50/hr
- **Packaging** Min. to \$19/hr
- **General Farm Worker** Min. to \$17.50/hr
- **Health & Safety** \$37,400 to \$81,000/yr
- **Human Resources** \$37,400 to \$78,000/yr
- **Grower** \$39,500 to \$83,000/yr
- **Farm Manager** \$53,000 to \$190,000/yr

### 100% FARMS PROVIDE TRAINING:

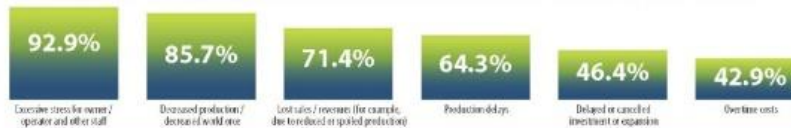
Orientation training, Occupation Health & Safety Training, Harvester Training

### QUALITY BENEFIT PACKAGES CAN INCLUDE:

Medical & health insurance, extended health & dental, vision, drug coverage, life insurance, vision, pension, and RRSPs.

**12.3% National Job Vacancy Rate with over one third farms over the national average, some approaching 40% vacancies. Job vacancy numbers have more than doubled in 4 years and absenteeism has doubled on some farms.**

### IMPACT OF LABOUR SHORTAGE EXACERBATED BY COVID-19 PANDEMIC



<sup>1</sup> <https://www150.statcan.gc.ca/n1/pub/21-004-x/2019001/article/00001-eng.htm>

<sup>2</sup> NAICS 2017 Version 1.0 - 11141 - Food crops grown under cover - Industry (statcan.gc.ca)

<sup>3</sup> Agri-Food Pilot: Eligible industries and occupations - Canada.ca