



October 10, 2023

Standing Senate Committee on Agriculture and Forestry
Senate of Canada
Ottawa, Ontario K1A 0A4

Via email: agfo@sen.parl.gc.ca

Re: Bill C-234: An Act to Amend the *Greenhouse Gas Price Pollution Act*

Dear AGFO Committee Members,

On behalf of the Ontario Fruit and Vegetable Growers' Association (OFVGA), I am writing to request you to show your support for Canadian farmers by studying and passing Bill C-234, An Act to amend the Greenhouse Gas Pollution Pricing Act, as written, to third reading at the Senate.

The OFVGA is echoing calls by our national association, the Fruit and Vegetable Growers of Canada, for federal government leadership to ensure that carbon pricing exemptions and relief are extended to the full range of farmers. This includes greenhouse growers, across all main fuel types, extending beyond gas and diesel to include natural gas and propane, where it is used in common agricultural machinery, and for heating and/or cooling by Canadian farmers.

Carbon pricing policies and legislation need to better reflect modern agricultural practices across Canada, support increased domestic food production, and minimize competitiveness impacts across provincial boundaries and with our major international trading partners.

Ontario is home to the largest concentration of greenhouse vegetable growers in Canada, helping make Canada the North American leader of greenhouse vegetable production. The greenhouse vegetable sector contributes an estimated \$3.7 billion to Canada's economy, supports over 27,000 jobs within the supply-chain, and drives steady annual increases in farm gate sales that totalled over \$2.2 billion in 2022. Canada's 892 fruit and vegetable greenhouses grow primarily tomatoes, bell peppers and cucumbers. As world-class leaders in sustainable agriculture, greenhouse growers are dedicated to excellence, and are known for their early adoption of new technology and sustainable practices.

Canadian fruit and vegetable growers rely on heating and cooling to grow their crops and ensure that the harvested perishable products retain quality (immediately post-harvest, and during storage, handling, packaging, shipping), to meet market requirements, and to help reduce food loss and waste at the start of the value chain.

Vegetable greenhouse facilities are equipped with computerized, climate-controlled systems to provide optimal growing conditions. Most growers rely on natural gas boilers for a consistent, cost-effective, sustainable, and on-site source of key combustion by-products: both heat and food-grade carbon dioxide (CO₂) are provided for the plants to breathe and grow. With an additional investment of on-farm energy assets such as co-generation systems, referred to as combined heat and power (CHP), greenhouse growers can also generate their own



reliable electricity for supplemental lighting of their year-round crops, further increasing (i.e., to over 95%) the energy efficiency of the natural gas-powered system.

The OFVGA appreciates that the GGPPA currently provides upfront relief from the fuel charge (i.e., carbon tax) via exemption certificates for farmers (on gas, diesel used for eligible activities at 100%) and for greenhouse operators (on natural gas, propane used for eligible activities at 80%). However, we remain concerned about the cumulative impacts the remaining 20% is having on the competitiveness of Canada's greenhouse vegetable growers.

For example, an Ontario family farm, growing 30 acres of greenhouse peppers will pay nearly \$150,000 in carbon tax (on their use of natural gas used to grow food – heat, CO₂ for the crop) over the course of the year. At the height of production (March) a month's natural gas bill for this farm can be nearly \$40,000. Of this amount, over \$11,000 is carbon tax. The rising 20% carbon price is an urgent issue as farms are already struggling at today's price at \$65 per tonne CO₂e.

Analysis suggests that when the price on pollution rises to \$170 per tonne CO₂e, as it will in 2030, it will mean that for this small subset of greenhouse operators, the expected (20%) fuel charge costs would climb to over \$25.5 million.

Rather than having the intended effect of changing behaviour, reducing emissions and decarbonizing, the millions of dollars collected by the federal government are not being returned and impede real climate action by these same businesses. The rising price on carbon cannot incentivize the many Canadian greenhouse growers who, driven by efforts to reduce their operating costs, have already invested in retrofits and upgrades including energy curtains, upgrades to insulation on walls, and installation of a third layer of roof cover.

Growers already have motivation to reduce costs, especially those associated with energy. Total greenhouse vegetable operating expenses rose 13% from \$1.3 billion in 2019 to \$1.4 billion in 2020; then rose another 13% to reach \$1.6 billion in 2021¹. We acknowledge that labour (payroll) costs are the largest single variable cost contributing to the hike in operating costs. However, it is important to note that in 2021, payroll costs increased 20% from the previous year, whereas combined costs for electricity (expenses for lighting, airflow fans and heating) and fuel increased an unprecedented 40%.

The OFVGA is requesting that the Government of Canada's carbon pricing, energy, and environmental policies and legislation need to better reflect modern agricultural practices across Canada, the unique need for carbon in greenhouse production, support increased food security and sovereignty, and minimize competitiveness impacts across provincial boundaries and with our major international trading partners.

Your support for Bill C-234 is support for Canadian fruit and vegetable farmers who are committed to supplying the growing demand for safe, nutritious, high-quality, and sustainable fresh fruit and vegetables.

Sincerely,

A handwritten signature in black ink that reads "Shawn Brenn". The signature is written in a cursive, flowing style.

Shawn Brenn
Chair, OFVGA



CC: Honourable Robert Black, Senator, Chair, Standing Senate Committee on Agriculture and Forestry
Honourable Paula Simons, Senator, Deputy Chair, Standing Senate Committee on Agriculture and Forestry
Honourable Sharon Burey, Member, Standing Senate Committee on Agriculture and Forestry
Honourable Brent Cotter, Senator, Member, Standing Senate Committee on Agriculture and Forestry
Honourable Pierre J. Dalphond, Senator, Member, Standing Senate Committee on Agriculture and Forestry
Honourable Marty Klyne, Member, Standing Senate Committee on Agriculture and Forestry
Honourable Percy Mockler, Senator, Member, Standing Senate Committee on Agriculture and Forestry
Honourable Victor Oh, Senator, Member, Standing Senate Committee on Agriculture and Forestry
Honourable Chantel Petitclerc, Member, Standing Senate Committee on Agriculture and Forestry
Honourable Raymonde Saint-Germain, Member, Standing Senate Committee on Agriculture and Forestry
Honourable Yuen Pau Woo, Member, Standing Senate Committee on Agriculture and Forestry

ⁱ Statistics Canada. Table 32-10-0025-01. Specialized greenhouse producers' operating expenses.