

Quote: 269683

March 29, 2022

Mr. Sebastien Dutrisac
Chair
Agricultural Service Board Provincial Committee
101-1101 5th Street
Nisku AB T9E 2X3

Dear Mr. Dutrisac:

Thank you for your letter regarding the carbon pollution pricing system and its impact on Canadian producers. I appreciate being made aware of the views of the agriculture sector on this matter.

The competitiveness of the sector and the protection of the environment are key priorities for the Government. Climate change is one of the greatest challenges of our time, and taking action to address it requires engagement from all parts of society. Putting a price on carbon pollution is a critical part of Canada's action.

The Government is aware that producers and farm families are important drivers of the economy. This is why the carbon pollution pricing system has been designed to provide targeted relief to limit its impact on the agriculture sector and reflects the realities of Canada's agriculture industry. Emissions from biological processes associated with agriculture production are not priced, and the carbon pollution pricing system includes exemptions for gasoline and diesel fuel used by producers for agricultural activities.

Moreover, the Government intends to return a portion of the proceeds from the price on pollution directly to producers in provinces that do not have a carbon pricing system that aligns with the federal benchmark and are therefore subject to the Government of Canada's carbon pricing backstop. These proceeds are intended to support particularly affected players, such as small and medium enterprises, including producers, to implement projects that cut emissions and use new, cleaner technologies and processes. The 2021 Economic and Fiscal Update contains a commitment to return these funds to producers through a tax rebate. The proceeds to be returned

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to producers will increase from \$100 million in 2021–22 to \$122 million in 2022–23 and will continue to increase in future years, consistent with the rise in overall fuel charge proceeds. Future payment rates to producers will be presented as more data becomes available.

The Government is also working with its provincial and territorial partners as well as with industry to improve its business risk management programs. Grain and oilseed producers—and all other agricultural producers in Canada—have access to these programs. They can use them to protect against severe risks that threaten the viability of their farms.

Additionally, the \$165.7-million Agricultural Clean Technology Program provides funding to producers and agri-businesses to help them develop and adopt the latest clean technologies to reduce greenhouse gas emissions and enhance their competitiveness. The Government has made grain drying and barn heating a priority focus under this Program. Investments in high efficiency grain dryers provide not only environmental but also economic gains by producing high-quality grain and reducing the risk of weather damaged crops at harvest time, while at the same time drying grain with fewer carbon emissions.

Moreover, the commitments outlined in my mandate letter highlight measures to support efficiency and climate resiliency by working closely with provinces and territories as well as producers to support the sustainable growth of the agricultural and agri-food sector, with an aim to establish Canada as a global leader in the sector. This will be accomplished in part through a green agricultural plan for Canada, which seeks to increase support to producers to develop and adopt agricultural management practices to reduce emissions, store carbon in healthy soil and enhance resiliency and to triple funding for clean technologies on farms, including for renewable energy, precision agriculture and energy efficiency.

I trust that this information will be of assistance to you. Again, thank you for writing to me on this matter.

Sincerely,



The Honourable Marie-Claude Bibeau, PC, MP