

Resolution **?-22F**

**Exemption of Natural Gas and Propane for Agriculture Under the *Greenhouse Gas Pollution Pricing Act***

Parkland County

*Three-fifths (3/5) Majority Required  
Endorsed by \_\_\_\_\_*

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**WHEREAS** The *Greenhouse Gas Pollution Pricing Act* (GGPPA) applies fuel charges to natural gas and propane used in agriculture operations, with the exception of greenhouses; and

**WHEREAS** The cost to Canadian farmers of the fuel charges for natural gas and propane are estimated to be \$235 million dollars by 2024;

**WHEREAS** The Private Members Bill C-234 *An Act to Amend the Greenhouse Gas Pollution Pricing Act* to provide relief for the fuel charge has received second reading in the House of Commons;

**WHEREAS** Federal programs such as the Agricultural Clean Technology Program and tax rebate programs were to provide relief to farmers from the fuel surcharges for natural gas and propane, however, these programs were difficult to access and are oversubscribed, or do not cover the actual costs expended by farmers;

**WHEREAS** The fuel charges to natural gas and propane put Canadian farmers at a competitive disadvantage to international competitors that are not subject to fuel charges;

**THEREFORE, BE IT RESOLVED** that the Rural Municipalities of Alberta, advocate to the Government of Canada to amend the *Greenhouse Gas Pollution Pricing Act* to include natural gas and propane as exempted fuels for agriculture production.

### **Member Background**

#### **Greenhouse Gas Pollution Pricing Act S.C. 2018, c.12. s. 186**

Under the *Greenhouse Gas Pollution Pricing Act (GGPPA)*, adopted on June 21, 2018, the federal government implemented a fuel charge on fossil fuels like gasoline and natural gas that applies in Alberta. The purpose of the GGPPA is to reduce greenhouse gas emissions by ensuring that carbon pollution pricing applies broadly throughout Canada.

As a result of the repeal of the Alberta carbon levy in May 2019, the federal government implemented the federal fuel charge in Alberta as of January 1, 2020. The GGPPA exempts fuels used in tractors, trucks and other farm machinery from the fuel charge. However, natural gas used for activities such as grain dryers and heating barns are not exempt from the fuel charge.

In 2021, the Parliamentary Budget Office calculated the federal government was collecting fuel charges on natural gas and the propane used in the agricultural sector in Alberta, Saskatchewan, Manitoba and Ontario at the following rates:

2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
\$9 Million	\$47 Million	\$59 Million	\$60 Million	\$60 Million

From 2020-2021 to 2024-25, farmers in the major agriculture production areas of the country will lose \$235 million in revenue through the fuel charge.

### **Legislative Support**

Conservative Member of Parliament Phillip Lawrence introduced a private member bill, Bill C-206, *An Act to Amend the Greenhouse Gas Pollution Pricing Act* in the House of Commons in 2021 that would exempt natural gas and propane used for farm operations from the carbon tax. Note: these fuels are already exempt for greenhouse operations.

Bill C-206 passed third reading in the House of Commons June 23, 2021 and first reading of the Senate before the Senate recessed for summer break. Because the bill had not passed all three readings in the Senate, the bill died when the federal election was called.

In February 2022, Conservative Member of Parliament Ben Lobb introduced the legislation again for farmers use of propane and natural gas to be exempt from the carbon tax. Bill C-234 *An Act to Amend the Greenhouse Gas Pollution Pricing Act*, passed first and second readings in the House of Commons in Spring 2022 and was sent to the Standing Committee on Agriculture and Agri-Food in June 2022. In order for the legislation be passed into law, this bill still requires passing third reading in the House of Commons and passed into law by the Senate. The Liberal Members of Parliament have consistently voted against the legislation.

### **Funding Relief for Farmers**

The 2021 Federal budget announced the Government's intention to return a portion of the proceeds from the price on pollution directly to farmers in Alberta, Saskatchewan, Manitoba, and Ontario beginning in 2021-22. It is estimated farmers would receive \$100 million in the first year. The tax rebate is not based on the carbon tax paid, instead is rebated based on expenses incurred. The tax rebate does not cover the costs paid by farmers.

Budget 2021 also committed \$50 million for the purchase of more efficient grain dryers for farmers across Canada under the Agricultural Clean Technology program. There were no funding programs to assist other uses of natural gas and propane such as heat for barns.

The Agricultural Clean Technology program was closed in the fall of 2021 due to oversubscription.

## **Advocacy**

The Provincial Agricultural Service Boards passed resolution 5-22 *Exemption of Natural Gas and Propane for Agriculture Under the Greenhouse Gas Pollution Pricing Act*, advocating for the federal government to remove the carbon tax from fuel used in agriculture production. The response from the federal government to the resolution was insufficient. The federal government reiterated their position that the tax rebate program will cover the carbon tax farmers are paying, which does not cover the cost of the tax.

## **Sources**

Government of Canada

<https://www.canada.ca/en/environment-climate-change/services/climate-change/pricing-pollution-how-it-will-work/alberta.html>

<https://www.parl.ca/DocumentViewer/en/44-1/bill/C-234/first-reading>

<https://www.canada.ca/en/department-finance/news/2018/10/background-targeted-relief-for-farmers-and-fishers-and-residents-of-rural-and-remote-communities.html>

<https://agriculture.canada.ca/en/agricultural-programs-and-services/agricultural-clean-technology-program-adoption-stream/applicant-guide#a1.4>

<https://www.budget.gc.ca/2021/report-rapport/p2-en.html#313>

Parliamentary Budget Office

<https://www.pbo-dpb.gc.ca/en/blog/legislative-costing-notes--notes-evaluation-cout-mesure-legislative/LEG-2021-049-M--bill-c-206-extension-exemption-qualifying-farming-fuel-to-marketable-natural-gas-propane--projet-loi-c-206-elargissement-exemption-qui-applique-au-combustible-agricole-admissible-inclure-gaz-naturel-commercialisable-propane>

<https://pbo-dpb.s3.ca-central-1.amazonaws.com/artefacts/5b5b9f57e13225c0aa8015d196d36357877d3bb22266c71e464604b3b7e18576>

## **RMA Background**

RMA will provide after resolution is endorsed at district level.