

Topic: Resolution for the Northwest Regional ASB Conference, Exemption of Natural Gas and Propane for Agriculture under the *Greenhouse Gas Pollution Pricing Act*

**Introduction:**

This report provides background information on the advocacy role of the Agricultural Service Board regarding the impact of the *Greenhouse Gas Pricing Act* (GGPPA) on agricultural producers.

The *Agricultural Service Board Act* identifies the duties of the Agricultural Service Board to include but is not limited to:

- Acting as an advisory body and to assist the council and the Minister, in matters of mutual concern.
- To promote, enhance and protect viable and sustainable agriculture with a view to improving the economic viability of the agricultural producer.

This report addresses the concerns regarding propane and natural gas being used for farm production not being included in the exempted fuels for agriculture production and the economic impact to farmers.

In Parkland County the farmers are impacted with more costs each year, which they are not able to pass those costs on to consumers. The past 2 years have been very wet and drying of grain has become more prevalent. As a result, the use of natural gas has increased which is subject to fuel charges.

**Facts (Background Information):**

Below is the resolution being brought forward to the North West Regional Agriculture Service Board, sponsored by Parkland County:

**RESOLUTION FOR THE NORTHWEST REGIONAL AGRICULTURAL SERVICE BOARD CONFERENCE  
EXEMPTION OF NATURAL GAS AND PROPANE FOR AGRICULTURE UNDER THE *GREENHOUSE GAS  
POLLUTION PRICING ACT***

**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; and

**WHEREAS** The Private Members Bill C-206 *An Act to Amend the Greenhouse Gas Pollution Pricing Act* to provide relief for the fuel charge passed the House of Commons and did not receive third reading in the Senate to pass into law prior to the 2021 Federal Election; and

**WHEREAS** Federal programs such as the Agricultural Clean Technology Program were to provide relief to farmers from the fuel surcharges for natural gas and propane, however, these programs are currently closed to new applications until Spring 2022; and

**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 ALBERTA'S AGRICULTURAL SERVICE BOARDS REQUEST**

**That the Government of Canada Minister of Finance, with support from Agriculture and Agri-Food Canada, amend the *Greenhouse Gas Pollution Pricing Act* to include natural gas and propane as exempted fuels for agriculture production.**

**SPONSORED BY:** Parkland County

**MOVED BY:** \_\_\_\_\_

**SECONDED BY:** \_\_\_\_\_

**CARRIED:** \_\_\_\_\_

**DEFEATED:** \_\_\_\_\_

**STATUS:** Federal

**DEPARTMENT:** Minister of Finance, Government of Canada, Agriculture and Agri-Food Canada

## **BACKGROUND INFORMATION**

### **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 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.

### 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 Minister of Finance has yet to announce details of this commitment.

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.

As of Aug. 1, 2021, the Agricultural Clean Technology program was closed and new applications for the funding program will not be considered until April 1, 2022. It is uncertain whether any further funding will be available for grain dryer purchases in 2022.

### 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.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>

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[1.amazonaws.com/artefacts/5b5b9f57e13225c0aa8015d196d36357877d3bb22266c71e464604b3b7e18576](https://pbo-dpb.s3.ca-central-1.amazonaws.com/artefacts/5b5b9f57e13225c0aa8015d196d36357877d3bb22266c71e464604b3b7e18576)

### **Analysis:**

From a Parkland County perspective the impact on farmers if this resolution is not supported by Council is an increased financial burden and continued impact on their bottom line.

### **Alternatives:**

The alternatives to supporting this resolution are a continued impact on the livelihood of our agricultural producers in the years to come with increasing inputs and taxes impacting their bottom line.

### **Conclusion/Summary:**

In conclusion, the Agricultural Service Board requests that Council supports this resolution to the Northwest Regional Agricultural Service Board Conference.

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