

For Immediate Release

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New Climate Action Incentive Fund has potential to return carbon price dollars to farmers

Grain industry continues to call for recognition of progress in sustainability and exemption for all farm fuels.

OTTAWA (May 30, 2019) – Grain Growers of Canada (GGC) greeted with interest the announcement today by Environment and Climate Change (ECCC) Minister Catherine McKenna of the Climate Action Incentive Fund (CAIF). While the CAIF offers some relief for farmers in the four provinces under the federal backstop, GGC continues to call for the exemption of all stationary and liquid fuels used on farms.

Farm businesses have a large number of fixed costs that are subject to the price on carbon. While farmers appreciate the exemption provided for marked fuels, it is only one piece of the increasingly expensive pie. “As natural price takers, grain farmers are unable to pass along added costs which are the result of the federal price on carbon,” said Jeff Nielsen, GGC Chair. “Just this week, [Statistics Canada reported](#) significant decreases in farm incomes over the past year and we simply cannot afford to absorb any more costs.”

The Fund is intended to return revenue collected through the carbon price from small and medium size enterprises (SMEs) (\$1.5 billion over five years) back to the sector in an effort to help them take climate action and lower their energy costs while remaining competitive.

This will be accomplished through rebates and incentive programs via two program streams.

Of particular interest to grain farmers is the SME Project Stream that is intended to provide funding to support producers in their efforts to increase the energy efficiency of farm equipment. The need to dry grain has become increasingly common as Canada experiences weather variations and unpredictable harvests. While farmers are typically on the leading edge of sustainable technologies, grain drying is one area where financial support could help offset the heavy price tag required to move to the next generation. More information is needed to assess precisely where farmers in the four affected provinces could most benefit from the program.

The second, SME Rebate Stream, does not currently include any typical farm equipment in the list of specified equipment. GGC encourages ECCC to look at opportunities to expand the list to include the equipment and technology that offer farmers and the environment the greatest benefit.

It is unclear exactly how much of the monies will be returned to the grain farming community as, according to the government’s announcement, SME’s make up 98 per cent of Canadian businesses. It can be expected that demand for these program dollars will be very high and no specific agriculture stream has been announced. We would welcome the opportunity to sit on the announced Advisory Committee to ensure a strong agriculture voice.

“GGC appreciates the Minister’s recognition of the significant costs that farmers incur when we invest in energy efficient alternatives,” continued Mr. Nielsen. “We look forward to continuing our work with her staff and officials at ECCC to mitigate the impact of the carbon price on Canada’s agriculture sector.”

About Grain Growers of Canada

GGC provides a strong national voice for over 65,000 active and successful grain, oilseed and pulse producers through its 16 provincial, regional and national grower groups. As a farmer-driven association, GGC advocates for the federal government to take decisions that support the competitiveness and profitability of grain growers across Canada.

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