

February 2, 2024

Standing Senate Committee on
Banking, Commerce and the Economy
Senate of Canada
Ottawa, ON
K1A 0A4

Dear Committee Members,

As the Committee continues its study on **Bill S-243, *An Act to enact the Climate-Aligned Finance Act and to make related amendments to other Acts***, the Agriculture Carbon Alliance (ACA) wishes to share concerns regarding the unintended consequences for Canadian farmers should this bill pass into law.

ACA was established to ensure that Canadian farmers' sustainable practices are recognized through a policy environment that maintains their competitiveness, supports their livelihoods, and leverages their critical role as stewards of the land. We are a coalition of 17 national farm organizations committed to promoting meaningful and collaborative dialogue around carbon pricing and agri-environmental policy. Our membership encompasses major agriculture commodities including: grains, oilseeds, pulses, cattle, sheep, pork, fruit and vegetables, dairy, forage and grasslands, seed, ornamental plants and poultry. Collectively, we represent 190,000 Canadian farm businesses that steward over 62 million hectares of land, or 7% of Canada's land mass, to feed and fuel Canadians and the world.

ACA is concerned that Bill S-243 will counter the ongoing sustainability efforts of the agriculture sector and deliver the opposite results of its intended objective. We know the Committee has heard from witnesses who have spoken to unintended consequences of the legislation on the oil and gas sector — making it almost impossible for financial institutions to loan them money due to the high capital-risk weights, even for projects that would help them transition to a greener economy.

These unintended consequences extend well beyond oil and gas and could have devastating effects on Canadian farmers too. Farming is a capital-intensive industry with farming equipment and inputs costing millions of dollars for individual producers. Loans are a common tool for farmers to help manage their cash flow and make these critical purchases, particularly as agriculture is often a seasonal business. In 2022 alone, the average Canadian farm had over \$730,000 in outstanding debt^{1,2}. Additionally, to invest and implement new technologies that both make farming operations more efficient and would further improve their

¹ Statistics Canada (2023, Nov 28). *Farm Debt Outstanding, classified by lender (x 1,000)*. Table: 32-10-0051-01.

² Statistics Canada (2022, Nov 23). *Canada at a Glance 2022, Agriculture*. Table 24 – Farms classified by farm type, Census of Agriculture 2021.



environmental footprint (e.g., fuel-efficient machinery, seed varieties that require fewer resources to grow, efficient barn-heating systems, etc.) farmers need access to capital, through loans, which may be undermined under this legislation. The Bill explicitly includes agriculture and land use activities in the ‘emissions’ description and includes Farm Credit Canada, banks, and credit unions under ‘federal institutions’, which are organizations through whom farmers secure financing.

Ultimately, this legislation may further complicate the process of applying and accessing credit to keep farms afloat, creating unnecessary regulatory burden and requiring more paperwork from producers, while also potentially creating barriers to finance technologies that contribute to climate mitigation.

Canada's agricultural sector is well into its journey towards adopting more environmentally sustainable production practices. To continue this commitment, additional capital investments are needed, necessitating increased access to loans. Any legislation that creates more barriers to accessing these funds is counterintuitive to the sustainability goals of the sector and the country. Further, the legislation could create barriers to new entrants into farming businesses, which is already a challenge for the sector. It will create inequitable access and compound an already complex process.

On behalf of the 17 national farm groups that the ACA represents, we encourage Senators to not support Bill S-243.

Our members include Canadian Canola Growers Association, Canadian Federation of Agriculture, Canadian Cattle Association, Grain Growers of Canada, Canadian Pork Council, Chicken Farmers of Canada, Turkey Farmers of Canada, Fruit and Vegetable Growers of Canada, Canadian Hatching Egg Producers, Canadian Forage and Grassland Association, National Sheep Network, National Cattle Feeders' Association, Dairy Farmers of Canada, Canadian Seed Growers' Association, Mushrooms Canada, Canadian Nursery Landscape Association and Canadian Ornamental Horticulture Alliance.

Sincerely,



Dave Carey
Co-Chair
Agriculture Carbon Alliance



Scott Ross
Co-Chair
Agriculture Carbon Alliance

