



January 15, 2021

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Dear Ms. Ollevier,

On behalf of the Ontario Fruit and Vegetable Growers' Association (OFVGA), thank you for the opportunity to provide comments on the proposed amendments to transition Ontario industrial facilities from the federal Output-Based Pricing System (OBPS) to Ontario's Emissions Performance Standards (EPS) program (ERO #019-2813). The OFVGA represents the interests of over 3,500 fruit and vegetable farmers in Ontario that generate nearly \$2.5 billion in farmgate sales annually and generates nearly one hundred thousand jobs in the province.

Upon review of the current ERO posting, we believe that many of the OFVGA's comments submitted in response to ERO #013-4551 (Making polluters accountable: Industrial EPS) on March 29, 2019 continue to be relevant. A copy of that submission accompanies this letter for your convenience.

The OFVGA congratulates the Ontario government for getting approval from the federal government to proceed with a Made-In-Ontario EPS program. The OFVGA supports having a provincial approach to managing carbon emissions. However, it is important to raise and reiterate a few key points from past submissions. The first is that it is important to be mindful that fruit and vegetable farmers have no mechanism for offsetting increased carbon costs from the marketplace because of international competition that sets the price of goods sold. This means that any increase in costs to produce will be deducted from already razor thin farm margins.

Given the financial impact of carbon costs on growers, the OFVGA appreciates the existing exemption (for farm diesel) and relief measures (for greenhouse heating) that have been implemented by the federal government. It is imperative that these policies remain, or that equivalent or enhanced measures be implemented. Other production costs would benefit from exemption or relief, such as drying ginseng, which is necessary prior to storage and marketing of the product.

The direct cost of the carbon tax and OBPS or emission performance standards systems is only one factor of the impact on fruit and vegetable product in Ontario. Growers are quickly experiencing the impact of carbon pricing indirectly on products and services needed to grow fruits and vegetables. For example, the cost of trucking and inputs like fertilizer have seen notable increases in cost resulting from carbon pricing, impacting the viability of farm businesses. To offset these increasing costs and support further emission reduction efforts, it will be important to have clarity for how the funds accrued from the EPS program will be returned to growers.



As a final comment, we remain concerned about the future of carbon pricing, especially with the recent announcement by the federal government which would see the cost of carbon increased from the current \$30/tonne to \$170/tonne in 2030. Even with the existing relief measures, the remaining impact to the competitiveness of the fruit and vegetable through direct and indirect costs of carbon will be substantial. If Ontario's EPS program will need to meet these increased carbon pricing targets, the impact on the sector's competitiveness will be significant.

Thank you for the opportunity to comment on the government's proposed amendments to transition Ontario's industrial emitters to the Emissions Performance Standards. The OFVGA is committed to working with the Ontario government to ensure policies recognize the fruit and vegetable sector's role in reducing carbon emissions while balancing the impact to the sector's competitiveness. Please feel free to contact the OFVGA should you wish to discuss our comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Jan VanderHout".

Jan VanderHout  
Chair, OFVGA Environment and Conservation Section

Cc: Hon. Jeff Yurek, Minister of Environment, Conservation and Parks

**About the OFVGA:**

The OFVGA is the leading voice for Ontario's fruit and vegetable farmers. Our sector includes more than 3,500 family run farms that employ over 30,000 people directly on-farm. For every on-farm job, it is estimated there are 2.2 jobs created downstream, or approximately 96,000 jobs combined. Fruit and vegetable production drives Ontario's rural and urban economies by generating more than \$4.2 billion in economic activity annually, along with \$600 million in combined tax revenues for all levels of government. Ontario fruit and vegetable farmers compete with global producers for domestic and export markets that demand low-cost quality produce. Fruit and vegetable exports from Ontario total over \$1.5 billion, almost half of which originates from the greenhouse vegetable sector.