



April 17, 2024

The Honourable Steven Guilbeault, Minister  
Environment and Climate Change Canada  
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**RE: Impact of Federal Carbon Tax Increase on Saskatchewan's Agricultural Sector**

Dear Minister Guilbeault,

I am writing to express concerns about the recent increase in the federal carbon tax, particularly its impact on Saskatchewan's agricultural community. The rise from \$65 to \$80 per tonne of CO<sub>2</sub>e as of April 1, 2024, poses significant challenges for farmers, who already face unique obstacles such as harsh weather conditions and long distances to export markets.

The Agricultural Producers Association of Saskatchewan (APAS) has highlighted the escalating costs faced by farmers, including additional expenses for heating fuel, grain drying, and transportation. For instance, APAS estimates that a farm producing a 62-bushel-per-acre crop in the black soil zone could see an extra cost of \$7.24 per acre in 2024 due to the carbon tax, projected to rise to \$17.31 per acre by 2030.

Of particular concern is the substantial increase in rail transportation costs, with Saskatchewan grain producers expected to bear over a 50% rise totaling \$57 million, a \$21 million increase from the previous year. This increase is attributed to the railways transferring their carbon tax obligation to farmers.

Considering this issue, I would like to propose a solution that aligns with the intended goals of the carbon tax to reduce carbon emissions. If the purpose of the tax is to change behavior and encourage carbon reduction, then I recommend that the carbon tax paid by railways be allocated into a fund supervised by the federal government. This fund would be designated for railways to access and make qualified investments aimed at reducing their carbon footprint.

APAS has proposed exemptions for heating fuel used in grain drying and barn heating under Bill C234 and has called for federal intervention to prevent railways from passing their carbon tax costs onto producers through freight rate surcharges.



I appreciate your attention to these pressing matters and to the proposed alternatives. Your leadership and intervention are essential to mitigate the adverse impacts of the carbon tax on Saskatchewan's agricultural sector and to ensure a resilient and sustainable future for our vital industry. I have included our analysis of the carbon price impact for your review.

Thank you for your consideration of this critical issue. I am hopeful that through collaborative efforts, we can reach a resolution that supports both our agricultural sector and our national climate objectives.

Respectfully,

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Ian Boxall, President  
APAS

cc     The Honourable Lawrence MacAulay, Minister, Agriculture and Agri-Food Canada  
         The Honourable, Pablo Rodriguez, Minister, Transport Canada  
         Jean-Francois Tremblay, Deputy Minister, Environment and Climate Change Canada  
         Stephanie Beck, Deputy Minister, Agriculture and Agri-Food Canada  
         Arun Thangaraj, Deputy Minister, Transport Canada

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