



Saskatchewan farmers face financial strain as carbon tax increase hits agricultural sector hard

April 3, 2023 (Regina, SK) – On April 1, the federal carbon tax increased to \$65/tonne, the first year of an accelerated price on carbon that continues rising \$15 tonne Carbon dioxide equivalent until it reaches \$170 by 2030.

The Agricultural Producers Association of Saskatchewan (APAS) is highlighting the disproportionate impact the carbon tax pricing system is having on Saskatchewan’s agricultural sector.

“These additional costs come off our bottom-line because we’re price takers who sell into international markets” APAS President Ian Boxall said. “The impact of these costs on our farm operations needs to be recognized to ensure we can remain competitive in international markets. Saskatchewan farms are going to pay over \$40 million in carbon tax just to get their products to port. This is money that comes right out of rural Saskatchewan.”

Boxall noted that Saskatchewan farmers and ranchers are furthest from market access and bear significant costs from carbon surcharges on fuel to transport goods to market. On average, Saskatchewan grain production travels 1,150 miles to port. Published railway tariffs suggest a carbon surcharge of \$0.1129 per railcar mile will be applied to rail shipments this year, which equates to over \$36 million in carbon surcharges on 26 million tonnes of grain shipped to market access.

Boxall noted that the same disadvantage applies to livestock where the majority of cattle are shipped out of province due to the lack of federally inspected meat processing facilities in Saskatchewan. For example, 800,000 calves traveling 600 kilometers from central Sask to feedlot alley in Alberta equates to over 9,000 semi-loads of animals, incurring fuel carbon surcharges on travel both ways.

“Farmers feel the impact of these costs in the prices they receive at the farmgate”, Boxall said. “The Canadian senate will also soon be reviewing Bill C-234 to exempt carbon charges on propane and natural gas for barn heating and grain drying. The importance of having this Bill expedited through the Senate for royal assent and into law cannot be understated. This is a cost that producers see on their bills every month, and there are no available fuel alternatives with current technology.”

“Farmers will easily pay more in barn heating or grain drying each month than they will ever see in rebates”, noted Boxall. “We see these costs in our monthly bills and are feeling them trickle down to us through higher input costs and reduced commodity prices throughout the supply-chain. We need policy measures to provide exemptions and relief programs that recognize the competitive impact these costs are having on our bottom lines.”

On March 20, Boxall spoke to the House of Commons’ Standing Committee on Agriculture and Agri-Food about the impacts of farm input inflation and the rising cost of food. He highlighted the importance of

transparency throughout food supply chains. Current policy needs to be recognized and account for the impact of the carbon tax on the affordability of food in grocery stores and reduced farm margins.

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