

July 31, 2020

Hon. Marie-Claude Bibeau
Minister of Agriculture and Agri-Food
1341 Baseline Road
Ottawa Ontario
K1A 0C5

Dear Minister,

On behalf of Manitoba farmers, I want to take this opportunity to engage in further dialogue on the carbon tax and the impact it has on our industry and farm profitability. We are pleased to provide you with our updated analysis.

To date, the federal government has not granted an exemption for fuel used in grain drying and barn heating. We are hopeful that our data and that recently provided by the Manitoba government will prompt the federal government to revisit its position on the matter.

Carbon tax costs for farmers are significant. A corn grower in Manitoba, growing 250 acres of corn spent \$33,664 on propane to dry their crop in 2019. The carbon tax added another \$1,043 to their fuel bill or 3%. A Manitoba chicken farmer heating their barn from October 24, 2019 – January 21, 2020 spent \$5,935.10 on natural gas. The carbon tax added another \$1,315.17 to their fuel bill or 22.16%. These costs are going to increase as the fuel charge rates rise. Our data projects that the same farmer drying the same 250 acres of corn will pay almost \$3,400 in carbon tax alone in 2022, the year in which the federal government has proposed a freeze on increases to the carbon tax. The same chicken farmer heating the same barn will pay over \$5,000 in carbon tax in 2022.

Environment and Climate Change Canada's website states that the "price on carbon pollution creates incentives for individuals, households, and businesses to choose cleaner options." Alternative fuel options for farmers are limited by availability and cost. No cost-effective options exist to allow farmers the ability to "choose cleaner options". To maintain animal welfare standards and ensure quality grain, farmers must heat their barns and dry their grain to get food from their yard to our plates.

This year, farmers have faced trade disputes with China, dry and wet conditions in the same growing season, rail blockades across the country, and a global pandemic. Farming is a risk proposition, mostly dealing with things that are far outside our control; governments should not add more risk and uncertainty.

I urge you to please reconsider your decision on the application of the carbon tax to grain dryers and heating barns in the face of this new data. We all need to work together to ensure the long-term viability of farm operations for years to come.

Sincerely,



Bill Campbell
President, Keystone Agricultural Producers

Fact Sheet

Carbon Tax Costs to Dry Grain and Heat Barns

Updated: July 30, 2020

Issue

Carbon tax costs for farmers are significant and will continue to increase under the federal backstop.

Fuel used to power farm machinery and heat greenhouses is exempt from the federal carbon tax, but farmers still pay the carbon tax on propane and natural gas to dry grain and heat barns.

Why should farmers be exempt from the carbon tax?

1. Alternative fuels are not currently available to replace propane and natural gas on farm and so farmers cannot “choose cleaner options”.
2. To maintain animal welfare standards and ensure quality grain, farmers must heat their barns and dry their grain to get food from their yard to our plates.
3. Farmers cannot pass along increased costs to consumers.
4. American farmers are not subject to a carbon tax and Canadian farmers are put at a competitive disadvantage.
5. Farmers provide ecological goods and services but are not recognized for them.

How much does the carbon tax increase costs for farmers?

Based on invoices collected from farmers, KAP calculated that corn growers in Manitoba paid approximately \$1,650,682 in carbon tax to dry the 2019 corn crop (\$3.59 x 459,800 acres).

Manitoba chicken farmers paid on average \$2,043 in carbon tax to heat their barns from November to January. For propane that represented a 6.6% increase in their propane fuel costs and 21.5% increase in their natural gas costs.

	Propane	Natural Gas
Drying corn	\$3.59 per acre	\$3.42 per acre
Heating chicken barns	6.6% increase in fuel costs	21.5% increase in fuel costs

The costs will continue to increase as the carbon tax increases every year.

