



The Right Honourable Justin Trudeau, P.C., M.P.
Prime Minister of Canada

Office of the Prime Minister
80 Wellington Street
Ottawa, ON
K1A 0A2

Re: Federal Carbon Tax

I am writing to you today on behalf of the Saskatchewan Chamber of Commerce (SCC) to express significant concerns shared by the business community in Saskatchewan regarding the Federal Carbon Tax, also referred to as the Greenhouse Gas Pollution Pricing Act. In 2019, Federal Carbon Pricing was implemented in Saskatchewan after the province was found to be non-compliant with federal carbon pricing requirements. Our position on this matter is two-fold. We urge the Government of Canada to commit to reallocating carbon tax revenues, beyond those already refunded to households, to support Small and Medium-sized Enterprises (SMEs) in Saskatchewan. Additionally, we call for the elimination of federal carbon pricing on all carbon dioxide equivalent greenhouse gas emissions originating from any source of energy.

A primary concern surrounding the federal carbon tax is the prevailing narrative that depicts Saskatchewan as a significant carbon emitter, often overshadowing the substantial progress we've achieved in emission reduction. Our province boasts vast natural resources and pioneering solutions, positioning us as a pivotal player in Canada's journey towards global energy transition leadership.

It's imperative to acknowledge that while an overwhelming 86% of our members endorse the overarching goal of reducing carbon emissions, only 29% support carbon pricing as an effective strategy for emissions reduction. This sentiment is gleaned from an SCC survey conducted at the inception of carbon pricing. Furthermore, it is noteworthy that 41% of our members have prioritized the discontinuation of the federal carbon tax as their top federal concern.

At present, the lack of clarity, predictability, and efficacy in Canada's environmental policy approach, exemplified by the recent exemption of home heating oil from the carbon tax in Atlantic Canada, has eroded the confidence of Saskatchewan businesses in the federal government. This erosion of trust is particularly detrimental when it comes to the vital objective of enhancing our national competitiveness.

While the introduction of carbon tax relief for certain sectors has offered a degree of respite, the repercussions have disproportionately affected the small and medium-sized businesses in Saskatchewan, which are the backbone of our economy. This disproportionate impact is exacerbated by the existence of approximately \$1.6 billion in undistributed Federal Carbon Tax proceeds, originally intended to support small and medium-sized businesses. This predicament is escalating because, in the absence of these funds, businesses have been unable to engage in emission reduction activities as intended, resulting in them paying carbon taxes on emissions that could have otherwise been reduced.

Furthermore, the federal government has continued to escalate the carbon tax, which further diminishes the resources available to businesses for emissions reduction initiatives. Adding to this challenge, inflation over the last couple of years has significantly driven up the cost of emission reduction activities, an issue for which the federal government should have made funding available in a more timely manner. This cumulative burden hinders the progress and capacity of Saskatchewan businesses to address emissions effectively.

Saskatchewan is far from lacking ambition; it consistently takes the lead in Canada when it comes to sustainable energy and innovative practices. This is particularly evident in our oil and gas sector, which has been instrumental in reducing greenhouse gas (GHG) emissions. In 2022, emissions from venting and flaring at upstream oil facilities in the province decreased to just 3.9 megatonnes of carbon dioxide equivalent (Mt CO₂e), representing a remarkable 64% reduction from 2015 levels (or 7.0 Mt CO₂e). Furthermore, our thriving agricultural industry, a linchpin of Saskatchewan's economy, has demonstrated exceptional stewardship by sequestering a remarkable 12.8 million tonnes of carbon in their land as recently as 2020, thanks to zero-till practices – a figure that surpasses the achievements of any other province in Canada.

These accomplishments are only a glimpse of what Saskatchewan is capable of. Our provincial government, as outlined in the Saskatchewan Climate Change Strategy, has committed to a diverse set of 40 initiatives. These commitments are dedicated to enhancing and fortifying our natural systems, as well as critical infrastructure related to electricity, transportation, homes, buildings, and communities. Saskatchewan is poised to continue leading the charge in advancing sustainability and innovation across various sectors.

We believe that fostering a competitive Canada is essential for our nation's prosperity. The current structure and broad imposition of the carbon tax, however, may hinder our competitiveness on the global stage due to concerns about market control, technological limitations, and the lack of viable low-carbon alternatives in specific industries and regions. We urge the federal government to re-evaluate the carbon tax's applicability to ensure it encourages environmental responsibility while preserving our economic competitiveness.

Our province stands ready to contribute to Canada's position as a global leader in sustainable energy practices while preserving our economic competitiveness. We are committed to a cleaner and more prosperous future, and we hope that our concerns and suggestions will be taken into consideration.

Thank you for your attention to this important matter.

Sincerely,



Prabha Ramaswamy

CEO, Saskatchewan Chamber of Commerce

Cc: Hon. Randy Boissonnault, Minister of Employment, Workforce Development and Official Languages

Hon. Anita Anand, President of the Treasury Board

Hon. Mary Ng, Minister of Export Promotion, International Trade and Economic Development

Hon. Marc Miller, Minister of Immigration, Refugees and Citizenship

Hon. Rechie Valdez, Minister of Small Business

Hon. Lawrence MacAuley, Minister of Agriculture and Agri-Food

Hon. Jonathan Wilkinson, Minister of Natural Resources Canada

Hon. Steven Guilbeault, Minister of Environment and Climate Change Canada