



August 31, 2016

The Honourable Charles Sousa
Minister of Finance
7 Queen's Park Crescent, 7th floor
Toronto, Ontario M7A 1Y7

Dear Minister Sousa,

On behalf of the Beef Farmers of Ontario (BFO) and our 19,000 producer members, I am writing to you today to express our strong support for Ontario's gasoline tax exemption that currently exists on coloured fuel used in farm equipment.

BFO has noted that *Ontario's Climate Change Action Plan, 2016-2020* includes an action item to "reform existing policies and programs that support fossil fuel use and fossil fuel-intensive technologies." While BFO supports the Ontario government's commitment to ensuring the province meets its 2020 greenhouse gas emissions reduction targets, we are concerned that the importance of the tax exemption on coloured fuel and the role it plays in maintaining the competitiveness of agriculture, rural Ontario and the broader provincial economy may not be fully recognized in the government's efforts to reduce greenhouse gas emissions.

As you are aware, revenue from the gasoline tax is earmarked for Ontario's road and public transit infrastructure. Coloured fuel used in farm equipment is not subject to the gasoline tax given the limited amount of time this machinery spends on public roads. This is a rule that aligns with longstanding provincial policy that recognizes that fuel taxes applied to generate revenue to fund the management of public roads and transit should not apply to equipment or activities that do not utilize this infrastructure. Maintaining this exemption is extremely important to our members given rising input costs and the need to remain competitive with other jurisdictions in Canada and the United States, which provide similar fuel tax exemption policies for agriculture.

Applying the gasoline tax to farm equipment would not only target activities and equipment that rarely use roadway infrastructure, but would also unfairly punish farmers for using gasoline-powered equipment while not having access to viable and "green" alternatives. Imposing a tax on fuel used for farm equipment will not deter use of fossil fuels in agriculture until viable, affordable and "green" alternative technologies are available in the marketplace.

BFO is working hard towards helping to meet the Premier's challenge to grow the agri-food sector by doubling its annual growth rate and creating an additional 120,000 new jobs by 2020. It is critical that

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Ontario farmers continue to maintain a competitive position in the global marketplace. Beef farmers are already facing increasing costs of doing business – now is not the time to apply additional financial burden. We urge you to consider the potential financial implications of a gasoline tax on fuel used for agriculture against the realistic environmental benefits that may result from that decision.

Thank you for your attention to this important issue. We would be pleased to meet with you should you wish to discuss the contents of this letter further.

Sincerely,

A handwritten signature in black ink, appearing to read "Matt Bowman".

Matt Bowman
President

cc: Hon. Jeff Leal, Minister of Agriculture, Food and Rural Affairs
Hon. Glen Murray, Minister of the Environment and Climate Change
Dianne Saxe, Environmental Commissioner of Ontario

