

Is a carbon tax an effective way for Canada to address climate change?

General background

The federal carbon pricing system - most often referred to as the **carbon tax** - has been a source of heated debate since it was first voted into law in 2018. It has since faced opposition in the House of Commons, but also from the Premiers of several provinces.

Under a carbon tax, the government sets a price that individuals and companies must pay for each ton of greenhouse gas emissions they emit. The goal is to convince them to reduce their negative impact on the environment and therefore reduce the tax they have to pay.

The federal carbon tax imposes two pricing systems for carbon emissions. The first is a fuel charge that affects individual consumers and fuel distributors. The second is an 'output-based' model, aimed at industrial emitters, which charges them on the basis of their total greenhouse gas emissions.

Some parts of Canada have had carbon taxes for over a decade. British Columbia, for example, first adopted its carbon pricing model in 2008. Provinces that did not have a carbon tax were required to adopt the federal government's model in 2019.

Since then, the Premiers of provinces like Alberta, Saskatchewan, Ontario and New Brunswick have been advocating for the carbon tax to be repealed. These calls have only become louder since the federal price for carbon increased from \$65 a tonne to \$80, leading to increased costs on gas and groceries, among other items, at a time when inflation has already made life less affordable for many Canadians.

Many of those who oppose the federal carbon tax still believe that Canada should take steps to combat climate change. While some opponents have proposed alternatives, it remains unclear whether another policy would replace the carbon tax if it was abandoned.

For more information:

- [Carbon pollution pricing systems across Canada](#)
- [What's behind the carbon tax, and does it work?](#)
- [Carbon price increase officially comes into effect despite controversy](#)

Yes

*Here are some reasons why people might argue that the federal carbon tax **is** an effective way for Canada to address environmental concerns.*

It's working

Since 2005, Canada's carbon emissions have declined by 7.1%. There is still work to do, but carbon pricing has been credited by experts as having a major impact in helping Canada progress towards its climate objectives. Abandoning an effective policy, especially one that addresses an issue as important as climate change, does not make sense.

It's not too strict

Some environmentalists argue that the carbon tax does not go far enough and should be replaced by a stricter policy. But supporters of the carbon tax argue that what these environmentalists fail to consider is that the carbon tax survived many challenges from its federal and provincial opponents. A more radical approach may not have made it past these hurdles.

It benefits Canadians

For the most part, the revenues from the federal carbon tax are returned to individuals through the Canada Carbon Rebate (CCR). The rebate is paid out quarterly, and puts money back into the wallets of consumers, ensuring that the impact of the carbon tax on their finances is minimal, if not completely offset. CCR payments increase based on where their recipients live: for example, those who live in rural areas who typically have to drive longer distances and thus spend more money on gas, get a bigger rebate.

It's the only real option being proposed

The evidence shows we are in the midst of a climate crisis which requires immediate action. It's all well and good to want to address this issue in a different way, but canceling a successful program with plans that may be difficult to implement is impractical. The carbon tax is not perfect, but unlike its opponents' proposals, it is a real, feasible policy.

Read more:

- [Carbon pricing has only a 'tiny' impact on inflation: economists](#)
- [Canada's budget watchdog re-ran the numbers on the carbon tax — here's what it found](#)

No

*Here are some reasons why people might argue that the federal carbon tax **is not** an effective way for Canada to address environmental concerns.*

It's making life harder for rural Canadians

Canadians are no strangers to the challenges brought about by inflation and the rising cost of living. The carbon tax not only makes these problems worse, but it also has a larger effect in remote areas, where many heat their households with gas, and most are reliant on gas-powered cars in order to go about their daily lives. While the revenues from the carbon tax are redistributed to citizens quarterly, families have to wait for months to see money back in their pocket, even as they are currently struggling to pay bills and buy groceries.

It undermines provincial governments

Canada is a federation, which means that the federal and provincial governments share different powers and responsibilities. By imposing a one-size-fits-all approach to fighting climate change on the provinces, the federal government has taken away their ability to come up with plans that are appropriate for the people who live there, and that likely would have been more popular with their residents.

It's not fair if other countries don't have similar policies

Canadians care deeply about protecting the environment, and do much more than their part in combating climate change. Meanwhile, the citizens of countries that emit many more greenhouse gasses - like the United States, China and Russia - are free to pollute without consequences. If the Canadian government truly wants to address climate change, it should hold these countries accountable, rather than its own citizens.

Large companies are not paying their share

While the carbon tax has had an impact in reducing greenhouse gas emissions, it disproportionately affects regular citizens when compared to companies that emit the most. [Models show](#) that the industrial price on carbon emissions - which only affects companies - has a much bigger effect on reducing overall emissions than the consumer price on carbon - which affects individuals.

Read more:

- [Carbon tax going up, housing affordability going down, building experts](#)
- ['It makes no sense': Trudeau government promised rural residents a carbon rebate top-up – so why aren't these people getting it?](#)