

# 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of provinces like Alberta, Saskatchewan, Ontario and New Brunswick have been advocating for the carbon tax to be repealed.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](#)