



More than Carbon Taxes Needed to Combat Climate Change

The battle of words on carbon taxes has been raging for months, if not years, and was recently fueled further by the federal announcement about carbon tax programs for New Brunswick, Ontario, Manitoba and Saskatchewan.

In assessing how Canadians will be affected and the difference carbon taxes will make, there are several indisputable truths to consider. First, it's undeniable we need to reduce the amount of greenhouse gases (GHG) the world produces or risk severe environmental impacts. We must also acknowledge the fact Canada emits less than two per cent of total global emissions, but because of our geography we also need to drive more and heat our houses longer—which makes us amongst the highest emitters per person.

Since the majority of Canadians agree we have an obligation to reduce GHG emissions, it would appear reasonable for the federal government to champion efforts to reduce the carbon we each produce. But if governments simply make all of us pay more for energy, will we actually reduce GHGs and achieve our goal of safeguarding the planet?

Reducing GHG emissions is a complex issue with many variables to consider, but in the end, we need to be sure our efforts produce the desired result. By applying a tax, one might assume that as the price of a product rises then people will switch to less expensive alternatives, and as a result reduce their consumption of fossil fuels and other petrochemical products in favour of less polluting alternatives. But is this the case?

The problem is low-emission heating, electricity, and transportation alternatives are not always available to all consumers. In the absence of being able to access cleaner and less expensive products, it is not unreasonable to assume most consumers will simply buy these basic necessities regardless of their cost or emission intensity. We need to work harder on providing energy alternatives to consumers.

Further, sharp increases in the cost of energy have significant implications on low-income earners. They also impact the cost of goods being produced and limit the growth of our economy. So there is justification for the government to provide offsets to limit these impacts through tax rebates and reductions, exemptions for fishers and farmers, and measures to ensure the cost of electricity doesn't skyrocket.

Of course, many questions arise. Have attempts to offset negative economic impacts of carbon pricing removed the teeth out of the carbon tax's ability to influence consumer behaviour and drive down GHGs? Do rebates and exemptions simply turn the carbon tax into an exercise of taking more money out of consumers' pockets only to turn around and give it back to them when they file their taxes? If our goods and services are more expensive due to these taxes that our global neighbours do not apply, won't we reduce the competitiveness of our businesses employing Canadians?

The real objective should be to limit and reduce emissions from intensive sources (heating, electricity and transportation) and not rely solely on changing human behaviour. Since the least impactful and least expensive form of energy is always going to be the energy we do not use, our first priority should be to fund measures that increase efficiency. And where we must use energy, we need to opt for less emission-intensive forms of energy until zero-emission options become commercially available.

Based on what has been negotiated or imposed, the most prominent short-term impact of a carbon tax will be an increase in the price of gas between one and four cents per litre. It's irrational to think Atlantic Canada, with a rural population of more than 40 per cent who have limited transportation options, will be able to significantly reduce their consumption of gas or diesel. The long-term solution involves investment and support for technological advances to zero-emission cars fuelled by renewable energy generation.

The bottom line: reducing green house gas emissions requires advances in technology that can be accelerated by support from government. But these advances also depend on ensuring we have profitable companies who can invest in the research and development of new energy-saving innovations and alternative fuel sources. By artificially increasing the price for energy and ultimately consumer goods, government is restricting the private sector's ability to create the necessary solutions.

Not discounting any of the existing support there is for investment in clean technology, it would seem to be more effective to double down on low-emission standards for cars and electricity generation, as well as improving the innovation we know we are capable of developing, rather than haphazardly taxing consumers and diverting their income to government with no reliable guarantees that energy consumption or GHG emissions will be reduced.

To be effective, any carbon reduction solution must have the teeth to ensure we deliver real results on our desired target: lower emissions.

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