

10 CARBON PRICING MYTHS DEBUNKED



CANADA'S ECOFISCAL COMMISSION

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MYTH

PUTTING A PRICE ON POLLUTION IS A NEW, UNTESTED IDEA



FACT

Pollution pricing and carbon pricing are proven ideas that have worked for decades.

- The U.S. reduced pollution that causes acid rain by 34% in 14 years by putting a price on it.
- Carbon pricing has worked in Alberta since 2007 and B.C. since 2008.
- The new federal carbon price will rise to \$50 per tonne by 2022.

MYTH

ONLY VERY HIGH CARBON PRICES ARE EFFECTIVE



FACT

People and businesses respond to price changes—even low ones.

- B.C.'s carbon tax, which grew from \$10 to \$35 per tonne over 10 years, has lowered both per-capita gasoline and natural gas use by at least 7%.
- B.C.'s emissions would be up to 15% higher without its carbon tax.

MYTH

CARBON PRICING WILL COST CANADIAN FAMILIES



FACT

The carbon price is only half the story. Governments are returning revenue to families to ensure carbon pricing is affordable.

- The federal rebate will cover the direct carbon costs for 80% of households (and total costs for 70%).
- 60% of households receive carbon pricing rebates under the Alberta system.
- Provinces such as Quebec and Alberta also fund infrastructure and public transit, making it easier to avoid the carbon price.

MYTH

CARBON PRICING HURTS JOBS



FACT

Carbon pricing will change the kinds of work we do, not the number of jobs we have.

- The B.C. carbon tax shifted jobs to cleaner sectors such as health care. Evidence suggests it did not significantly affect the overall number of jobs one way or the other.
- Governments are helping train people to work in this cleaner economy, as Alberta has done with coal communities.

MYTH

BIG POLLUTERS ARE GETTING A BREAK



FACT

Industry pays a carbon price, like households. They also get support, like households.

- Every province is taking a similar approach to carbon pricing for big polluters, though they go by different names: performance standards, output-based allocations, industrial incentives.
- This approach protects jobs and investment, while maintaining incentives to shrink emissions.

MYTH

CARBON PRICING IS A CASH GRAB



FACT

The federal government is returning all carbon pricing revenues to the provinces.

- The federal government is returning 90% of the money to households. They receive the revenues as a credit when they file their income taxes.
- The remaining 10% will fund efficiency projects for small businesses, schools, and hospitals in each province.
- All revenue stays in the province in which it is generated.

MYTH

PEOPLE CANNOT CHANGE THEIR BEHAVIOURS IN RESPONSE TO CARBON PRICING



FACT

Many Canadians have more options than they realize. Over time, carbon pricing drives innovation, making cleaner options more affordable.

- In B.C., carbon pricing affected vehicle choices: the carbon tax improved fuel economy by 4%.
- The European Union's carbon price increased patents for clean technologies by 1% and overall innovation by 10%.

MYTH

THERE IS NO POINT TO CARBON PRICING IF GOVERNMENTS REBATE THE REVENUES



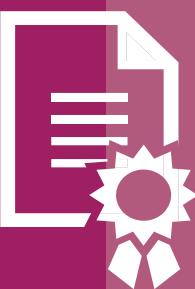
FACT

Rebates help with affordability, but they don't change the incentive the price provides to pollute less.

- Reducing pollution means saving money. The more you cut your emissions, the less carbon price you pay. You get the same rebate no matter what.
- The federal rebate will cover the direct carbon costs for 80% of households (and total costs for 70%).

MYTH

WE CAN USE OTHER, BETTER POLICIES TO REDUCE EMISSIONS



FACT

Carbon pricing is the fairest and cheapest way to fight climate change. It should be a key part of any meaningful plan.

- Regulations and subsidies usually cost more to reduce emissions. For example, Quebec's electric vehicle subsidies are very expensive—about \$395 per tonne of carbon pollution reduced.

MYTH

THERE IS NO NEED TO REDUCE CANADA'S EMISSIONS



FACT

The world is feeling the effects of climate change. Canada produces a lot of pollution. Our example matters.

- Canada is one of the world's top 10 emitters. The average Canadian emits three times the global average.
- The rest of the world is moving: 46 jurisdictions now have a price on carbon, including China.
- Our example can help spur the collective action required to effectively tackle climate change.