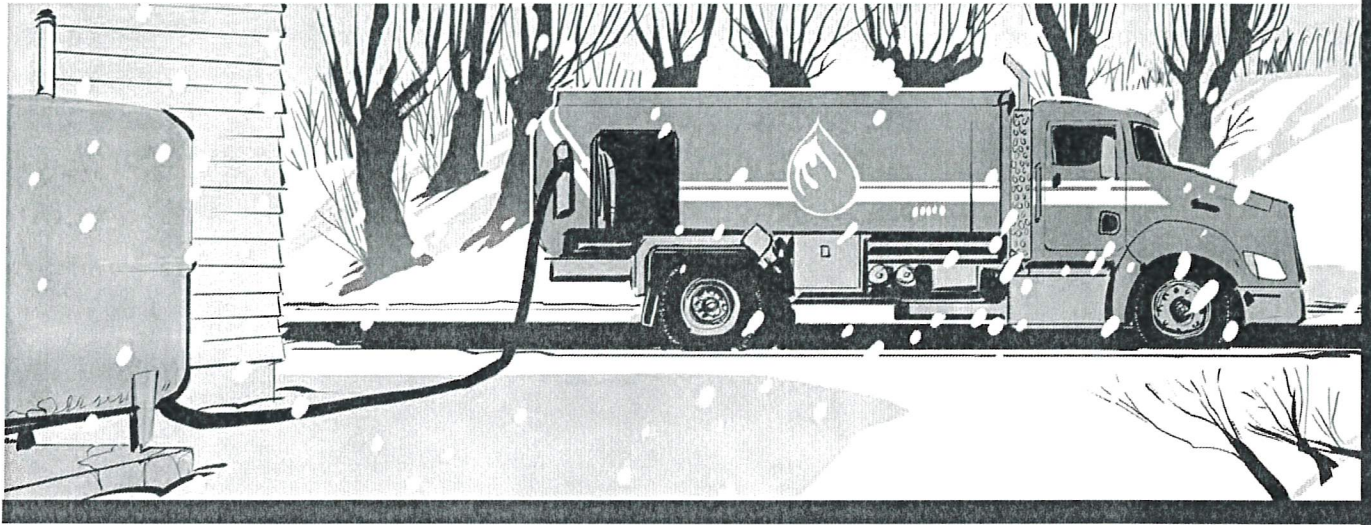




NATIONAL

# THE CARBON TAX

— AND A CONTROVERSIAL PAUSE, EXPLAINED



In October, the federal government announced a three-year **moratorium** on the carbon tax for people who heat their homes with oil. The move put Prime Minister Justin Trudeau's governing Liberal Party in the hot seat.

## A CARBON TAX PRIMER

So what exactly is the carbon tax? It's officially called the Greenhouse Gas Pollution Pricing Act (GGPPA). The GGPPA became federal law in 2018.

The goal of the tax is to encourage consumers and businesses to stop using **fossil fuels** over time. Why? Because when these fuels are burned, they release the greenhouse gases that are causing climate change.

To accomplish this goal, the GGPPA makes people pay for the amount of greenhouse gases they cause to be released into the atmosphere. The hope is that people will choose to produce fewer carbon emissions so they won't have to pay as much tax.

Also, by making fossil fuels more expensive, **renewable energy** becomes more affordable. That makes alternatives to fossil fuels increasingly attractive for consumers.

But does it work? That's a hard one to call. Canada's emissions did fall by 53 million tonnes in the two years after the law was passed. But experts don't know how much of that was because of carbon pricing.

However, British Columbia has had a carbon tax since 2008.

Research shows that the tax has reduced emissions there by between five and 15 percent.

## THE NITTY-GRITTY

Here's how the tax works in practice. The government sets a price that emitters must pay for each tonne of greenhouse gases they produce. The price starts low to give Canadians time to change their habits. It then increases annually. In 2023 the carbon tax is \$65 per tonne. It will go up by \$15 per tonne each year until it hits \$170 in 2030 and stops.

The plan has two parts. The first affects consumers who must pay extra to use coal, gasoline, and other fossil fuels. Distributors of these products pay the tax, but pass the cost on to users.

## DEFINITIONS

- FOSSIL FUEL:** fuel such as coal, oil, or natural gas that was formed over millions of years from parts of dead animals or plants
- MORATORIUM:** a temporary stopping of an activity, especially by official agreement
- RENEWABLE ENERGY:** types of energy that can be replaced naturally such as energy produced from wind or water



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The second component of the tax is called an output based pricing system (OBPS). It is aimed at industries like chemical plants that typically produce more than 50,000 tonnes of CO<sub>2</sub> annually, or the equivalent in other greenhouse gases. To remain competitive, such enterprises don't pay the tax on the energy they consume. Instead, they pay for the emissions they produce.

## A NOVEL APPROACH

Several regions already had some kind of carbon pricing in place when the Liberals introduced the GGPPA. Others didn't want a carbon tax at all. So **jurisdictions** were given the option of setting their own carbon pricing system or choosing the federal government's plan. However, they all have to meet minimum GGPPA guidelines.

Ten of the 13 Canadian provinces and territories have adopted the federal system. Three have separate plans. They are British Columbia, Quebec, and the Northwest Territories.

As taxes go, the GGPPA has a lot in its favour. The reason: nearly all the proceeds from the tax must be returned to people in the form of a **rebate**. About 80 percent of Canadian households get more from the rebate than they pay in carbon tax.

## SO WHAT'S THE ISSUE?

But now the Liberals have called for a pause in the tax on heating oil, which only three percent of Canadians use. The government says it is giving tax relief to families hit hardest by inflation. It argues that people who use oil for heat often have less income than others.

However, critics say the move unfairly benefits the Atlantic provinces. Why? It's the region where oil is most used for heat. Some observers believe that the Liberals have **exempted** heating oil to win Atlantic votes in the 2025 federal election.

Pierre Poilievre, leader of the opposition Conservatives, wants to abolish the carbon tax entirely. For now, he's demanding a pause on all forms of the home heating carbon tax. NDP Leader Jagmeet Singh likes the carbon tax but says exempting oil is "divisive."

And many people worry that any pause severely weakens a key weapon that Canada is using to help **mitigate** climate change.

The Liberals insist that they won't make any more changes to the carbon tax. But they have disappointed many people.

"The challenge for the government is that for years, they've been **virtuous** and so value-driven," said Lori Turnbull of Dalhousie University.

"They often suggest there's no compromise. [So] they've backed themselves into a corner. It's made people in other parts of the country – who don't use heating oil but are still feeling the affordability crisis – even more angry." ★

## DEFINITIONS

**EXEMPT:** to give somebody official permission not to do something or not to pay something they would normally have to do or pay

**JURISDICTION:** a country, state, or other area where a particular set of laws or rules apply

**MITIGATE:** to make something less harmful or unpleasant

**REBATE:** an amount of money that is returned to you, especially by the government

**VIRTUOUS:** having or showing high moral standards



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**COMPREHENSION QUESTIONS**

1. Why does the federal government want to encourage Canadians to reduce their use of fossil fuels?

2. What is the GGPPA? When was this law passed by Parliament?

3. Explain the purpose of this federal law.

4. Explain how this law is applied.

5. How much carbon tax do consumers now pay? What will happen to carbon tax prices in the future?

6. Which three jurisdictions are not officially part of the GGPPA? Explain.

7. What controversial change did Ottawa recently announce regarding the carbon tax?

8. What was the reason for this tax holiday?

9. Who will benefit the most from this new tax policy?

10. Why do some people say this policy change is unfair?



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## QUESTIONS FOR FURTHER THOUGHT

1. Only three percent of Canadians heat their homes with oil and the majority of them live in rural areas in the Atlantic provinces where there are limited options for other forms of energy. Despite this fact, other provinces have complained that the federal government is playing favourites by offering special incentives and a pause on the carbon tax for these lower-income families who have been hit the hardest by inflation.

Who do you side with in this debate? The federal government? Atlantic province premiers? Other premiers? Residents who heat their homes with oil? Give reasons to support your response.

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2. The federal carbon tax (GGPPA) was passed in 2018 and is designed to encourage Canadians and their businesses to gradually stop using fossil fuels such as coal, oil, and natural gas. By 2030, Canada is aiming to reduce its greenhouse gas emissions by 40 percent below 2005 levels and to achieve net-zero emissions by 2050.

As you see it, what impact might this three-year pause have on those goals? Explain.

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## QUESTIONS FOR ONLINE EXPLORATION

*Note:* The links below are listed at [www.lesplan.com/links](http://www.lesplan.com/links) for easy access.

1. What is the carbon tax and what is it intended to do?

<https://www.cbc.ca/player/play/2280551491551> [7:37] (podcast)

<https://www.cbc.ca/player/play/2279853123777> [8:37](podcast)

What did you learn?

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2. Why is there so much controversy over the carbon tax?

<https://www.cbc.ca/player/play/2280589891776> [11:46]

What questions do you still have?

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3. Watch this interview with Kody Blois, a Liberal MP from Nova Scotia, who explains the federal government's decision to put a three-year pause on the carbon tax collected from people who heat their homes with oil: <https://www.yout-ube.com/watch?v=E2pyWIDGvB8> [10:40]

4. Heat pumps are being subsidized for homeowners to switch from oil to clean energy. How do heat pumps work?

<https://www.cbc.ca/player/play/2283253827663> [6:08] (podcast)

<https://www.cbc.ca/player/play/2281798211575> [0:00-7:20] (podcast)

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5. Does a carbon tax actually work?

<https://davidsuzuki.org/what-you-can-do/carbon-tax-cap-trade/>

<https://unfccc.int/climate-action/momentum-for-change/financing-for-climate-friendly/revenue-neutral-carbon-tax>

What did you learn?

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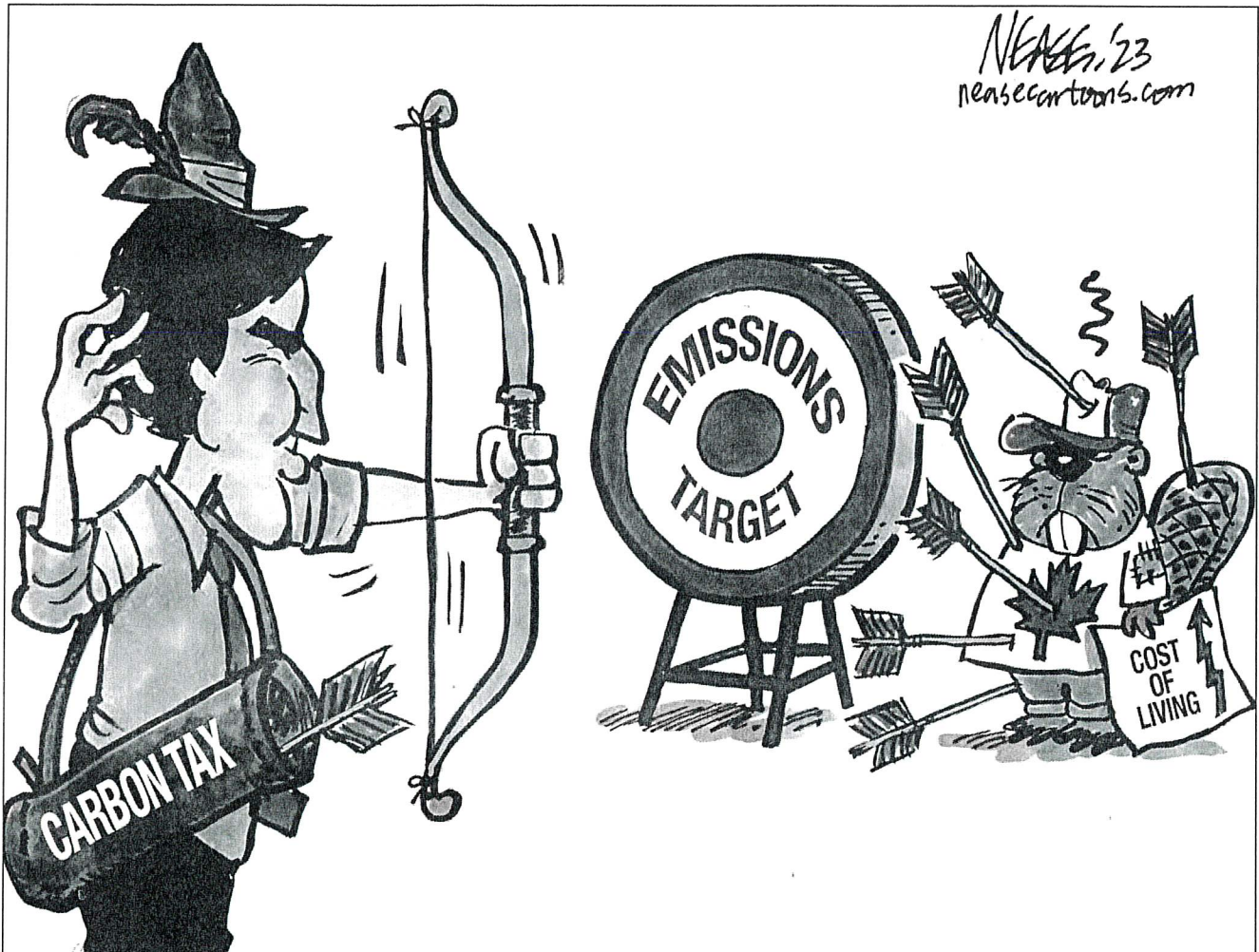
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6. Learn more about Canada's 2030 Emissions Reduction Plan:

<https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/climate-plan-overview/emissions-reduction-2030.html>



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**YOUR TASK:**

Examine the editorial cartoon, then answer the following questions on a separate piece of paper:

1. What do you *already know* about the carbon tax? Explain.
2. Describe what you *see* and *read* in the cartoon.
3. As you see it, what might the cartoonist be saying about the carbon tax? Explain.
4. For what reasons do you agree with the cartoonist? For what reasons do you disagree? Explain. ★



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## INFOGRAPHIC

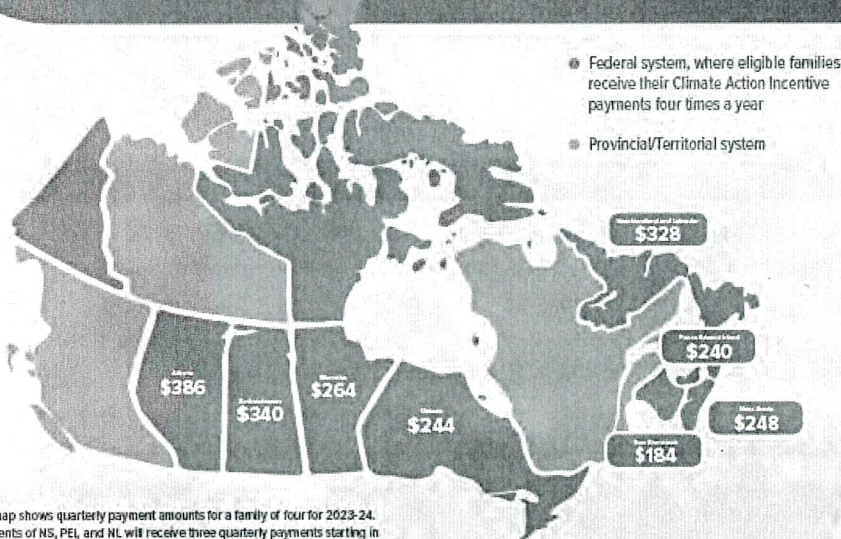
### How Canada's Carbon Pollution Pricing System Works

Pricing carbon pollution is recognized as one of the most effective and efficient approaches to reduce the greenhouse gas emissions that cause climate change.

It creates a financial incentive for people and businesses to pollute less.

All the money from the federal price on pollution charged to fuel goes directly back to benefit Canadian families, businesses, farmers and Indigenous groups—in the same province or territory where it was collected.

The federal pollution pricing system makes life affordable by returning money to families through Climate Action Incentive payments—with low- and middle-income families benefitting the most.



The map shows quarterly payment amounts for a family of four for 2023-24. Residents of NS, PEI, and NL will receive three quarterly payments starting in July 2023, when the federal fuel charge starts to apply. Households in NB will receive their first Climate Action Incentive payment as a double payment of \$368 in October 2023, with a second quarterly payment amount of \$184 in January 2024. In Yukon and Nunavut, proceeds are returned directly to the territorial governments at their request.

- Federal system, where eligible families receive their Climate Action Incentive payments four times a year
- Provincial/Territorial system



Where families receive Climate Action Incentive payments, eight out of ten households get more money back than they spend on pollution pricing.

### USING LESS ENERGY

By using less energy—for example by biking, driving a more fuel-efficient car, or insulating their homes to reduce energy use—Canadians can reduce the price they pay on pollution while still collecting the full Climate Action Incentive payment.

Environment and Climate Change Canada / Environnement et Changement climatique Canada

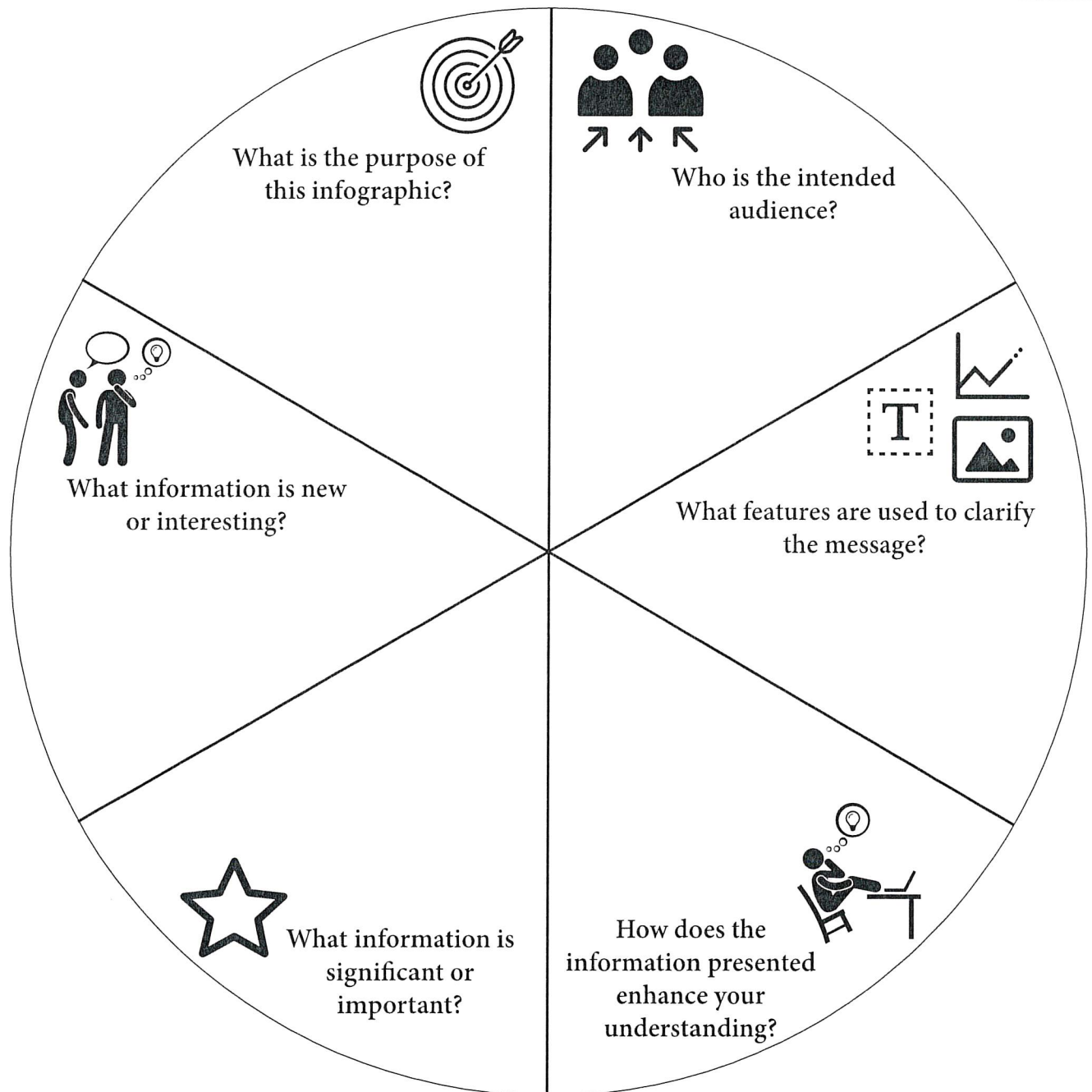


<https://www.canada.ca/en/environment-climate-change/services/climate-change/pricing-pollution-how-it-will-work/putting-price-on-carbon-pollution.html>



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**ANALYZING AN INFOGRAPHIC**



What questions do you still have about the topic presented?

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## GRAPHING

1. Canada's current population is just over 40 million. About 2.6 million people (6.5%) live in the four Atlantic provinces.

Complete the table below to show:

- the total population of Canada from 1955 to the present;
- the population of each of the four Atlantic provinces from 1955 to the present;
- the total population of Atlantic Canada from 1955 to the present;
- the percentage of population in Atlantic Canada compared to the total population of Canada.

The following source will help: <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1710000901>

Total	Q1 1955	Q1 1970	Q1 1985	Q1 2000	Q1 2015	Q3 2023
Canada	15,535,000			30,525,872		40,097,761
Newfoundland & Lab.		516,000			528,161	
Prince Edward Island			127,330			173,787
Nova Scotia	678,000			934,594		
New Brunswick			721,932			834,691
Atlantic Canada		2,030,000			2,369,035	
Percentage			9.0%		6.7%	

Use a separate sheet of paper to complete the following assignment:

### Part A - Pie Chart

1. Create a large pie chart to show the population distribution by province in Atlantic Canada in mid 2023. Label each section of the pie chart as required and shade each province as follows:

Nova Scotia - purple (40.6%)

New Brunswick - red (32%)

Newfoundland and Labrador - pink (20.7%)

Prince Edward Island - orange (6.7%)

2. Label this section of your assignment with a proper title.

### Part B - Line Graph

1. Create a line graph to show the population pattern by province in Atlantic Canada from 1955 to 2023.

2. Show the population numbers on the vertical Y axis (0 to 1,200,000) and show the six benchmark years (1955 to 2023) on the horizontal X axis.

3. Plot the data point for each province for each of the six benchmark years. Then draw a line to connect the data points for each province using the assigned colour in **Part A** above.

4. Label this section of your assignment with a proper title.

5. Examine your chart and graph. What observations can you make and what conclusions can you draw?

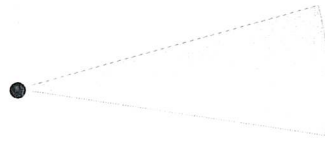


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## GRAPHING



New Brunswick



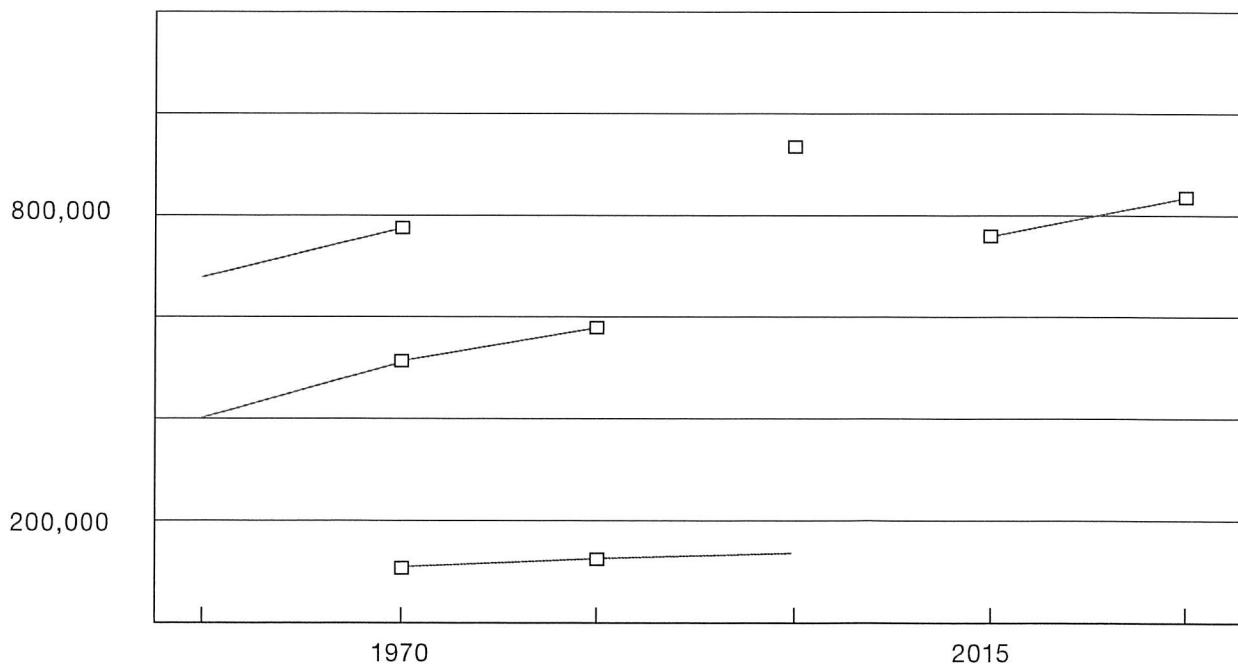
Population

—□— Nova Scotia

—□— New Brunswick

—□— Nfld. & Lab.

—□— PEI





## PUTTING IT ALL TOGETHER

A. Write the letter that corresponds to the best answer on the line beside each question:

\_\_\_\_\_ 1. GGPPA = \_\_\_\_\_ Gas Pollution Pricing Act

- a) Gasoline
- b) Geothermal
- c) Global
- d) Greenhouse

\_\_\_\_\_ 2. Which three jurisdictions are not officially part of the federal carbon tax program?

- a) Quebec, Saskatchewan, and the Yukon
- b) Northwest Territories, Quebec, and B.C.
- c) Ontario, Nova Scotia, and Alberta
- d) Nova Scotia, B.C., and Saskatchewan

\_\_\_\_\_ 3. Which federal political leader is opposed to the carbon tax?

- a) Justin Trudeau
- b) Joe Biden
- c) Jagmeet Singh
- d) Pierre Poilievre

B. Mark the statements T (True) or F (False). If a statement is True, write one important fact to support it on the line below. If a statement is False, write the words that make it true on the line below.

\_\_\_\_\_ 4. **True or False?** About three percent of Canadian homes are heated with natural gas.

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\_\_\_\_\_ 5. **True or False?** The carbon tax will stop increasing in 2030.

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\_\_\_\_\_ 6. **True or False?** The federal Liberals say they will not make any more carbon tax exemptions.

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C. Fill in the blanks to complete each sentence.

7. Under the GGPPA the current carbon tax is \$ \_\_\_\_\_ per tonne.

8. If fossil fuels increase in price then \_\_\_\_\_ energy becomes more affordable.

9. Almost all the carbon tax that is paid is returned to consumers as a \_\_\_\_\_.

D. Respond to the following question in paragraph form. (*Use a separate sheet of paper if necessary.*)

10. Do you agree or disagree with the federal government's decision to pause the carbon tax on home heating oil? Give reasons to support your response.

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