

From Queen's Park by Sylvia Jones MPP ? Ontario government to put a price on carbon



Rumours are swirling at Queen's Park that the Liberal government is planning on introducing a carbon tax.

The government recently announced that later in the year, they will unveil their strategy for placing a price on the use of carbon, but didn't bother mentioning the idea of a carbon tax during last year's provincial election. It's important to know what this means for Ontario residents. There are two methods that the government might use to place a price on the use of carbon. The first method is what is known as a carbon tax, and the second method is what is known as a cap-and-trade system. As we shall see, both methods result in the same thing, extra costs on everything you use or buy.

In 2008, British Columbia became the first jurisdiction in North America to impose a carbon tax. Their carbon tax is designed to tax the use of carbon based on greenhouse gas emissions generated from burning fuels. It puts a price on each tonne of greenhouse gas emitted. A key aspect of the system in place in British Columbia is it is promoted as being revenue neutral.

One concern with establishing a carbon tax is that fact that the cost of heating or cooling a home will increase. Even if individual consumers were exempt from a carbon tax, prices for most other goods will undoubtedly increase as a result of producers seeing higher energy costs. A carbon tax would have negative consequences on the manufacturing sector and invariably the consumer. If a carbon tax were imposed, then energy prices will increase, and as a result manufacturers will be forced to increase their prices.

Ontario already has the highest energy rates in all of North America, so it makes zero sense for the government to consider raising energy rates again.

The other possible method the government might use to place a price on carbon is through a cap-and-trade system. The government would create a limit on the amount of emissions that can be released in a year. Those who release emissions will be given an allowance for the emissions they produce. They will be allowed to sell their unused allowance to others who might go over their own allowance. To help lower overall emissions, the government would most likely impose a specific allowable amount that would change at the whim of the government.

The same problems exist with the cap-and-trade system as with the carbon tax strategy. Companies will be fined for going over their limit or be forced to buy more from other companies and then those costs will be passed along to the consumer. At the end of the day this will hurt the end user - the consumer. Both carbon pricing strategies will have negative impacts on Ontarians who cannot afford another tax or higher costs for goods. I hope this government will look at the raised concerns before bringing forward a strategy that will make Ontario an unaffordable jurisdiction for job-creators to compete and more expensive for residents to live.