

# **British Columbia's Climate Action Plan and Revenue Neutral Carbon Tax**

Oregon

March 2013

# Prologue: Mountain Pine Beetle

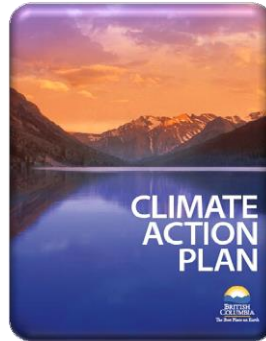
- Insufficiently cold winters to keep population in check
- 45 million acres affected
- Devastated forest industry
- Tangible climate impact on jobs, communities, BC economy
- Contributed to public support for climate action



# BC's Climate Action Plan

## Legislated targets to reduce GHG emissions from 2007

- 6% by 2012 (interim target)
- 18% by 2016 (interim target)
- **33% by 2020 (legislated)**
- 80% by 2050 (legislated)

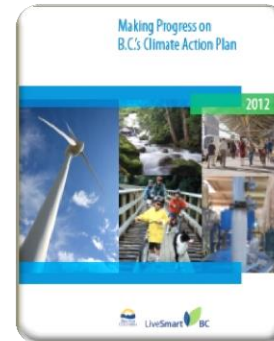


## 2008 Climate Action Plan

- A price on carbon
- Carbon Neutral Government
- Community Charters
- Adaptation Strategy
- Actions in every sector

## Continues to be reinforced

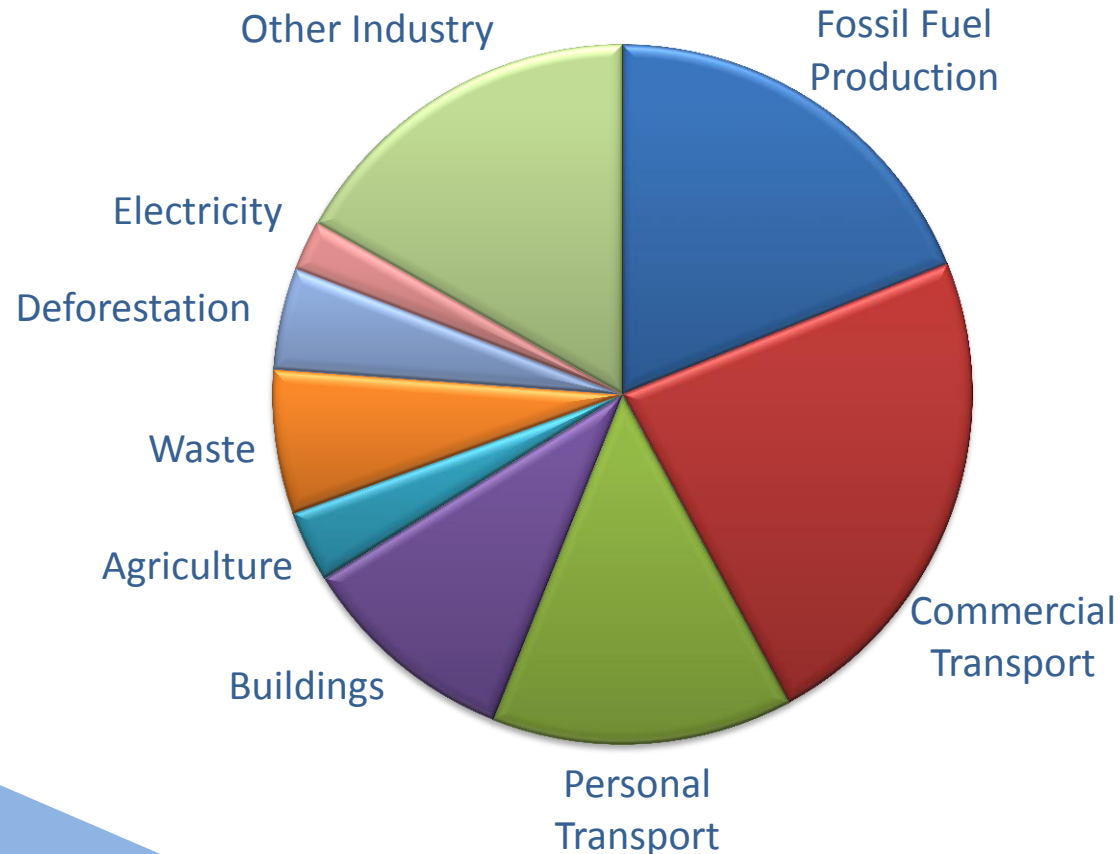
- “BC is, and will remain, a climate change leader”



# BC is a low GHG economy

62 million tonnes CO<sub>2</sub>e per year

- No coal-fired electricity, mainly hydroelectricity
- Limited heavy manufacturing
- Largest sector is transportation



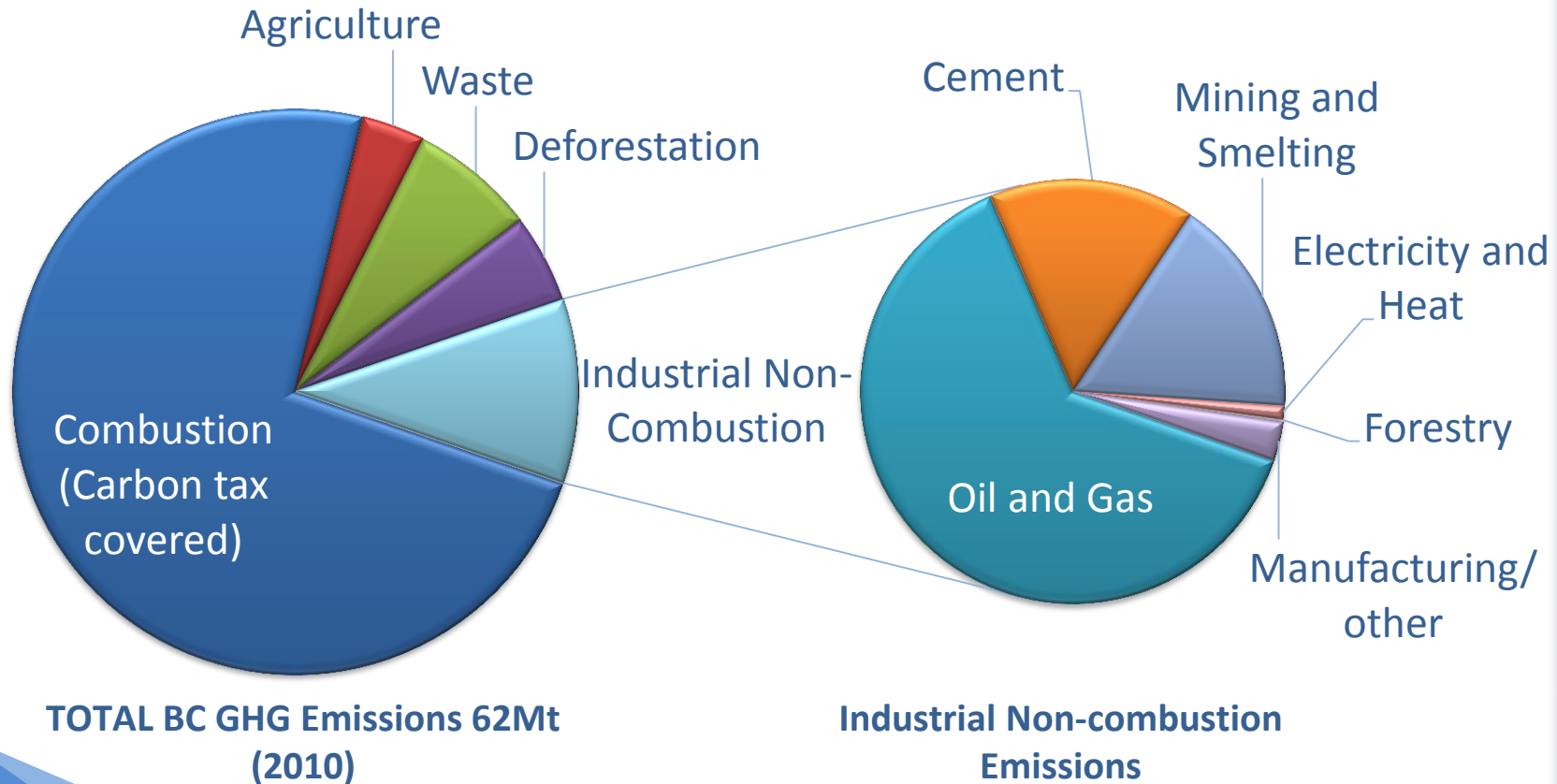
# Revenue Neutral Carbon Tax

- Cornerstone climate policy
  - Implemented in 2008 at \$10/tonne CO<sub>2</sub>e
  - 5 year schedule of \$5/tonne annual increases (price certainty)
  - \$30 /tonne as of July 1, 2012, no further increase planned
  - Applies to all fossil fuel combustion with no exemptions
  - Most comprehensive carbon price: individuals and business
  - Low income people are protected through tax credit
  
- Cornerstone tax policy
  - \$1.2 Billion of \$44 Billion provincial budget
  - Achieves government objectives in broad-based tax reform

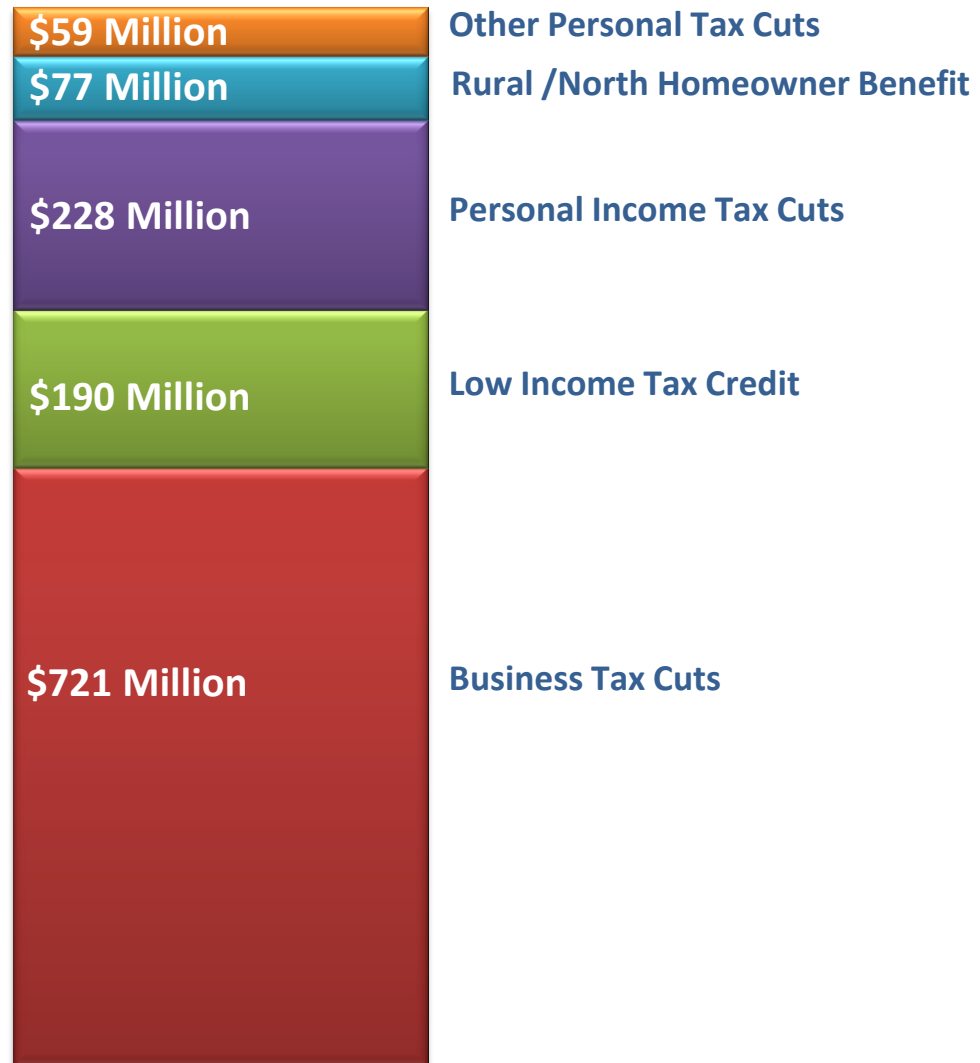


# Carbon Tax coverage

- Carbon Tax covers 70% of BC's total GHG emissions



# Carbon Tax-related tax cuts - 2012/13



Tax Reductions **\$1.3 CAD Billion**

# Implementation

- Uses existing fuel tax system administration and infrastructure
- Allowed for quick implementation
- Tax base is on fuel volumes means no extra data needs
- Lack of data at outset was one key reason for leaving non-combustion emissions out of scope.
- Cap and trade was envisioned to cover non-combustion



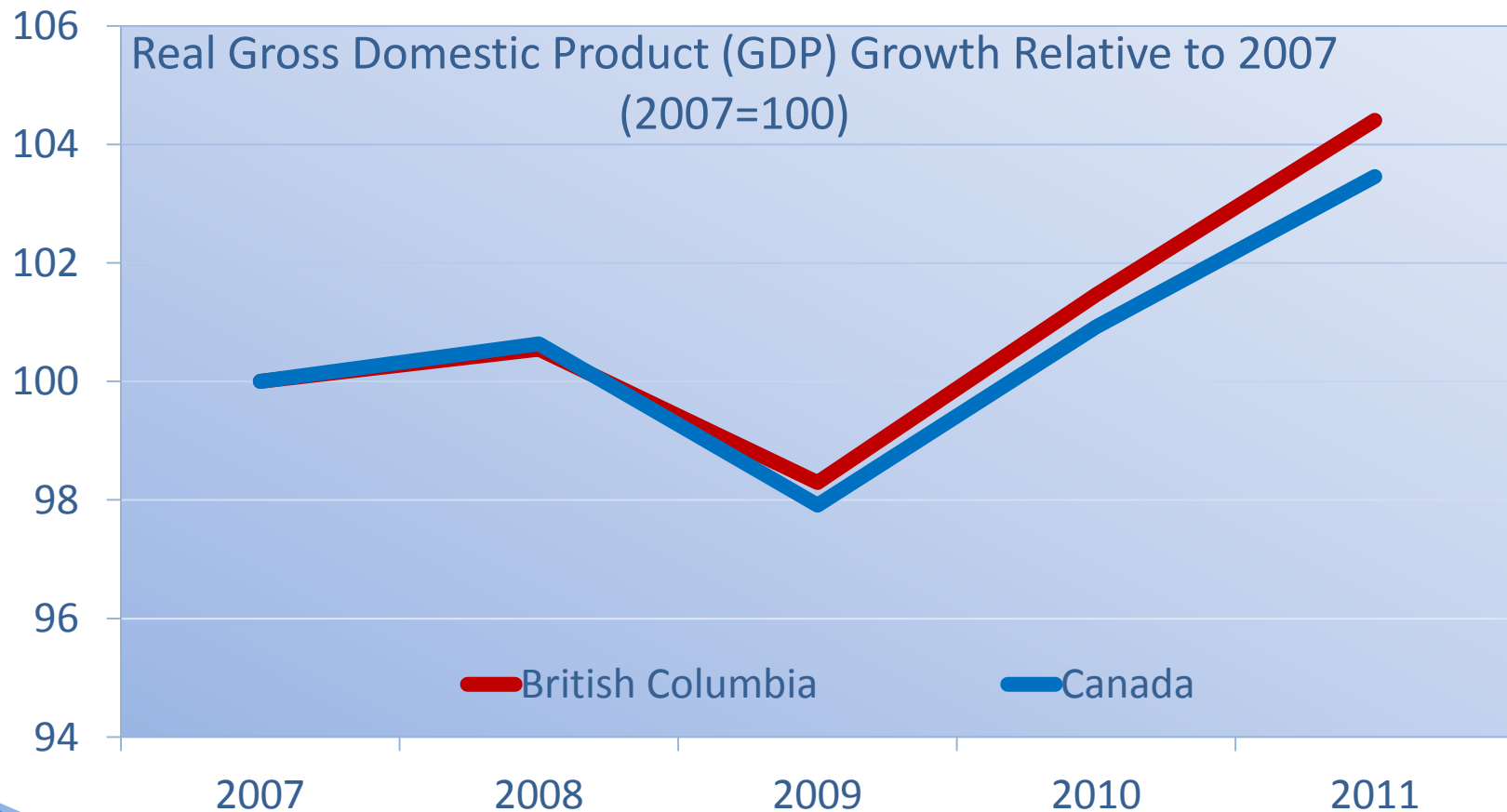
# Review

- The Province launched a review of the carbon tax in 2012
- The review concluded:
  - “Many British Columbians support the carbon tax and would like government to continue to increase the rate and expand the tax base...”
  - “While the carbon tax at current rates does not appear to have a significant impact on BC’s overall economic performance, a number of sectors have expressed concerns about the impact of the carbon tax on their competitiveness.”
  - “British Columbia will continue to provide relief primarily through broad-based tax reductions for businesses, individuals and families.”

# Government Commitments

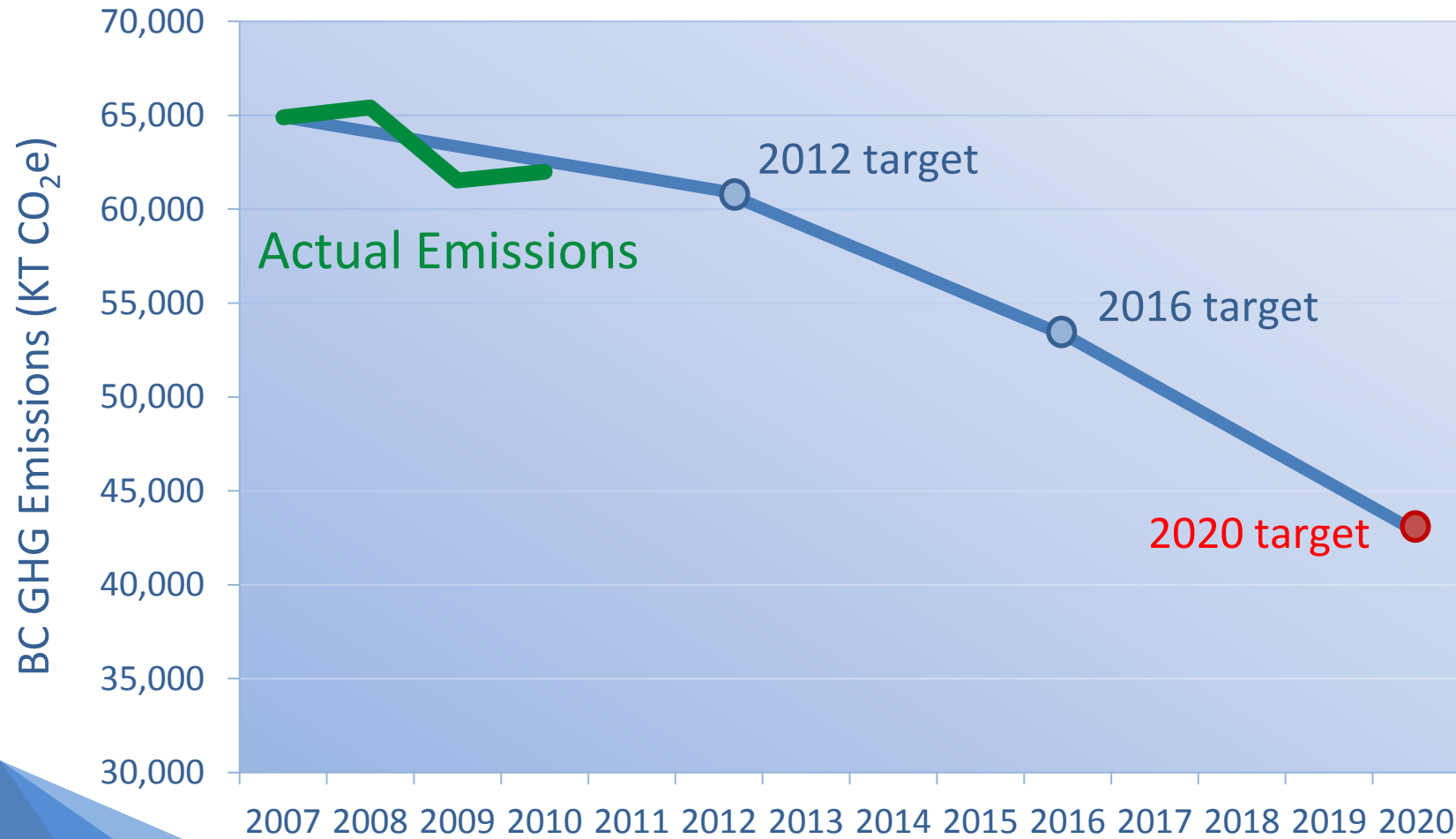
- “The principle of revenue neutrality will be maintained.”
- Continue targeted relief for greenhouse sector
- Carbon tax exemption for coloured agricultural fuels
- No rate increase; no scope expansion at this time

# BC's economy is relatively strong

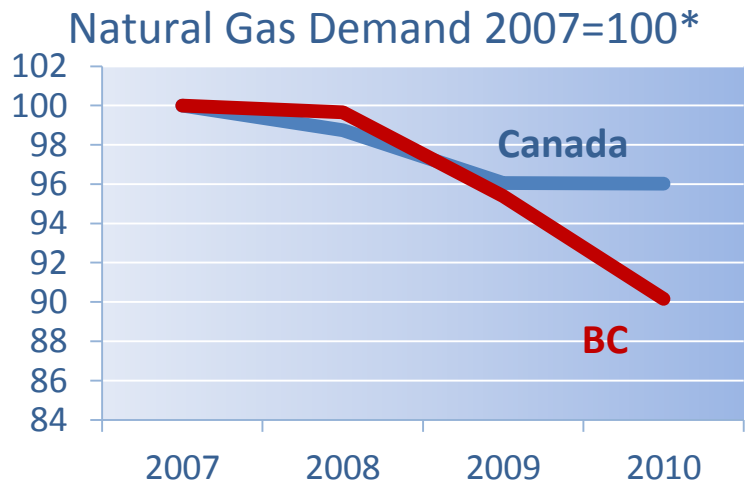
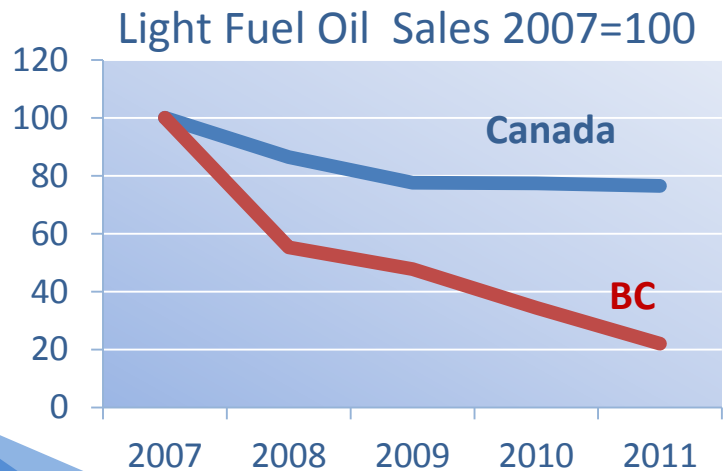
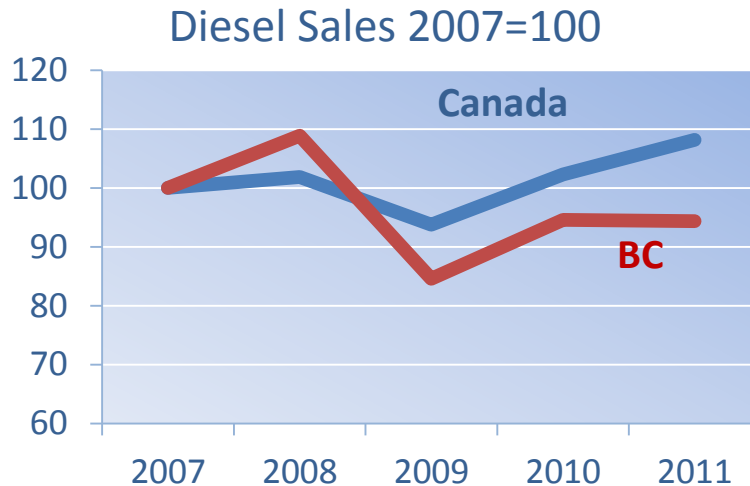
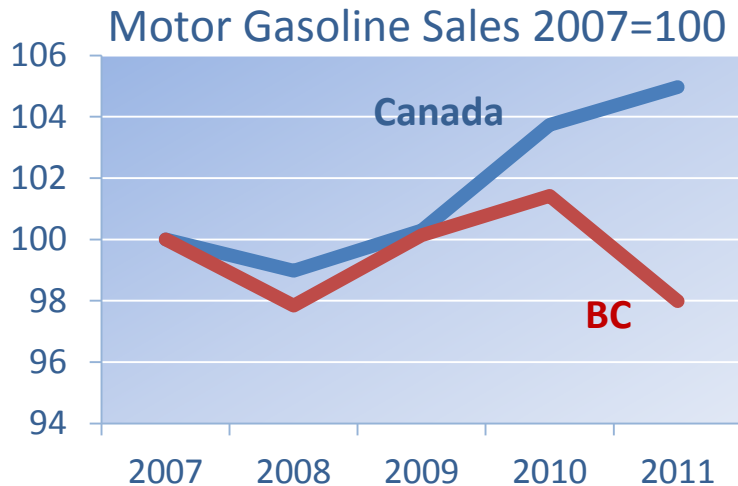


Source: CANSIM 379-0025 Preliminary Real GDP by Industry at Basic Prices  
Subject to revision on release of Provincial Public Accounts

# Within reach of 2012 interim target



# Early signs of reduced fossil fuel use



\* Does not include natural gas for electricity generation or for natural gas production in BC.



# Signs of positive economic change

- Twice Canadian average for hybrid vehicle adoption
- 48% growth in clean tech sector
- Most active district energy market in Canada
- 20% of all LEED Gold buildings in Canada
- 785,337 tonnes of regulatory offsets retired
- LiveSmart Home Energy Retrofits completed by
  - 8,400 small businesses
  - 5% of eligible BC homes



BC's Green Economy Update:  
**GROWING GREEN JOBS**





# Public attitudes

October 2012:

- 79% very or somewhat concerned with global warming
- 73% agree or strongly agree that BC should take action on climate change even if other provinces don't do as much

December 2012

- 64% of British Columbians support the carbon tax
- 59% of Canadians in the rest of the country would support a BC-style carbon tax in their own province
- Canada Council of Chief Executives, several oil sands producers, and the National Roundtable on Environment and Economy have all called for a national carbon tax.

# Epilogue: California tailpipe standard

- BC first Canadian jurisdiction to support
- Western Climate Initiative members followed (79% of Canadian GDP)
- Standard nationalized in US and Canada
- Next round being developed nationally