



## RESPONSE TO PETITION

Prepare in English and French marking 'Original Text' or 'Translation'

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PETITION No.: **421-01683**

BY: **MR. POILIEVRE (CARLETON)**

DATE: **SEPTEMBER 27, 2017**

PRINT NAME OF SIGNATORY: **MR. JOËL LIGHTBOUND**

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Response by the Minister of Finance

SIGNATURE

Minister or Parliamentary Secretary

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SUBJECT

**Tax system**

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**ORIGINAL TEXT**

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**REPLY**

Pricing carbon pollution is the most efficient way to reduce greenhouse gas emissions and reach our objectives to protect the environment, while stimulating investments in low-carbon innovation and creating a sustainable clean-growth economy. Carbon pollution pricing provides incentives to reduce energy use through conservation and efficiency measures and to switch to low emitting fuels and cleaner technologies. Pricing carbon pollution sends an important signal to markets and informs consumer choices and investments in infrastructure and innovation.

The pan-Canadian approach to pricing carbon pollution will expand the application of carbon pricing, already in place in Canada's four largest provinces, to the rest of Canada. Recognizing each province and territory has unique circumstances, the pan-Canadian approach allows provinces and territories flexibility to choose between an explicit price-based system and a cap-and-trade system. The direct revenues from the carbon price will remain in the province or territory of origin. For example, revenue may be used to reduce the overall tax burden or to minimize the impacts on vulnerable communities, low and middle income households, and trade exposed businesses.

The impact of carbon pricing on households will vary by province and territory. Impacts will depend on differences in energy and fuel consumption and electricity generation. Impacts will also depend on the carbon pollution pricing design approaches taken by individual provinces and territories, on how the revenues from pricing carbon pollution are used, and on the extent to which households and businesses change consumption patterns in response to the price on carbon pollution.

On December 9, 2016, the First Ministers of Canada agreed to the Pan-Canadian Framework on Clean Growth and Climate Change. The Economic analysis of the Pan-Canadian Framework (<https://www.canada.ca/en/services/environment/weather/climatechange/climate-action/economic-analysis.html>) provides an overview of the analyses of the environmental and economic impacts of the Pan-Canadian Framework undertaken by the federal government with input from the provinces and territories. Further analysis on the economic impacts of pricing carbon pollution, including analysis of impacts on households, will become available as each province and territory clarifies the precise design of its carbon pollution pricing system, including how it will utilize its revenues, and as experience is gained.

Since taking office in 2015, the Government has put in place a plan to grow the economy in a way that works for the middle class and those working hard to join it. One of our first actions was to raise taxes on the wealthiest Canadians in order to cut taxes for the middle class. Nearly nine million Canadians are benefitting from this middle class tax cut, which reduced the 22 percent federal income tax rate to 20.5 percent. Single individuals who benefit are saving an average of \$330 each year, and couples who benefit are saving an average of \$540 each year.

Another key part of the Government's plan is the Canada Child Benefit (CCB), which has been in effect since July 2016. Compared to the system of federal child benefits that it replaced, the CCB is simpler, entirely tax-free, much more generous, and better targeted to those who need it most. Nine out of 10 families are receiving more in child benefits than they did under the previous system, and hundreds of thousands of children are being lifted out of poverty. On average, families benefitting from the CCB receive about \$6,800 annually in CCB payments.

Going forward, the Government will continue to take action to support the middle class and those working hard to join it.