

A close-up photograph of a person's hand holding a gas pump nozzle. The hand is wearing a gold chain bracelet. The nozzle is green and red, and is being held over a red gas pump. The background is a blurred red and black.

Impact of federal carbon tax hikes on soaring gas prices

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CANADIAN TAXPAYERS FEDERATION

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About the Canadian Taxpayers Federation

The Canadian Taxpayers Federation is a federally incorporated, not-for-profit citizen's group dedicated to lower taxes, less waste and accountable government. The CTF was founded in Saskatchewan in 1990 when the Association of Saskatchewan Taxpayers and the Resolution One Association of Alberta joined forces to create a national organization. Today, the CTF has 235,000 supporters nation-wide.

The CTF maintains a federal office in Ottawa and regional offices in British Columbia, Alberta, Prairie (SK and MB), Ontario, Quebec and Atlantic. Regional offices conduct research and advocacy activities specific to their provinces in addition to acting as regional organizers of Canada-wide initiatives.

CTF offices field hundreds of media interviews each month, hold press conferences and issue regular news releases, commentaries, online postings and publications to advocate on behalf of CTF supporters. CTF representatives speak at functions, make presentations to government, meet with politicians, and organize petition drives, events and campaigns to mobilize citizens to affect public policy change.

Each week CTF offices send out Let's Talk Taxes commentaries to more than 800 media outlets and personalities across Canada. Any Canadian taxpayer

committed to the CTF's mission is welcome to [join at no cost and receive issue and Action Updates](#). Financial supporters can additionally receive the CTF's flagship publication The Taxpayer magazine published three times a year.

The CTF is independent of any institutional or partisan affiliations. All CTF staff, board and representatives are prohibited from holding a membership in any political party. In 2019-20, the CTF raised [\\$4.8 million](#) on the strength of 31,655 donations. Donations to the CTF are not deductible as a charitable contribution.



Impact of federal carbon tax hikes on soaring gas prices

The report estimates what current gas prices would cost Canadian drivers under a \$170 per tonne carbon tax and the federal government's planned second carbon tax.

The federal government plans to increase its carbon tax from \$40 per tonne today to \$170 per tonne in 2030. That would translate to the current 9 cent per litre federal carbon tax rising to nearly 40 cents per litre. The calculation assumes that drivers in all provinces would pay the 40 cents per litre federal carbon tax and does not consider any further offsetting gas tax relief. That is, this report shows what a \$170 per tonne carbon tax and second carbon tax would mean for drivers with current fuel prices.

The federal government is planning on imposing a second carbon tax through [fuel regulations](#). The federal government estimates the second carbon tax will cost up to 11 cents per

litre.¹ British Columbia drivers are already paying a second carbon tax through provincial regulations so the federal government's second carbon tax will not increase the price paid by Vancouver drivers.

The federal government and provincial governments in Newfoundland and Labrador, Nova Scotia, Prince Edward Island, New Brunswick, Quebec and Ontario charge a sales tax on top of the per litre fuel taxes. The higher carbon taxes will mean that this tax-on-tax will cost Canadian drivers more money. This tax-on-tax is factored into the gas price estimates below.

The table below illustrates what [current gas prices](#), as of the morning of Monday, Oct. 25, would cost drivers in Canadian cities under a \$170 per tonne carbon tax and second carbon tax:

City	Current gas price/L (Oct. 25)	Gas price/L (including \$170 per tonne carbon tax)	Gas price/L (including two carbon taxes)	Total cost to fuel up minivan (\$170 per tonne carbon tax + second carbon tax)
St. John's	\$1.64	\$1.97	\$2.10	\$159.36
Charlottetown	\$1.49	\$1.85	\$1.97	\$149.90
Halifax	\$1.47	\$1.89	\$2.01	\$153.07
Fredericton	\$1.48	\$1.81	\$1.94	\$147.20
Montreal	\$1.54	\$1.90	\$2.02	\$153.77
Toronto	\$1.46	\$1.78	\$1.91	\$145.08
Winnipeg	\$1.43	\$1.73	\$1.85	\$140.38
Regina	\$1.42	\$1.72	\$1.84	\$139.62
Calgary	\$1.42	\$1.72	\$1.84	\$139.62
Vancouver	\$1.62	\$1.91	\$1.91	\$145.16

¹ The Canadians for Affordable Energy estimate the federal carbon tax will increase the price of gasoline by 16 cents per litre, based on British Columbia's fuel regulations.

Breakdown by city

St. John's, Newfoundland and Labrador

The carbon tax currently increases the price of gasoline by [8.84 cents per litre](#) in Newfoundland and Labrador. The planned \$170 per tonne federal carbon tax and second carbon tax would cost about 49 cents per litre of gasoline in total. That is, the current 8.84 cent per litre carbon tax would rise to about 49 cents per litre under a \$170 per tonne carbon tax and second carbon tax.

Current gas price/L	\$1.64
Gas price/L (\$170 per tonne tax + second carbon tax)	\$2.10
Total cost to fuel up sedan 2030	\$117.43
Total cost to fuel up minivan 2030	\$159.36
Total cost to fuel pickup 2030	\$205.50

Charlottetown, Prince Edward Island

The carbon tax currently increases the price of gasoline by [6.63 cents per litre](#) in PEI. The planned \$170 per tonne federal carbon tax and second carbon tax would cost about 49 cents per litre of gasoline in total. That is, the current 6.63 cent per litre carbon tax would rise to about 49 cents per litre under a \$170 per tonne carbon tax and second carbon tax.

Current gas price/L	\$1.49
Gas price/L (\$170 per tonne tax + second carbon tax)	\$1.97
Total cost to fuel up sedan 2030	\$110.45
Total cost to fuel up minivan 2030	\$149.90
Total cost to fuel pickup 2030	\$193.29

Halifax, Nova Scotia

The carbon tax currently increases the price of gasoline by more than [1.2 cents per litre](#) in Nova Scotia.² The planned \$170 per tonne federal carbon tax and second carbon tax would cost about 49 cents per litre of gasoline in total. That is, the current 1.2 cent per litre carbon tax would rise to about 49 cents per litre under a \$170 per tonne carbon tax and second carbon tax.

Current gas price/L	\$1.47
Gas price/L (\$170 per tonne tax + second carbon tax)	\$2.01
Total cost to fuel up sedan 2030	\$112.79
Total cost to fuel up minivan 2030	\$153.07
Total cost to fuel pickup 2030	\$197.38

Fredericton, New Brunswick

The carbon tax currently increases the price of gasoline by [8.84 cents](#) in New Brunswick. The planned \$170 per tonne federal carbon tax and second carbon tax would cost about 49 cents per litre of gasoline in total. That is, the current 8.84 cent per litre carbon tax would rise to about 49 cents per litre under a \$170 per tonne carbon tax and second carbon tax.

Current gas price/L	\$1.48
Gas price/L (\$170 per tonne tax + second carbon tax)	\$1.94
Total cost to fuel up sedan 2030	\$108.47
Total cost to fuel up minivan 2030	\$147.20
Total cost to fuel pickup 2030	\$189.82

² The province of Nova Scotia notes that its cap and trade carbon tax "will add about 1 cent per litre to the price of gas, compared with about 11 cents per litre by 2022 under the federal approach". <https://climatechange.novascotia.ca/nova-scotias-cap-trade-program>

Montreal, Quebec

The carbon tax increases the price of gasoline by about 6.5 cents per litre in Montreal. The planned \$170 per tonne federal carbon tax and second carbon tax would cost about 49 cents per litre of gasoline in total. That is, the current [6.5 cent](#) per litre carbon tax would rise to about 49 cents per litre under a \$170 per tonne carbon tax and second carbon tax.

Current gas price/L	\$1.54
Gas price/L (\$170 per tonne tax + second carbon tax)	\$2.02
Total cost to fuel up sedan 2030	\$113.31
Total cost to fuel up minivan 2030	\$153.77
Total cost to fuel pickup 2030	\$198.29

Winnipeg, Manitoba

The federal carbon tax currently increases the price of gasoline by [8.84 cents](#) in Manitoba. The planned \$170 per tonne federal carbon tax and second carbon tax would cost about 49 cents per litre of gasoline in total. That is, the current 8.84 cent per litre federal carbon tax would rise to about 49 cents per litre under a \$170 per tonne carbon tax and second carbon tax.

Current gas price/L	\$1.43
Gas price/L (\$170 per tonne tax + second carbon tax)	\$1.85
Total cost to fuel up sedan 2030	\$103.44
Total cost to fuel up minivan 2030	\$140.38
Total cost to fuel pickup 2030	\$181.02

Toronto, Ontario

The federal carbon tax currently increases the price of gasoline by [8.84 cents](#) in Ontario. The planned \$170 per tonne federal carbon tax and second carbon tax would cost about 49 cents per litre of gasoline in total. That is, the current 8.84 cent per litre federal carbon tax would rise to about 49 cents per litre under a \$170 per tonne carbon tax and second carbon tax.

Current gas price/L	\$1.46
Gas price/L (\$170 per tonne tax + second carbon tax)	\$1.91
Total cost to fuel up sedan 2030	\$106.90
Total cost to fuel up minivan 2030	\$145.08
Total cost to fuel pickup 2030	\$187.08

Regina, Saskatchewan

The federal carbon tax currently increases the price of gasoline by [8.84 cents](#) in Saskatchewan. The planned \$170 per tonne federal carbon tax and second carbon tax would cost about 49 cents per litre of gasoline in total. That is, the current 8.84 cent per litre federal carbon tax would rise to about 49 cents per litre under a \$170 per tonne carbon tax and second carbon tax.

Current gas price/L	\$1.42
Gas price/L (\$170 per tonne tax + second carbon tax)	\$1.84
Total cost to fuel up sedan 2030	\$102.88
Total cost to fuel up minivan 2030	\$139.62
Total cost to fuel pickup 2030	\$180.04

Calgary, Alberta

The federal carbon tax currently increases the price of gasoline by [8.84 cents](#) in Alberta. The planned \$170 per tonne federal carbon tax and second carbon tax would cost about 49 cents per litre of gasoline in total. That is, the current 8.84 cent per litre federal carbon tax would rise to about 49 cents per litre under a \$170 per tonne carbon tax and second carbon tax.

Current gas price/L	\$1.42
Gas price/L (\$170 per tonne tax + second carbon tax)	\$1.84
Total cost to fuel up sedan 2030	\$102.88
Total cost to fuel up minivan 2030	\$139.62
Total cost to fuel pickup 2030	\$180.04

Vancouver, British Columbia

The carbon tax currently costs nearly [10 cents per litre](#) of gasoline in B.C. The planned \$170 per tonne federal carbon tax would cost nearly 38 cents per litre of gasoline in total. That is, the current carbon tax would rise to about 38 cents per litre under a \$170 per tonne carbon tax. B.C. drivers are already paying a second carbon tax through provincial regulations so the federal government's second carbon tax will not increase the price paid by Vancouver drivers.

Current gas price/L	\$1.62
Gas price/L (\$170 per tonne tax)	\$1.91
Total cost to fuel up sedan 2030	\$106.96
Total cost to fuel up minivan 2030	\$145.16
Total cost to fuel pickup 2030	\$187.19