

# New Brunswick's Carbon Pricing Plan

Response to Environment and Climate Change Canada

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Province of New Brunswick  
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# Introduction:

## New Brunswick's greenhouse gas emission reduction plan

The Province of New Brunswick has committed to introducing carbon pricing to help tackle climate change. But any carbon pricing mechanism must be based on New Brunswick's unique environmental and economic realities, which is why New Brunswick has adopted a hybrid carbon pricing system. Specifically, New Brunswick implemented a carbon levy on gasoline and diesel used in transportation on April 1, 2018. With respect to large emitters, in December 2017, the province announced its intention to accept the Federal Backstop output based pricing system (OBPS) for large industrial emitters and electricity generators emitting greater than 50,000 tonnes of greenhouse gas (GHG) per year.

All revenue derived from carbon pricing will be deposited into New Brunswick's newly created Climate Change Fund under the *Climate Change Act*. The Climate Change Fund establishes the foundation for a concentrated and focused fund to invest in measures that address climate change. Dedicated funding for climate change initiatives is essential to ensure sustained, ambitious and collaborative action to address climate change.

New Brunswick's approach to carbon pricing should not be considered in a vacuum. As will be outlined below, the plan must be reviewed in the context of the unique economic circumstances New Brunswickers face, specifically: the high level of taxation on motive fuels; as well as the ability to respond to a carbon price signal in a rural province like New Brunswick.

Finally, the province has recently released one of the most comprehensive Climate Change Action Plans in the country. This made-in-New Brunswick approach will achieve real emission reductions in New Brunswick and contribute to meeting the GHG targets that have been established for the Province as well as contributing to Canada's national GHG emission reduction targets.

This long-term vision, which recognizes New Brunswick's unique economic circumstances, will allow for a smoother transition and greater market acceptance, while at the same time ensuring New Brunswick can still experience the opportunity for economic growth similar to other areas of the country.

### Overview of New Brunswick's carbon pricing plan

New Brunswick's carbon levy came into force on April 1, 2018 under section 7 of the *Climate Change Act*. Under section 7, the province has converted a proportion of the provincial fuel tax on gasoline and diesel fuel collected under the *Gasoline and Motive Fuel Tax Act* into a carbon levy by directing a proportion of those taxes to the Climate Change Fund. The proportion is equivalent to the federal schedule of \$10/tonne in 2018 increasing to \$50/tonne in 2022.

As the levy is being applied only to gasoline and diesel fuels used in transportation, all other fuels and sectors will be exempt, including fossil fuels used in:

- providing heat and hot water to buildings (residential and commercial) (7.6% of provincial GHG emissions);
- small industry emitting under 50,000 tonnes of GHGs annually (2.3% of provincial GHG emissions); and
- aviation (0.8%); locomotives (1.1%); marine transport (1.9%); marked fuels: fisheries, forestry, mining/quarrying, aquaculture and silviculture (1.7% collectively); waste (5.1%); and agriculture activities (3.7%).

Industrial facilities and electricity generators emitting greater than 50,000 tonnes of GHGs annually will be subject to the federal OBPS provided that the three conditions outlined in our March 29, 2018 letter are met. These include:

1. the final regulatory framework for said system does not put New Brunswick and its industry at a competitive disadvantage either nationally or internationally;
2. the final regulatory framework for said system be no more stringent than the output-based pricing system that is part of Alberta's hybrid carbon pricing mechanism while specifically considering the competitiveness issues identified in point 1; and
3. the Government of Canada commits to returning all proceeds collected from New Brunswick emitters directly to the Province of New Brunswick.

New Brunswick's carbon levy coupled with the federal OBPS results in coverage on approximately 76% of New Brunswick's emission sources, which compares favorably to British Columbia, which only covers approximately 70% of emissions in British Columbia.

## New Brunswick meets the requirements under the federal carbon pricing benchmark

As outlined in detail below, it is the position of the Province of New Brunswick that New Brunswick's carbon pricing plan meets the requirements under the Federal Benchmark released in October 2016.

### Timely introduction

Federal Benchmark requirement: All jurisdictions will have carbon pricing in place by 2018.

New Brunswick's approach: *The Province of New Brunswick implemented a carbon levy on gasoline and diesel used in transportation on April 1, 2018. In December 2017, the province announced that it intended to accept the Federal Backstop OBPS for large industrial emitters and electricity generators emitting greater than 50,000 tonnes of GHG per year.*

### Common scope

Federal Benchmark requirement: Pricing will be based on GHG emissions and applied to a common and broad set of sources to ensure effectiveness and minimize interprovincial competitiveness impacts. At a minimum, carbon pricing should apply to substantively the same sources as British Columbia's carbon tax.

New Brunswick's approach: *New Brunswick's carbon pricing plan (the carbon levy + the OBPS) covers **substantively** the same emissions as British Columbia. New Brunswick's proposal captures approximately 76% of New Brunswick's GHG emissions. In British Columbia the carbon tax covers approximately 70% of British Columbia's GHG emissions.*<sup>1</sup>

### Two systems

Federal Benchmark requirement: Jurisdictions can implement (i) an explicit price-based system (a carbon tax like British Columbia's or a hybrid system comprised of a carbon levy on fuels and performance-based emissions trading system like in Alberta) or (ii) a cap-and-trade system (e.g. Ontario and Quebec).

New Brunswick's approach: *New Brunswick's carbon pricing plan is a hybrid system wherein the province is delivering a carbon levy on gasoline and diesel used in transportation and, for large industrial emitters and electricity generators emitting greater than 50,000 tonnes per year, it is expected that the province will accept the Federal Backstop OBPS.*

1 <https://www2.gov.bc.ca/gov/content/environment/climate-change/planning-and-action/carbon-tax>

## Legislated increases in stringency

Federal Benchmark requirement: Legislated increases in stringency based on modelling, to contribute to our national target and provide market certainty. For jurisdictions with an explicit price-based system, the carbon price should start at a minimum of \$10 per tonne in 2018 and rise by \$10 per year to \$50 per tonne in 2022.

*New Brunswick's approach: New Brunswick's carbon levy came into force on April 1, 2018 under section 7 of the Climate Change Act. Under section 7, the province has converted a proportion of the provincial fuel tax on gasoline and diesel fuel collected under the Gasoline and Motive Fuel Tax Act into a carbon levy by directing a proportion of those taxes to the Climate Change Fund. The proportion is equivalent to the federal schedule of \$10/tonne in 2018 increasing to \$50/tonne in 2022. By 2022, it is anticipated that the Climate Change Fund will receive approximately \$180 million annually as a result of New Brunswick's carbon levy.*

*The Climate Change Fund puts in place the foundation for a concentrated and focused provincial fund to invest in measures that address climate change. The province's goal is not to ask more from taxpayers, it is to ensure that the provincial government is using taxation derived from fuel use and emissions to invest back into addressing climate change. New Brunswick's plan is still based on a principle of polluters pay. In the short-term, this will allow for better accountability and transparency around government investments to combat climate change. In the longer-term, there will be new investments made as the provincial carbon levy grows, such as those outlined under New Brunswick's Climate Change Action Plan below.*

## Reporting

Federal Benchmark requirement: Jurisdictions should provide regular, transparent, and verifiable reports on the outcomes and impacts of carbon pricing policies.

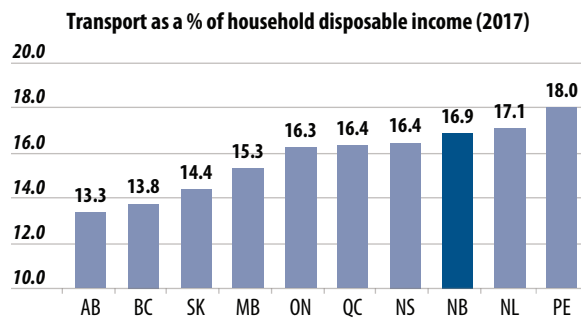
*New Brunswick's approach: Under subsection 3(5) of the Climate Change Act, the Minister of Environment and Local Government is required to prepare annually for public release a progress report outlining the status of actions set out in New Brunswick Climate Change Action Plan as well as the outcomes and impacts of New Brunswick's carbon pricing policies.*

## Summary

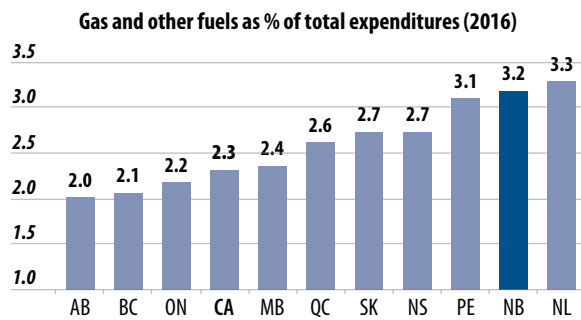
To summarize, New Brunswick's carbon pricing plan meets all requirements under the Federal Benchmark:

- ✓ Timely introduction: carbon levy in place in 2018 and federal OBPS for large emitters in 2019.
- ✓ Common scope: applies substantively to the same emission sources as B.C.
- ✓ Two systems: hybrid pricing system.
- ✓ Legislated increases in stringency: starting at \$10/tonne in 2018 increasing to \$50/tonne in 2022.
- ✓ Reporting: rigorous reporting requirements under the *Climate Change Act*.

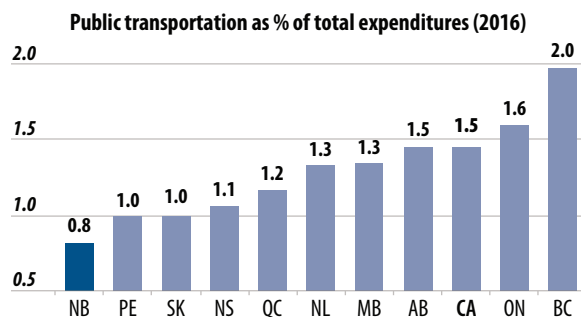
## Interprovincial comparisons of transportation expenditures



Source: Statistics Canada



Source: Statistics Canada



Source: Statistics Canada

According to Statistics Canada, transport takes a higher share of household disposable income in Atlantic Canada than elsewhere. New Brunswick spends the third highest percentage of disposable income in the country at 16.9 per cent— behind only NL and PE.

Household disposable income per household is lower in the Atlantic than in the West. Household disposable income in New Brunswick ranks 8th among the provinces and is 86.6% of the national average.

According to the Statistics Canada Survey of Household Spending (SHS) a higher percentage of household expenditures is dedicated to gas and other fuels in the Atlantic Provinces. In 2016, New Brunswickers spent \$2,122 on gas and other fuels. This represents the third highest \$ value and the second highest share of total expenditures in the country.

In 2014, when gas prices in Saint John averaged \$1.277 per litre, household spending on gas and other fuels was \$3,010 and represented 4.4% of total spending.

In addition to spending more on transport and/or gas and other fuels, there are fewer transportation alternatives in New Brunswick than in other areas of the country. According to the SHS, New Brunswickers spend an average of \$555 in 2016 on public transportation, the lowest in \$ value and as a % of total expenditures in the country.

## Comparison of cumulative taxation on gasoline and diesel across Canada

The tables attached provide, under the made-in New Brunswick carbon pricing plan, an interprovincial comparison of total taxes applied to gasoline and diesel using four different pump price scenarios, assuming the following:

- Pump price is what the consumer would pay for a litre of fuel “at the pumps”. It is the final, tax inclusive price.
- Total taxes include:
  - Current federal and provincial excise taxes on gasoline and diesel
  - 2022 carbon price rates as announced by each province as of July 17, 2018. Under the made in New Brunswick carbon plan, there would be no price increase at the pumps in 2022 as a result of New Brunswick’s carbon levy.
  - Any provincial and federal sales taxes currently applied to gasoline and diesel
- Pump price scenarios include: \$1.00, \$1.25, \$1.50 and \$1.75. These four hypothetical scenarios were chosen to illustrate the low end to high end taxation impacts New Brunswickers face as the price of fuel rises compared to most other provinces.

Observations on pump price impacts are provided under each scenario table. In general, as the pump price rises from \$1.00 to \$1.75, **even though New Brunswick's carbon levy does not result in a tax increase at the pumps, New Brunswick becomes one of the highest taxed jurisdictions in Canada**, to suggest these taxes should be raised by an additional 11.64 ¢/L on gasoline and 13.79 ¢/L on diesel defies reason.

## Recent provincial tax increases affecting gasoline and diesel prices

Effective April 1, 2015, the Province of New Brunswick increased the provincial tax on gasoline by 1.9 cents per litre and on diesel by 2.3 cents per litre.

As well on July 1, 2016, New Brunswick increased the provincial portion of the HST from 8% to 10%. With this HST increase, New Brunswickers are effectively paying on average an additional 2 cents per litre on gasoline and 2.1 cents per litre on diesel based on the average price for such fuels in 2018 [123.3 cents/litre for gasoline and 131.5 cents/litre for diesel].

Cumulatively, in 2018 New Brunswickers are paying an additional 3.9 cents per litre on gasoline and 4.4 cents per litre on diesel as a result of recent tax increases. As a carbon price, this represents nearly \$20 per tonne on gasoline and diesel.

## The rural nature of New Brunswick and the ability to respond to carbon price signals

Most Canadians live in urban areas: 81% urban and 19% rural.<sup>2</sup> The four provinces where carbon pricing has been implemented have populations residing largely in urban areas: Ontario 86/14; Quebec 81/19; Alberta 83/17; and British Columbia 86/14.<sup>3</sup> With a new carbon tax there is a price signal which is sent to consumers to drive less or switch to lower emitting means of transportation. However, the price signal is only effective if reasonable alternatives exist which allow the consumer to shift their behavior. In an urban province, like British Columbia for example where approximately 86% of the population lives in urban centres, these reasonable alternatives exist, such as public transit and other lower emitting transport. The reality in New Brunswick is that we have one of the highest proportions of individuals living in rural communities, with approximately 50% of our population living in rural areas. In a rural province like New Brunswick, there are very few reasonable and affordable alternatives available to people to shift their behavior and respond to the price signal. This is supported by the fact that New Brunswickers' spending on public transportation is the lowest in the country in terms of both \$ value and as a % of total expenditures (see Interprovincial Comparisons of Transportation Expenditures section above for more information). Due to the unique circumstances of New Brunswick, it was determined that significant emission reductions would not be achieved from a new carbon tax, even at \$50/tonne.<sup>4</sup> Putting an additional tax in place would simply result in increased revenue for government, which is not the intention.

2 [www.statcan.gc.ca/pub/11-630-x/11-630-x2015004-eng.htm](http://www.statcan.gc.ca/pub/11-630-x/11-630-x2015004-eng.htm)

3 *Ibid*

4 Preliminary analysis at the provincial level suggests that a 10 cent per litre increase in gas prices would lead to a modest decline in gasoline consumption of approximately 1%.

New Brunswick's position is supported by a recent study<sup>5</sup> in which authors assess consumer behavior in response to British Columbia's carbon tax. The study concludes:

*Households in more densely populated urban centres, including Vancouver and smaller BC cities, are more responsive to the carbon tax than households in rural and northern areas of BC, which appear to have not responded to the carbon tax. Specifically, we estimate that a 5 cent per liter carbon tax reduces gasoline consumption by 12% in Vancouver and 10% in smaller cities in BC such as Victoria, Kelowna, and Abbotsford. We find no evidence that households in rural and northern areas responded to the carbon tax. Our results therefore suggest that the BC carbon tax is an effective means of reducing gasoline consumption in more densely populated areas, **but is not effective in less densely populated locations where households have fewer transportation options and are therefore more dependent on private vehicles. This result is in line with the intent of carbon taxes, which is to encourage those who can adapt at least cost to reduce their consumption [emphasis added].***

In small provinces like New Brunswick, where the urban rural divide is close to 50/50, the alternatives to consume less carbon intensive means of transportation are largely non-existent. The price of carbon would need to increase substantially and at such an accelerated rate that it would be highly punitive for New Brunswickers.

For all the reasons outlined above, to achieve emission reductions from the transportation sector, New Brunswick is going to require innovative solutions. In this respect, New Brunswick's Climate Change Action Plan recommended a broad range of actions to reduce GHG emissions from transportation in the province. Specifically, the provincial government has committed to:

46. *Work to have 2,500 electric vehicles on the road in New Brunswick by 2020 and 20,000 by 2030.*
47. *Implement an electric vehicle strategy that specifies the required incentives, regulations, policies, programs and charging infrastructure to achieve the above-mentioned targets for electric vehicles.*
48. *Work with industry, shippers and other stakeholders to identify opportunities and partnerships to facilitate multi-modal transportation (road, rail, marine and pipelines) aimed at improving efficiencies (e.g., logistics) and reducing GHG emissions.*
49. *Work with freight trucking partners to improve the fuel efficiency of freight trucks by installing proven fuel-saving devices such as aerodynamic features and new engine technologies while addressing regulatory barriers to implementation; piloting the use of alternative fuels such as natural gas will also be considered.*
50. *Collaborate with municipal and local governments to expand cleaner alternative transportation options such as electric vehicles, public transit, carpooling, ride-sharing, bicycling and walking.*
51. *Advance public transportation planning at the regional level to allow for route integration and improvements in access.*

For more information on New Brunswick Climate Change Action Plan, including anticipated cumulative GHG reductions, see section immediately below.

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5 Chad Lawley and Vincent Thivierge. *Refining the evidence: British Columbia's carbon tax and household gasoline consumption*, November 17, 2016



# Overview of New Brunswick's Climate Change Action Plan

In December 2016, the Province of New Brunswick released its strengthened Climate Change Action Plan, Transitioning to a Low Carbon Economy. The Action Plan, which was described by the Conservation Council of NB as a “significant milestone for the province”, is one of the most comprehensive in the country and outlines a bold vision for New Brunswick, by intensifying efforts to combat climate change.

One of the key components of the Action Plan is the commitment to establish GHG emission targets of 14.8 Megatonnes or million tonnes (Mt) by 2020, 10.7 Mt by 2030, and 5 Mt by 2050. These targets have recently been included in New Brunswick's *Climate Change Act*. The inclusion of these aggressive targets in legislation, which far exceed the province's federal emissions reduction targets, clearly demonstrates that the Province of New Brunswick is committed to taking serious action on climate change.

Highlights of the Action Plan include:

- Providing the government leadership needed through over 100 clear action items to support sustained and ambitious actions on climate change.
- Expanding energy efficiency and clean energy programs across all sectors and all fuels with ambitious performance targets.
- Phasing out coal as a source of electricity as quickly as possible, respecting New Brunswick's economic reality.
- Planning for and investing in new technologies that reduce pollution, such as smart grid and renewable electricity.
- Establishing a made-in-New Brunswick price on carbon and limits on GHG emissions that reflect the reality of the New Brunswick economy and will provide opportunities to invest in emission reduction measures that will create jobs for New Brunswickers, such as through energy efficiency.
- Leading by example by making government carbon-neutral by 2030 and increasing spending on energy efficiency in the capital budget by 50%.
- Measuring and reporting progress with strong oversight by committees of Cabinet and the Legislative Assembly.

## Climate Change Action Plan: Estimated Cumulative GHG Reductions

The most recent reporting available from Environment and Climate Change Canada (ECCC) indicates that New Brunswick's GHG emissions as of 2016 are 15.3 Mt. The most recent modeling conducted by ECCC suggests that GHG emissions in New Brunswick in 2030 based on business-as-usual scenario will be 13.9 Mt. If we apply the national 2030 target of 30% below 2005 emissions to New Brunswick, New Brunswick's share is estimated at 14.3 Mt and its provincial target, enshrined in its *Climate Change Act* is set at 10.7 Mt. Doing nothing would allow New Brunswick to meet its share of the national GHG target, yet we are going further and intend to significantly beat that target.

The Climate Change Action Plan signals New Brunswick's intention to do its part in achieving its GHG reduction targets recognizing the unique challenges of New Brunswick's economy. The Action Plan provides a clear path forward to reducing GHG emissions by including the best initiatives that are effective in reducing GHG emissions while protecting and growing the economy.

Specifically, implementing the province's carbon pricing program is expected to decrease provincial GHG emissions by **1.03 Mt** in 2030. Further to carbon pricing, implementing the plan is estimated to achieve additional GHG emission reductions as follows.

For their parts, clean energy and efficiency programs in New Brunswick will be expanded to cover all sectors (transportation, industry, commercial, residential) and all fuels, while including distributed clean energy options such as solar, wind and bio-energy. It is estimated that this initiative will further reduce GHG emissions by **1.01 Mt** in 2030.

In the electricity sector, New Brunswick is working with the federal government toward eliminating coal-fueled electricity generation as quickly as possible. Gains from efficiency programs and clean energy will reduce the province's electricity demand which in turn reduces the need for coal-fired electricity generation. In conjunction with efficiency and clean energy gains along with the proposed federal regulation on coal-fired electricity generation, phasing-out of coal by 2030 and replacing it with a cleaner fuel source will further reduce provincial GHG emissions by **0.64 – 1.22 Mt** in 2030.

A variety of fuel-saving initiatives in the transportation sector, including: the installation of aerodynamic features and new engine technologies for freight trucks, a target of 20,000 electric vehicles (EVs) and plug-in hybrid electric vehicles. It is estimated that transportation initiatives will further reduce GHG emissions by **0.29 Mt** in 2030.

Implementing a carbon-neutral provincial government policy with respect to its operations, facilities and vehicles by 2030 will further reduce GHG emissions in New Brunswick by **0.19 Mt** in 2030.

As well, improvements in landfill gas capture, increase waste diversion from landfills are estimated to further reduce provincial GHG emissions by **0.28 Mt** in 2030.

In addition, carbon sinks and offsets have the potential to encourage opportunities for increasing forest and agriculture carbon sinks and promote sustainable forest programs and beneficial management practices in agriculture. It is estimated that initiatives will further reduce GHG emissions by **0.22 Mt** in 2030.

Finally, while more difficult to estimate, the province will also support the transition to a low-carbon economy in communities through smart growth oriented development patterns, urban form and special planning measures, which can also drive transportation emissions reductions and compact design. It is estimated that these initiatives will further reduce GHG emissions by **0.05 Mt** in 2030.

As a result of these initiatives, provincial GHG emissions are expected to be reduced by **3.63 – 4.21 Mt** in 2030.

If we apply the 2030 national target to New Brunswick, the province would exceed its share of the national target by **3.9 – 4.5 Mt** as a result of these initiatives.

## Summary of estimated cumulative greenhouse gas reductions

Current NB emissions . . . . .	15.3 Mt
2030 business-as-usual NB emissions. . . . .	13.9 Mt
Canada’s national 2030 GHG target (interpreted for NB) . . . . .	14.1 Mt
NB’s 2030 action plan target . . . . .	10.7 Mt

### Climate Change Action Plan:

2030 business-as-usual NB emissions. . . . .	13.9 Mt
NB’s carbon pricing program . . . . .	-1.03 Mt
Clean energy and efficiency programs . . . . .	-1.01 Mt
Phase-out of coal-fired electricity generation <sup>6</sup> . . . . .	-0.64 to -1.22 Mt
Transportation initiatives . . . . .	-0.29 Mt
Carbon-neutral provincial government policy . . . . .	-0.19 Mt
Waste sector initiatives . . . . .	-0.28 Mt
Carbon sinks and offsets initiatives . . . . .	-0.22 Mt
Other initiatives . . . . .	-0.05 Mt
<b>2030 NB emissions with implemented CCAP . . . . .</b>	<b>9.6 – 10.2 Mt</b>

## Comparison of a British Columbia-style carbon tax to New Brunswick’s GHG emission reduction plan

One of the options available to New Brunswick under the Federal Benchmark was to implement a British Columbia-style revenue neutral carbon tax following the federal pricing schedule. Under this model, the provincial government would apply a carbon tax on the federal schedule to approximately 88% of emissions in New Brunswick and would return the revenue to the economy through the tax system. Environment and Climate Change Canada estimated that such a system would result in 0.93 Mt of GHG reductions in 2030 in New Brunswick. As outlined above, New Brunswick’s GHG reduction plan will deliver **3.63 – 4.21 Mt** of GHG reductions in 2030, exceeding the reductions delivered by a revenue neutral carbon tax by **2.7 – 3.28 Mt** at a much lower up-front impact to New Brunswick consumers and businesses.

Those who propose a revenue neutral plan propose increasing prices at the pump significantly with little impact on emissions. New Brunswick’s plan doesn’t affect consumers and makes approximately \$180 million available annually in 2022 for climate change action.

6 Gains from efficiency programs and clean energy will reduce the province’s electricity demand which in turns reduces the need for coal-fired electricity generation. These are taken into consideration when evaluating the GHG reductions from phasing-out coal-fired electricity generation in the province and replacing with a cleaner fuel source under the proposed Federal regulation on coal-fired electricity generation.

# Comparison of taxes applied to gasoline by province based on announced carbon pricing systems (2022)

## Scenario #1: pump price =\$1.00

Province	Federal Excise Tax (cents/litre)	Provincial Excise Tax (cents/litre)	Carbon Tax <sup>(1)</sup> (cents/litre)	Sales tax rate <sup>(3)</sup>		Scenario #1: retail pump price	Federal GST (cents/litre)	Provincial HST <sup>(4)</sup> (cents/litre)	Total provincial tax <sup>(5)</sup> (cents/litre)	Total combined federal/provincial tax (cents/litre)
				Federal GST (%)	Provincial HST (%)					
NL	10	20.5	N/A	5.0	10.0	100.00	4.35	8.70	29.20	43.54
PE	10	13.1	N/A	5.0	10.0	100.00	4.35	8.70	21.80	36.14
NS	10	15.5	N/A	5.0	10.0	100.00	4.35	8.70	24.20	38.54
<b>NB</b>	<b>10</b>	<b>15.5</b>	<b>0.00</b>	<b>5.0</b>	<b>10.0</b>	<b>100.00</b>	<b>4.35</b>	<b>8.70</b>	<b>24.20</b>	<b>38.54</b>
QC	10	19.2	4.72	5.0	9.975	100.00	4.34	8.66	32.58	46.93
ON	10	14.7	N/A	5.0	8.0	100.00	4.42	7.08	21.78	36.20
MB <sup>(7)</sup>	10	14.0	5.32	5.0	–	100.00	4.76		19.32	34.08
SK	10	15.0	N/A	5.0	–	100.00	4.76		15.00	29.76
AB <sup>(2)</sup>	10	13.0	11.23	5.0	–	100.00	4.76		24.23	38.99
BC <sup>(6)</sup>	10	14.5	11.11	5.0	–	100.00	4.76		25.61	40.37

### Notes:

- (1) Based on information available as of July 6, 2018. Takes into consideration Ontario's decision to end cap and trade. The Ontario Energy Board's Long-Term Carbon Price Forecast and Marginal Abatement Cost Curve for Assessment of Natural Gas Utilities' Cap and Trade Activities estimates a 2022 permit price of \$20/tonne. As Quebec has a market-based system, fuel suppliers must buy greenhouse gas emissions allowances to comply with the cap and trade program. It's up to each liquid fuel supplier to determine if, how and when to pass on cap and trade compliance costs to their customers.
- (2) Carbon tax is based on \$50/tonne.
- (3) Manitoba, Saskatchewan, Alberta and British Columbia do not apply a provincial sales tax to gasoline.
- (4) GST/HST is included in the retail pump price. GST/HST is applied to all manufacturer costs and margins and federal and provincial excise and carbon taxes.
- (5) Total provincial tax includes: excise tax, carbon tax and value of sales tax.
- (6) Carbon tax is based on \$50/tonne. Victoria, BC applies a 3.5 cents/litre transit fuel tax which is embedded in the retail pump price but not included in the total tax above because it does not apply province-wide.
- (7) Manitoba Budget 2018-2019 announced a \$25/tonne carbon tax effective September 1, 2018. The carbon tax rate are as follows: gasoline – 5.32¢/litre; diesel – 6.71¢/litre.

### Observations on Gasoline:

With a low pump price = \$1.00; in the absence of a direct carbon tax in NB:

1. NB's combined federal/provincial taxes on gasoline would be slightly lower than AB (by 0.45 ¢/litre) and 1.83¢/litre lower than BC.
2. Quebec would have the highest combined federal/provincial taxes on gasoline at 46.93¢/litre. This is mainly due to the high provincial gasoline excise tax (19.2¢/litre).

# Comparison of taxes applied to diesel by province based on announced carbon pricing systems (2022)

## Scenario #1: pump price =\$1.00

Province	Federal Excise Tax (cents/litre)	Provincial Excise Tax (cents/litre)	Carbon Tax <sup>(1)</sup> (cents/litre)	Sales tax rate <sup>(3)</sup>		Scenario #1: retail pump price	Federal GST (cents/litre)	Provincial HST <sup>(4)</sup> (cents/litre)	Total provincial tax <sup>(5)</sup> (cents/litre)	Total combined federal/provincial tax (cents/litre)
				Federal GST (%)	Provincial HST (%)					
NL	4.0	21.5	N/A	5.0	10.0	100.0	4.35	8.70	30.20	38.54
PE	4.0	20.2	N/A	5.0	10.0	100.0	4.35	8.70	28.90	37.24
NS	4.0	15.4	N/A	5.0	10.0	100.0	4.35	8.70	24.10	32.44
<b>NB</b>	<b>4.0</b>	<b>21.5</b>	<b>0.00</b>	<b>5.0</b>	<b>10.0</b>	<b>100.0</b>	<b>4.35</b>	<b>8.70</b>	<b>30.20</b>	<b>38.54</b>
QC	4.0	20.2	5.58	5.0	9.975	100.0	4.34	8.66	34.44	42.79
ON	4.0	14.3	N/A	5.0	8.0	100.0	4.42	7.08	21.38	29.80
MB <sup>(7)</sup>	4.0	14.0	6.71	5.0	–	100.0	4.76		20.71	29.47
SK	4.0	15.0	N/A	5.0	–	100.0	4.76		15.00	23.76
AB <sup>(2)</sup>	4.0	13.0	13.38	5.0	–	100.0	4.76		26.38	35.14
BC <sup>(6)</sup>	4.0	15.0	12.79	5.0	–	100.0	4.76		27.79	36.55

### Notes:

- (1) Based on information available as of July 6, 2018. Takes into consideration Ontario's decision to end cap and trade. The Ontario Energy Board's Long-Term Carbon Price Forecast and Marginal Abatement Cost Curve for Assessment of Natural Gas Utilities' Cap and Trade Activities estimates a 2022 permit price of \$20/tonne. As Quebec has a market-based system, fuel suppliers must buy greenhouse gas emissions allowances to comply with the cap and trade program. It's up to each liquid fuel supplier to determine if, how and when to pass on cap and trade compliance costs to their customers.
- (2) Carbon tax is based on \$50/tonne.
- (3) Manitoba, Saskatchewan, Alberta and British Columbia do not apply a provincial sales tax to diesel.
- (4) GST/HST is included in the retail pump price. GST/HST is applied to all manufacturer costs and margins and federal and provincial excise and carbon taxes.
- (5) Total provincial tax includes: excise tax, carbon tax and value of sales tax.
- (6) Carbon tax is based on \$50/tonne. Victoria, BC applies a 3.5 cents/litre transit fuel tax which is embedded in the retail pump price but not included in the total tax above because it does not apply province-wide.
- (7) Manitoba Budget 2018-2019 announced a \$25/tonne carbon tax effective September 1, 2018. The carbon tax rate are as follows: gasoline – 5.32¢/litre; diesel – 6.71¢/litre.

### Observations on Diesel:

With a low pump price = \$1.00; in the absence of a direct carbon tax in NB:

1. Quebec's combined federal/provincial taxes on diesel would be the highest in the country at 42.79¢/litre.
2. NB's combined federal/provincial taxes on diesel would be second highest in the country at 38.54¢/litre (tied with NL).
3. NB's combined federal/provincial taxes on diesel would be higher than AB (by 3.4¢/litre) and BC (by 1.99¢/litre).

# Comparison of taxes applied to gasoline by province based on announced carbon pricing systems (2022)

## Scenario #2: pump price =\$1.25

Province	Federal Excise Tax (cents/litre)	Provincial Excise Tax (cents/litre)	Carbon Tax <sup>(1)</sup> (cents/litre)	Sales tax rate <sup>(3)</sup>		Scenario #2: retail pump price	Federal GST (cents/litre)	Provincial HST <sup>(4)</sup> (cents/litre)	Total provincial tax <sup>(5)</sup> (cents/litre)	Total combined federal/provincial tax (cents/litre)
				Federal GST (%)	Provincial HST (%)					
NL	10	20.5	N/A	5.0	10.0	125.00	5.43	10.87	31.37	46.80
PE	10	13.1	N/A	5.0	10.0	125.00	5.43	10.87	23.97	39.40
NS	10	15.5	N/A	5.0	10.0	125.00	5.43	10.87	26.37	41.80
<b>NB</b>	<b>10</b>	<b>15.5</b>	<b>0.00</b>	<b>5.0</b>	<b>10.0</b>	<b>125.00</b>	<b>5.43</b>	<b>10.87</b>	<b>26.37</b>	<b>41.80</b>
QC	10	19.2	4.72	5.0	9.975	125.00	5.43	10.83	34.75	50.18
ON	10	14.7	N/A	5.0	8.0	125.00	5.53	8.85	23.55	39.08
MB <sup>(7)</sup>	10	14.0	5.32	5.0	–	125.00	5.95		19.32	35.27
SK	10	15.0	N/A	5.0	–	125.00	5.95		15.00	30.95
AB <sup>(2)</sup>	10	13.0	11.23	5.0	–	125.00	5.95		24.23	40.18
BC <sup>(6)</sup>	10	14.5	11.11	5.0	–	125.00	5.95		25.61	41.56

### Notes:

- (1) Based on information available as of July 6, 2018. Takes into consideration Ontario's decision to end cap and trade. The Ontario Energy Board's Long-Term Carbon Price Forecast and Marginal Abatement Cost Curve for Assessment of Natural Gas Utilities' Cap and Trade Activities estimates a 2022 permit price of \$20/tonne. As Quebec has a market-based system, fuel suppliers must buy greenhouse gas emissions allowances to comply with the cap and trade program. It's up to each liquid fuel supplier to determine if, how and when to pass on cap and trade compliance costs to their customers.
- (2) Carbon tax is based on \$50/tonne.
- (3) Manitoba, Saskatchewan, Alberta and British Columbia do not apply a provincial sales tax to gasoline.
- (4) GST/HST is included in the retail pump price. GST/HST is applied to all manufacturer costs and margins and federal and provincial excise and carbon taxes.
- (5) Total provincial tax includes: excise tax, carbon tax and value of sales tax.
- (6) Carbon tax is based on \$50/tonne. Victoria, BC applies a 3.5 cents/litre transit fuel tax which is embedded in the retail pump price but not included in the total tax above because it does not apply province-wide.
- (7) Manitoba Budget 2018-2019 announced a \$25/tonne carbon tax effective September 1, 2018. The carbon tax rate are as follows: gasoline – 5.32¢/litre; diesel – 6.71¢/litre.

### Observations on Gasoline:

With a pump price = \$1.25; in the absence of a direct carbon tax in NB:

1. Quebec would have the highest combined federal/provincial taxes on gasoline at 50.18¢/litre. This is mainly due to the high provincial gasoline excise tax (19.2¢/litre).
2. NB's combined federal/provincial taxes on gasoline would be the third highest in the country (tied with NS).
3. NB's combined federal/provincial taxes on gasoline would be higher than AB (by 1.62¢/litre) and BC (by 0.24¢/litre).

# Comparison of taxes applied to diesel by province based on announced carbon pricing systems (2022)

## Scenario #2: pump price =\$1.25

Province	Federal Excise Tax (cents/litre)	Provincial Excise Tax (cents/litre)	Carbon Tax <sup>(1)</sup> (cents/litre)	Sales tax rate <sup>(3)</sup>		Scenario #2: retail pump price	Federal GST (cents/litre)	Provincial HST <sup>(4)</sup> (cents/litre)	Total provincial tax <sup>(5)</sup> (cents/litre)	Total combined federal/provincial tax (cents/litre)
				Federal GST (%)	Provincial HST (%)					
NL	4.0	21.5	N/A	5.0	10.0	125.0	5.43	10.87	32.37	41.80
PE	4.0	20.2	N/A	5.0	10.0	125.0	5.43	10.87	31.07	40.50
NS	4.0	15.4	N/A	5.0	10.0	125.0	5.43	10.87	26.27	35.70
<b>NB</b>	<b>4.0</b>	<b>21.5</b>	<b>0.00</b>	<b>5.0</b>	<b>10.0</b>	<b>125.0</b>	<b>5.43</b>	<b>10.87</b>	<b>32.37</b>	<b>41.80</b>
QC	4.0	20.2	5.58	5.0	9.975	125.0	5.43	10.83	36.61	46.04
ON	4.0	14.3	N/A	5.0	8.0	125.0	5.53	8.85	23.15	32.68
MB <sup>(7)</sup>	4.0	14.0	6.71	5.0	–	125.0	5.95		20.71	30.66
SK	4.0	15.0	N/A	5.0	–	125.0	5.95		15.00	24.95
AB <sup>(2)</sup>	4.0	13.0	13.38	5.0	–	125.0	5.95		26.38	36.33
BC <sup>(6)</sup>	4.0	15.0	12.79	5.0	–	125.0	5.95		27.79	37.74

### Notes:

- (1) Based on information available as of July 6, 2018. Takes into consideration Ontario's decision to end cap and trade. The Ontario Energy Board's Long-Term Carbon Price Forecast and Marginal Abatement Cost Curve for Assessment of Natural Gas Utilities' Cap and Trade Activities estimates a 2022 permit price of \$20/tonne. As Quebec has a market-based system, fuel suppliers must buy greenhouse gas emissions allowances to comply with the cap and trade program. It's up to each liquid fuel supplier to determine if, how and when to pass on cap and trade compliance costs to their customers.
- (2) Carbon tax is based on \$50/tonne.
- (3) Manitoba, Saskatchewan, Alberta and British Columbia do not apply a provincial sales tax to diesel.
- (4) GST/HST is included in the retail pump price. GST/HST is applied to all manufacturer costs and margins and federal and provincial excise and carbon taxes.
- (5) Total provincial tax includes: excise tax, carbon tax and value of sales tax.
- (6) Carbon tax is based on \$50/tonne. Victoria, BC applies a 3.5 cents/litre transit fuel tax which is embedded in the retail pump price but not included in the total tax above because it does not apply province-wide.
- (7) Manitoba Budget 2018-2019 announced a \$25/tonne carbon tax effective September 1, 2018. The carbon tax rate are as follows: gasoline – 5.32¢/litre; diesel – 6.71¢/litre.

### Observations on Diesel:

With a pump price = \$1.25; in the absence of a direct carbon tax in NB:

1. Quebec's combined federal/provincial taxes on diesel would be the highest in the country at 46.04¢/litre.
2. NB's combined federal/provincial taxes on diesel would be second highest in the country at 41.8¢/litre (tied with NL).
3. NB's combined federal/provincial taxes on diesel would be higher than AB (by 5.47¢/litre) and BC (by 4.06¢/litre).

# Comparison of taxes applied to gasoline by province based on announced carbon pricing systems (2022)

## Scenario #3: pump price =\$1.50

Province	Federal Excise Tax (cents/litre)	Provincial Excise Tax (cents/litre)	Carbon Tax <sup>(1)</sup> (cents/litre)	Sales tax rate <sup>(3)</sup>		Scenario #3: retail pump price	Federal GST (cents/litre)	Provincial HST <sup>(4)</sup> (cents/litre)	Total provincial tax <sup>(5)</sup> (cents/litre)	Total combined federal/provincial tax (cents/litre)
				Federal GST (%)	Provincial HST (%)					
NL	10	20.5	N/A	5.0	10.0	150.00	6.52	13.04	33.54	50.07
PE	10	13.1	N/A	5.0	10.0	150.00	6.52	13.04	26.14	42.67
NS	10	15.5	N/A	5.0	10.0	150.00	6.52	13.04	28.54	45.07
<b>NB</b>	<b>10</b>	<b>15.5</b>	<b>0.00</b>	<b>5.0</b>	<b>10.0</b>	<b>150.00</b>	<b>6.52</b>	<b>13.04</b>	<b>28.54</b>	<b>45.07</b>
QC	10	19.2	4.72	5.0	9.975	150.00	6.51	12.99	36.91	53.43
ON	10	14.7	N/A	5.0	8.0	150.00	6.64	10.62	25.32	41.96
MB <sup>(7)</sup>	10	14.0	5.32	5.0	–	150.00	7.14		19.32	36.46
SK	10	15.0	N/A	5.0	–	150.00	7.14		15.00	32.14
AB <sup>(2)</sup>	10	13.0	11.23	5.0	–	150.00	7.14		24.23	41.37
BC <sup>(6)</sup>	10	14.5	11.11	5.0	–	150.00	7.14		25.61	42.75

### Notes:

- (1) Based on information available as of July 6, 2018. Takes into consideration Ontario's decision to end cap and trade. The Ontario Energy Board's Long-Term Carbon Price Forecast and Marginal Abatement Cost Curve for Assessment of Natural Gas Utilities' Cap and Trade Activities estimates a 2022 permit price of \$20/tonne. As Quebec has a market-based system, fuel suppliers must buy greenhouse gas emissions allowances to comply with the cap and trade program. It's up to each liquid fuel supplier to determine if, how and when to pass on cap and trade compliance costs to their customers.
- (2) Carbon tax is based on \$50/tonne.
- (3) Manitoba, Saskatchewan, Alberta and British Columbia do not apply a provincial sales tax to gasoline.
- (4) GST/HST is included in the retail pump price. GST/HST is applied to all manufacturer costs and margins and federal and provincial excise and carbon taxes.
- (5) Total provincial tax includes: excise tax, carbon tax and value of sales tax.
- (6) Carbon tax is based on \$50/tonne. Victoria, BC applies a 3.5 cents/litre transit fuel tax which is embedded in the retail pump price but not included in the total tax above because it does not apply province-wide.
- (7) Manitoba Budget 2018-2019 announced a \$25/tonne carbon tax effective September 1, 2018. The carbon tax rate are as follows: gasoline – 5.32¢/litre; diesel – 6.71¢/litre.

### Observations on Gasoline:

With a pump price = \$1.50; in the absence of a direct carbon tax in NB:

1. NB's combined federal/provincial taxes on gasoline would be third highest in the country (tied with NS).
2. NB's combined federal/provincial taxes on gasoline would be higher than AB (by 3.7¢/litre) and BC (by 2.32¢/litre).
3. Quebec would have the highest combined federal/provincial taxes on gasoline at 53.43¢/litre. This is mainly due to the high provincial gasoline excise tax (19.2¢/litre).



# Comparison of taxes applied to diesel by province based on announced carbon pricing systems (2022)

## Scenario #3: pump price =\$1.50

Province	Federal Excise Tax (cents/litre)	Provincial Excise Tax (cents/litre)	Carbon Tax <sup>(1)</sup> (cents/litre)	Sales tax rate <sup>(3)</sup>		Scenario #3: retail pump price	Federal GST (cents/litre)	Provincial HST <sup>(4)</sup> (cents/litre)	Total provincial tax <sup>(5)</sup> (cents/litre)	Total combined federal/provincial tax (cents/litre)
				Federal GST (%)	Provincial HST (%)					
NL	4.0	21.5	N/A	5.0	10.0	150.0	6.52	13.04	34.54	45.07
PE	4.0	20.2	N/A	5.0	10.0	150.0	6.52	13.04	33.24	43.77
NS	4.0	15.4	N/A	5.0	10.0	150.0	6.52	13.04	28.44	38.97
<b>NB</b>	<b>4.0</b>	<b>21.5</b>	<b>0.00</b>	<b>5.0</b>	<b>10.0</b>	<b>150.0</b>	<b>6.52</b>	<b>13.04</b>	<b>34.54</b>	<b>45.07</b>
QC	4.0	20.2	5.58	5.0	9.975	150.0	6.51	12.99	38.77	49.29
ON	4.0	14.3	N/A	5.0	8.0	150.0	6.64	10.62	24.92	35.56
MB <sup>(7)</sup>	4.0	14.0	6.71	5.0	–	150.0	7.14		20.71	31.85
SK	4.0	15.0	N/A	5.0	–	150.0	7.14		15.00	26.14
AB <sup>(2)</sup>	4.0	13.0	13.38	5.0	–	150.0	7.14		26.38	37.52
BC <sup>(6)</sup>	4.0	15.0	12.79	5.0	–	150.0	7.14		27.79	38.93

### Notes:

- (1) Based on information available as of July 6, 2018. Takes into consideration Ontario's decision to end cap and trade. The Ontario Energy Board's Long-Term Carbon Price Forecast and Marginal Abatement Cost Curve for Assessment of Natural Gas Utilities' Cap and Trade Activities estimates a 2022 permit price of \$20/tonne. As Quebec has a market-based system, fuel suppliers must buy greenhouse gas emissions allowances to comply with the cap and trade program. It's up to each liquid fuel supplier to determine if, how and when to pass on cap and trade compliance costs to their customers.
- (2) Carbon tax is based on \$50/tonne.
- (3) Manitoba, Saskatchewan, Alberta and British Columbia do not apply a provincial sales tax to diesel.
- (4) GST/HST is included in the retail pump price. GST/HST is applied to all manufacturer costs and margins and federal and provincial excise and carbon taxes.
- (5) Total provincial tax includes: excise tax, carbon tax and value of sales tax.
- (6) Carbon tax is based on \$50/tonne. Victoria, BC applies a 3.5 cents/litre transit fuel tax which is embedded in the retail pump price but not included in the total tax above because it does not apply province-wide.
- (7) Manitoba Budget 2018-2019 announced a \$25/tonne carbon tax effective September 1, 2018. The carbon tax rate are as follows: gasoline – 5.32¢/litre; diesel – 6.71¢/litre.

### Observations on Diesel:

With a pump price = \$1.50; in the absence of a direct carbon tax in NB:

1. Quebec's combined federal/provincial taxes on diesel would be the highest in the country at 49.29¢/litre.
2. NB's combined federal/provincial taxes on diesel would be the second highest in the country at 45.07¢/litre (tied with NL).
3. NB's combined federal/provincial taxes on diesel would be higher than AB (by 7.55¢/litre) and BC (by 6.14¢/litre).

# Comparison of taxes applied to gasoline by province based on announced carbon pricing systems (2022)

## Scenario #4: pump price =\$1.75

Province	Federal Excise Tax (cents/litre)	Provincial Excise Tax (cents/litre)	Carbon Tax <sup>(1)</sup> (cents/litre)	Sales tax rate <sup>(3)</sup>		Scenario #4: retail pump price	Federal GST (cents/litre)	Provincial HST <sup>(4)</sup> (cents/litre)	Total provincial tax <sup>(5)</sup> (cents/litre)	Total combined federal/provincial tax (cents/litre)
				Federal GST (%)	Provincial HST (%)					
NL	10	20.5	N/A	5.0	10.0	175.00	7.61	15.22	35.72	53.33
PE	10	13.1	N/A	5.0	10.0	175.00	7.61	15.22	28.32	45.93
NS	10	15.5	N/A	5.0	10.0	175.00	7.61	15.22	30.72	48.33
<b>NB</b>	<b>10</b>	<b>15.5</b>	<b>0.00</b>	<b>5.0</b>	<b>10.0</b>	<b>175.00</b>	<b>7.61</b>	<b>15.22</b>	<b>30.72</b>	<b>48.33</b>
QC	10	19.2	4.72	5.0	9.975	175.00	7.60	15.16	39.08	56.68
ON	10	14.7	N/A	5.0	8.0	175.00	7.74	12.39	27.09	44.83
MB <sup>(7)</sup>	10	14.0	5.32	5.0	–	175.00	8.33		19.32	37.65
SK	10	15.0	N/A	5.0	–	175.00	8.33		15.00	33.33
AB <sup>(2)</sup>	10	13.0	11.23	5.0	–	175.00	8.33		24.23	42.56
BC <sup>(6)</sup>	10	14.5	11.11	5.0	–	175.00	8.33		25.61	43.94

### Notes:

- (1) Based on information available as of July 6, 2018. Takes into consideration Ontario's decision to end cap and trade. The Ontario Energy Board's Long-Term Carbon Price Forecast and Marginal Abatement Cost Curve for Assessment of Natural Gas Utilities' Cap and Trade Activities estimates a 2022 permit price of \$20/tonne. As Quebec has a market-based system, fuel suppliers must buy greenhouse gas emissions allowances to comply with the cap and trade program. It's up to each liquid fuel supplier to determine if, how and when to pass on cap and trade compliance costs to their customers.
- (2) Carbon tax is based on \$50/tonne.
- (3) Manitoba, Saskatchewan, Alberta and British Columbia do not apply a provincial sales tax to gasoline.
- (4) GST/HST is included in the retail pump price. GST/HST is applied to all manufacturer costs and margins and federal and provincial excise and carbon taxes.
- (5) Total provincial tax includes: excise tax, carbon tax and value of sales tax.
- (6) Carbon tax is based on \$50/tonne. Victoria, BC applies a 3.5 cents/litre transit fuel tax which is embedded in the retail pump price but not included in the total tax above because it does not apply province-wide.
- (7) Manitoba Budget 2018-2019 announced a \$25/tonne carbon tax effective September 1, 2018. The carbon tax rate are as follows: gasoline – 5.32¢/litre; diesel – 6.71¢/litre.

### Observations on Gasoline:

With a pump price = \$1.75; in the absence of a direct carbon tax in NB:

1. NB's combined federal/provincial taxes on gasoline would be third highest in the country (tied with NS).
2. NB's combined federal/provincial taxes on gasoline would be higher than AB (by 5.77¢/litre) and BC (by 4.39¢/litre).
3. Quebec would have the highest combined federal/provincial taxes on gasoline at 56.68¢/litre. This is mainly due to the high provincial gasoline excise tax (19.2¢/litre).

# Comparison of taxes applied to diesel by province based on announced carbon pricing systems (2022)

## Scenario #4: pump price =\$1.75

Province	Federal Excise Tax (cents/litre)	Provincial Excise Tax (cents/litre)	Carbon Tax <sup>(1)</sup> (cents/litre)	Sales tax rate <sup>(3)</sup>		Scenario #4: retail pump price	Federal GST (cents/litre)	Provincial HST <sup>(4)</sup> (cents/litre)	Total provincial tax <sup>(5)</sup> (cents/litre)	Total combined federal/provincial tax (cents/litre)
				Federal GST (%)	Provincial HST (%)					
NL	4.0	21.5	N/A	5.0	10.0	175.0	7.61	15.22	36.72	48.33
PE	4.0	20.2	N/A	5.0	10.0	175.0	7.61	15.22	35.42	47.03
NS	4.0	15.4	N/A	5.0	10.0	175.0	7.61	15.22	30.62	42.23
<b>NB</b>	<b>4.0</b>	<b>21.5</b>	<b>0.00</b>	<b>5.0</b>	<b>10.0</b>	<b>175.0</b>	<b>7.61</b>	<b>15.22</b>	<b>36.72</b>	<b>48.33</b>
QC	4.0	20.2	5.58	5.0	9.975	175.0	7.60	15.16	40.94	52.54
ON	4.0	14.3	N/A	5.0	8.0	175.0	7.74	12.39	26.69	38.43
MB <sup>(7)</sup>	4.0	14.0	6.71	5.0	–	175.0	8.33		20.71	33.04
SK	4.0	15.0	N/A	5.0	–	175.0	8.33		15.00	27.33
AB <sup>(2)</sup>	4.0	13.0	13.38	5.0	–	175.0	8.33		26.38	38.71
BC <sup>(6)</sup>	4.0	15.0	12.79	5.0	–	175.0	8.33		27.79	40.12

### Notes:

- (1) Based on information available as of July 6, 2018. Takes into consideration Ontario's decision to end cap and trade. The Ontario Energy Board's Long-Term Carbon Price Forecast and Marginal Abatement Cost Curve for Assessment of Natural Gas Utilities' Cap and Trade Activities estimates a 2022 permit price of \$20/tonne. As Quebec has a market-based system, fuel suppliers must buy greenhouse gas emissions allowances to comply with the cap and trade program. It's up to each liquid fuel supplier to determine if, how and when to pass on cap and trade compliance costs to their customers.
- (2) Carbon tax is based on \$50/tonne.
- (3) Manitoba, Saskatchewan, Alberta and British Columbia do not apply a provincial sales tax to diesel.
- (4) GST/HST is included in the retail pump price. GST/HST is applied to all manufacturer costs and margins and federal and provincial excise and carbon taxes.
- (5) Total provincial tax includes: excise tax, carbon tax and value of sales tax.
- (6) Carbon tax is based on \$50/tonne. Victoria, BC applies a 3.5 cents/litre transit fuel tax which is embedded in the retail pump price but not included in the total tax above because it does not apply province-wide.
- (7) Manitoba Budget 2018-2019 announced a \$25/tonne carbon tax effective September 1, 2018. The carbon tax rate are as follows: gasoline – 5.32¢/litre; diesel – 6.71¢/litre.

### Observations on Diesel:

With a pump price = \$1.75; in the absence of a direct carbon tax in NB:

1. Quebec's combined federal/provincial taxes on diesel would be the highest in the country at 52.54¢/litre.
2. NB's combined federal/provincial taxes on diesel would be the second highest in the country at 48.33¢/litre (tied with NL).
3. NB's combined federal/provincial taxes on diesel would be higher than AB (by 9.62¢/litre) and BC (by 8.21¢/litre).