

Carbon Tax: Perceptions of insufficient rebates, cost of living concern & questions over efficacy send support plummeting

Two-in-five would abolish the tax, while others would temporarily reduce it, maintain, or increase it

November 16, 2023 – The Trudeau government, once lauded for its savvy communications style is facing resistance to one of its signature policies, in large part due to its evident failure to adequately communicate how the policy works.

The latest data from the non-profit Angus Reid Institute, digging into not only what Canadians think of carbon pricing, but why, reveals a profound lack of awareness, and misconceptions about how much tax they believe they pay, whether they receive a rebate and the extent to which they are ahead or behind financially once that rebate is paid.

This, combined with the ongoing cost-of-living crisis and skepticism over whether carbon pricing is actually doing much to combat climate change are driving a plurality of Canadians (42%) to call for the tax to be abolished.

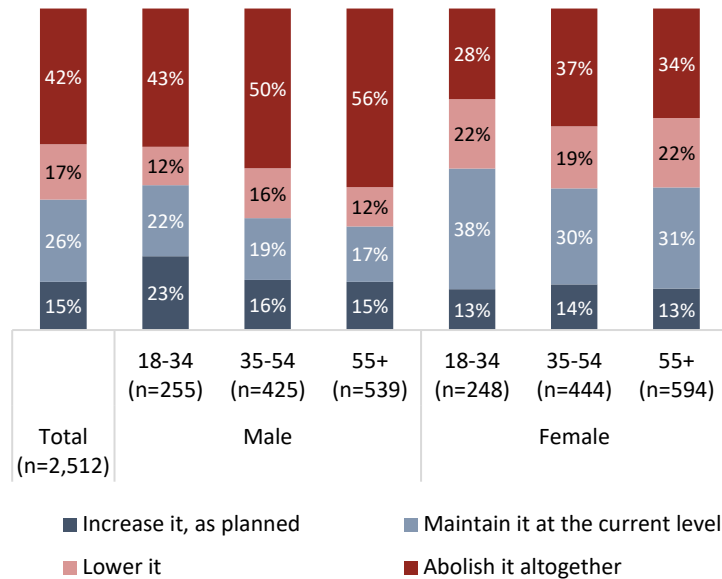
Others are less certain that the tax needs to be permanently done away with, but 17 per cent would lower it temporarily for the next three years, while one-quarter would hold off on any subsequent increases, maintaining current taxation levels. The smallest group – 15 per cent overall – say they would continue as planned, with the scheduled price increase next April.

Much of this comes as a new financial environment has altered Canadians' priorities. The proportion of those saying climate change is among their top issues facing Canada has dropped from 40 per cent in 2019, to 34 per cent in 2021, to 22 per cent in this latest study.

Broadly, this has contributed to an 11-point drop in support for carbon pricing in Canada compared to 2021 levels.

Some of this consternation may be overcome with an improvement in communication and delivery on the part of the federal government. In the areas where the federal carbon tax is operating, the government states that 90 per cent of households will receive a quarterly rebate. Those saying they are relatively

Thinking about the next three years, if it were up to you, how would you approach the carbon tax?



METHODOLOGY:

The Angus Reid Institute conducted an online survey from Nov. 10–14, 2023 among a representative randomized sample of 2,512 Canadian adults who are members of [Angus Reid Forum](#). For comparison purposes only, a probability sample of this size would carry a margin of error of +/- 1.5 percentage points, 19 times out of 20. Discrepancies in or between totals are due to rounding. The survey was self-commissioned and paid for by ARI. Detailed tables are found at the end of this release.

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certain they received one, however, is much lower in Alberta (66%) and Ontario (58%). Among those who have received a household rebate, at least 51 per cent in each eligible region of the country say they feel they pay more for the carbon tax than they receive back in benefits.

More Key Findings:

- Among those who say they receive more or about the same amount in a rebate compared to what they spend, four-in-five (79%) support the carbon tax. Among those who say they spend more than they get back, four-in-five (82%) oppose it.
- Half of Canadians (48%) support the Liberal government's exemption of home heating oil from the carbon tax, while one-in-three (34%) oppose it. Two-thirds (65%) would further exempt all home heating fuels.
- While they're critical of the carbon tax, 54 per cent of Canadians say Canada should continue to commit to reaching its 2030 emission reduction targets.

About ARI

*The **Angus Reid Institute (ARI)** was founded in October 2014 by pollster and sociologist, Dr. Angus Reid. ARI is a national, not-for-profit, non-partisan public opinion research foundation established to advance education by commissioning, conducting and disseminating to the public accessible and impartial statistical data, research and policy analysis on economics, political science, philanthropy, public administration, domestic and international affairs and other socio-economic issues of importance to Canada and its world.*

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Part One: Support for carbon tax below majority

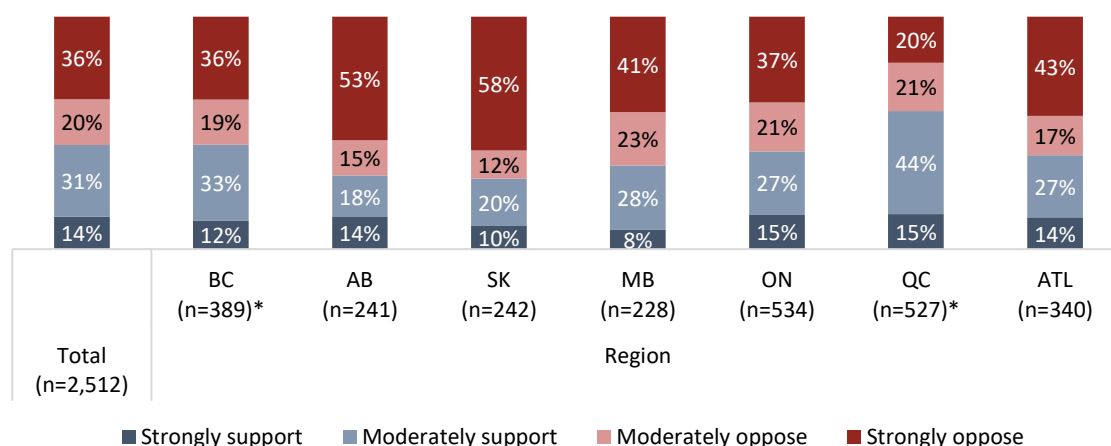
The federal government’s carbon tax has been in effect since 2019. [The program](#) has two components: a charge at the distributor level for fossil fuels used in Canada and large industrial companies are charged for the emissions they produce. Both fossil fuel distributors and large industrial emitters pay the same carbon price, currently \$65 per tonne. This has the effect of increasing the cost of fossil fuels used by Canadians, including at the gas station and for heating their home. The price for carbon is scheduled to increase \$15 per year until it reaches \$170 per tonne in 2030.

The federal government distributes 90 per cent of the proceeds of the carbon tax to households in the form of a rebate, while 10 per cent are used to fund environmental projects for small businesses, municipalities, hospitals, schools, and Indigenous communities.

In discussing the carbon tax and its implementation, the potential for contentious discourse is high. For this reason, the Angus Reid Institute adjusted its methodology. Half of respondents in this survey were asked about their support for carbon pricing support in their province at the beginning, either the federal government’s program or their own province’s where applicable. The other half were asked these questions at the end, after discussing various elements and perceptions ([see questionnaire for further details](#)). Notably, the placement of the questions did not significantly affect one’s views of the issue ([see detailed tables](#)). The data presented below is an aggregation of the split samples’ views on the question.

Overall, support for carbon pricing is higher in British Columbia and Quebec, the two provinces whose current programs were introduced before the federal program. In Quebec, a majority support their province’s plan (59%), while in the federally regulated jurisdictions, opposition hovers around three-in-five. Opposition to the carbon tax is highest in Alberta and Saskatchewan, but also reaches a majority level in Atlantic Canada. The region has been the focus of much carbon tax debate after the federal Liberal government announced a home heating oil exemption or “carve out” from the tax, expected to [disproportionately benefit residents in the Atlantic provinces](#). More on that later in the report.

Support for carbon tax/pricing across Canada



*Operate under federally approved provincial carbon pricing plan

Support for carbon pricing has declined

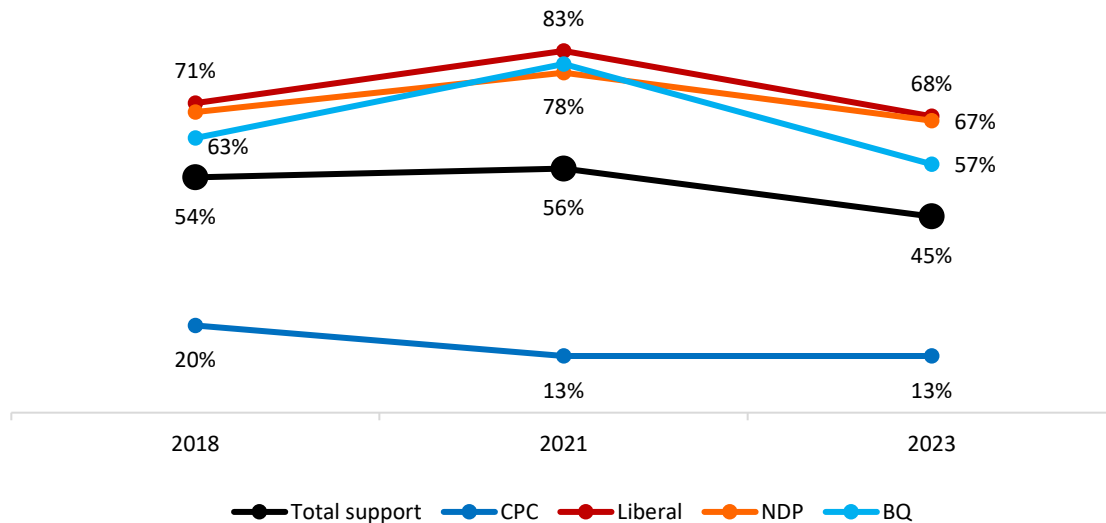
Support for carbon pricing has varied over time. In [2018 the government announcement](#) that most of the revenues from the federal carbon tax program would be returned via rebates, which helped to engender

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majority support for the fledgling program. Support now stands at 45 per cent for carbon pricing across the country, as Canadians have felt the pinch from a cost-of-living crisis in recent years.

Percentage who support the federal carbon tax by past vote over time



Part Two: What's driving support for carbon pricing down?

Perceptions of rebates and impact contribute to discontent

As of this year, all households – with few exceptions – in the provinces the program covers are eligible to receive a quarterly carbon tax rebate, labelled the climate action incentive payment by the government. The government says 80 per cent of eligible households receive more from the rebate than they pay in carbon taxes.

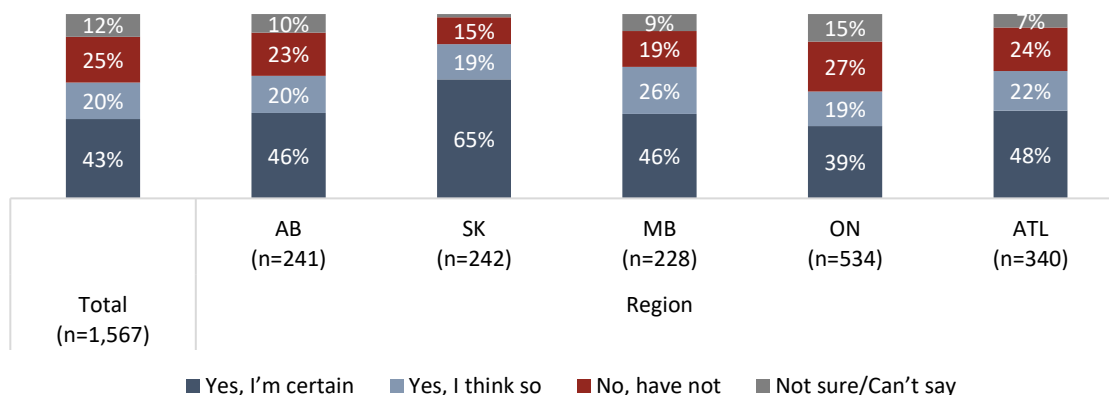
Despite the reported widespread distribution of the rebate, there are many Canadians in the eligible provinces who say their household has not received one. One-quarter (25%) of Canadians eligible say they have not seen a rebate in the past year. Two-thirds (63%) say they have.

Those in Ontario are the least likely to be certain they've received a carbon tax rebate, with one-quarter (27%) in that province saying they have not received one and one-in-seven (15%) who don't know either way:

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**To the best of your knowledge, have you or your household received a carbon tax rebate over the past year?
(B.C. and Quebec excluded)**

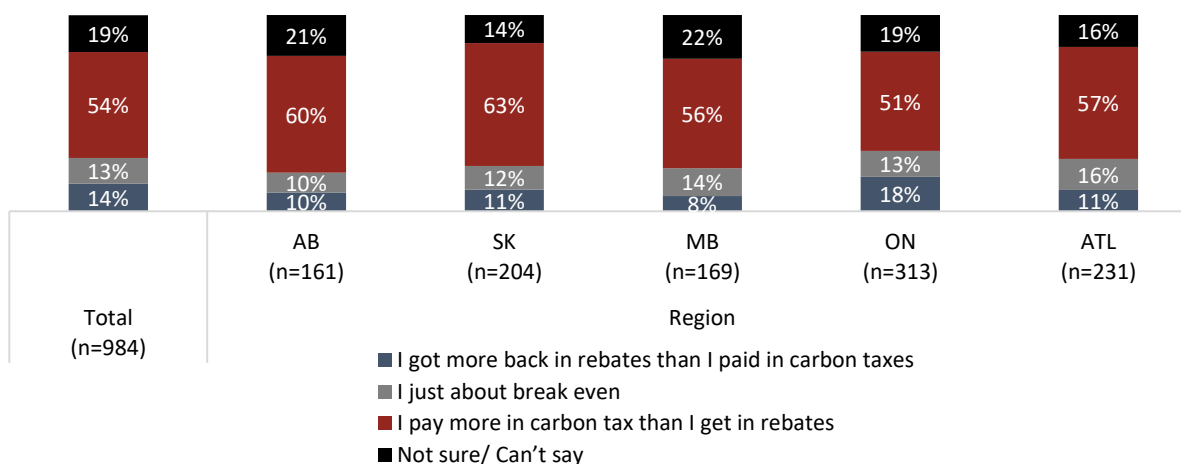


Canadians of all income levels in the eligible provinces receive the carbon tax rebate. The policy is designed to encourage households to reduce their fossil fuel use, which would increase the net amount they would receive in rebate.

However, across income levels, there are at least one-in-five who say their household hasn't received the rebate (see detailed tables for more).

The perception of Canadians appears to be at odds with how the carbon tax rebate is intended to function by the government. Of those who have received a rebate, more than half (54%) believe their household paid more in carbon taxes than it received in rebates. This sentiment is highest in Alberta (60%) and Saskatchewan (63%) where three-in-five believe the carbon tax represented a net financial cost to them despite the rebates:

**And how do you feel about the amount you receive?
(Among those who say their household has received a rebate; B.C. and Quebec excluded)**

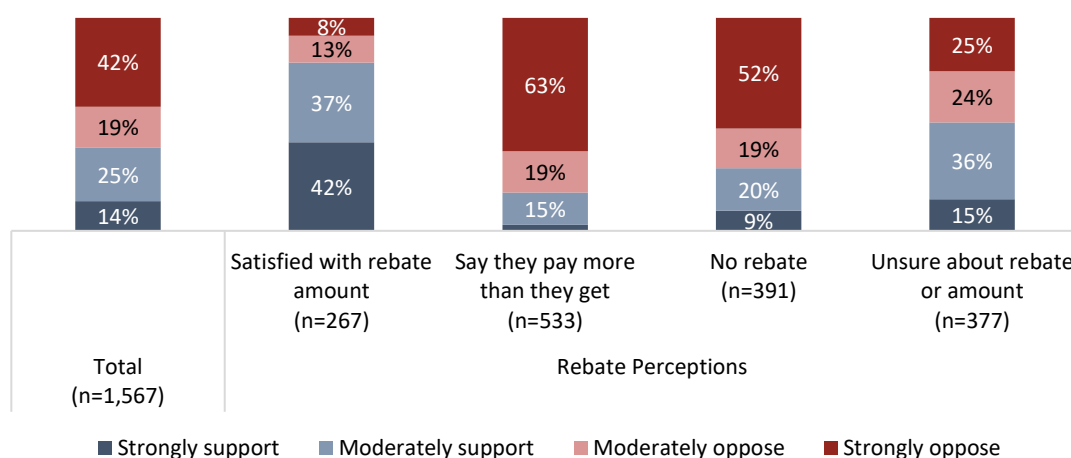


**Smaller sample size, interpret with caution*

Across the political spectrum, at least two-in-five past voters say either they haven't received a rebate or are uncertain as to its effects on them personally. However, past Conservative voters are more likely (51%) than those who voted Liberal (20%) or NDP (20%) in 2021 to believe they are paying more in carbon tax than receiving in rebates ([see detailed tables](#)).

The path forward for the federal government may be a challenging one, given those who feel their rebates do not offset the cost of the tax are vastly more likely to oppose the carbon tax in general. Four-in-five of those who say the costs outweigh the repayment are opposed to the carbon tax, while the inverse is true of those who feel they break even or benefit from the program:

**Support for federal carbon tax by perceptions of rebate
(B.C. and Quebec excluded)**



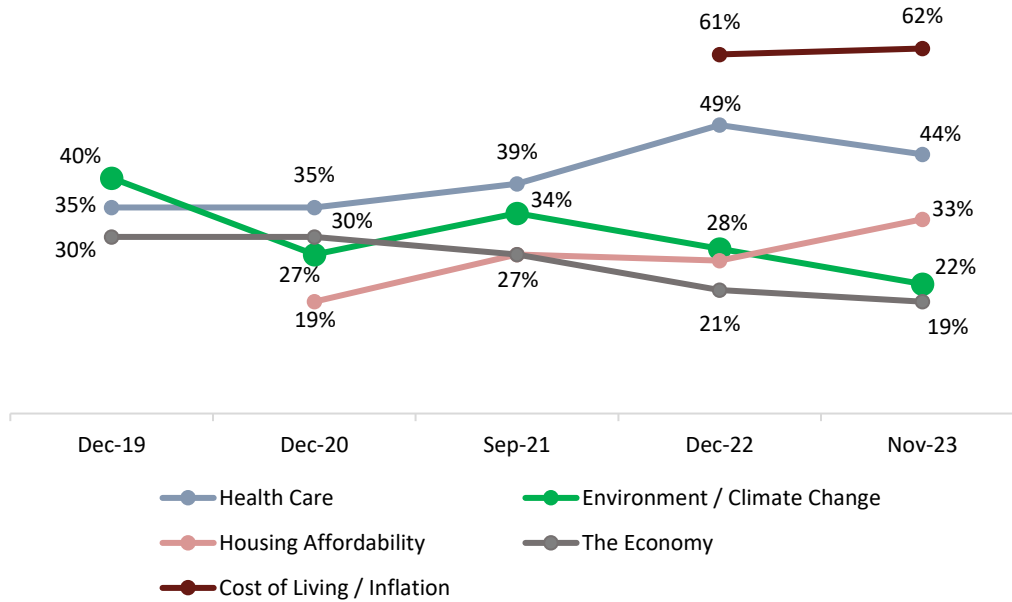
A new economic reality

Another factor contributing to challenges in selling the carbon tax to Canadians is the financial environment. Canadians have consistently voiced concerns over the increasing cost of living over the past two years, with that issue now standing as the top one for most of the population. The Angus Reid Institute added a specific response to issue tracking in 2022 to account for this trend. Since late 2019, the proportion of Canadians concerned about climate change as a top issue has dropped by half:

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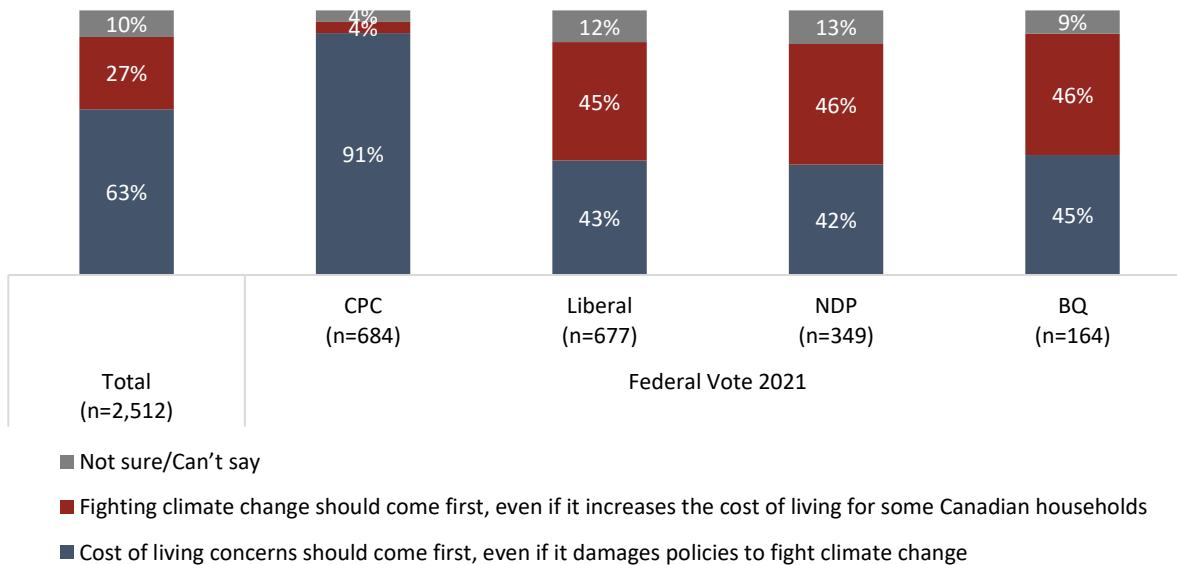
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Top issues in Canada over time



While taking on climate change and reducing the cost of living are key priorities for many Canadians, more than three-in-five (63%) say that the cost of living must be the top priority, even at the cost of climate change related policies. This represents a tense debate for non-Conservatives, while for those who supported the CPC in 2021, there is little argument that cost of living should be prioritized:

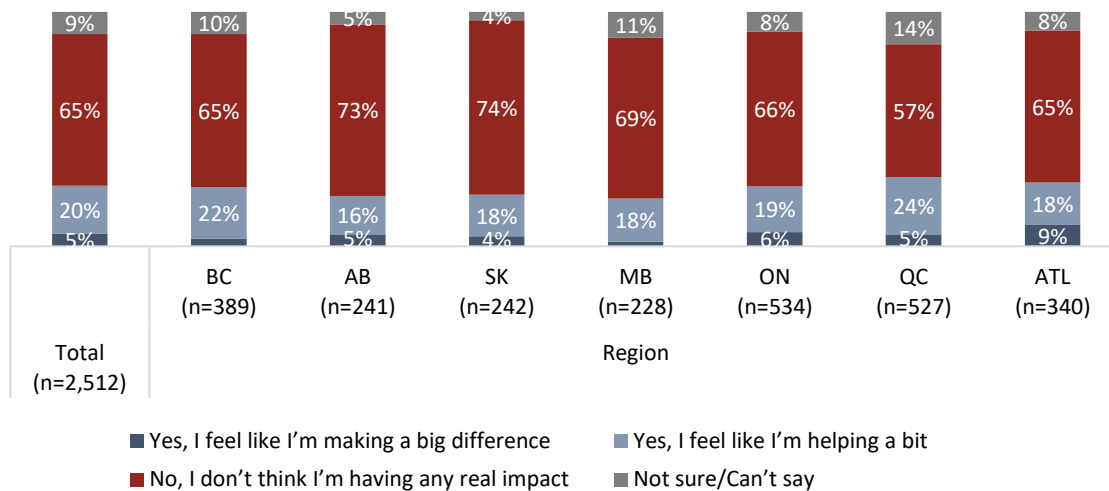
Which of the following statements would you say is closer to your view?



Canadians don't feel paying the tax is having much impact

Meanwhile, as cost of living concerns appear more pressing in the eyes of most Canadians, there is also significant doubt in the impact of carbon taxes generally. Two-thirds (65%) of Canadians feel like they aren't having any real impact by paying carbon taxes. One-quarter (25%) feel they are making a difference, but few (5%) believe it is of great impact.

Everything considered, do you feel you are helping to fight against climate change by participating in the carbon tax program in Canada?



Part Three: Atlantic Canada carveout

More support than opposition for heating oil exemption

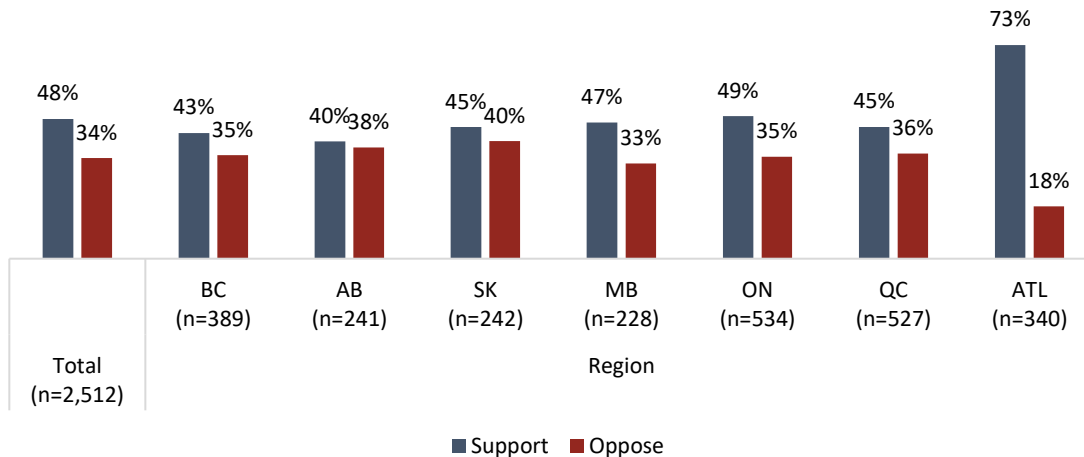
A broad debate over the carbon tax has become more specific in recent weeks after the Liberal government announced it would exempt home heating oil from the carbon tax. This, after the cost of home heating oil spiked at the [beginning of 2022](#) and has remained elevated.

The move is more supported than opposed in every region of the country, but clearly most appreciated in Atlantic Canada:

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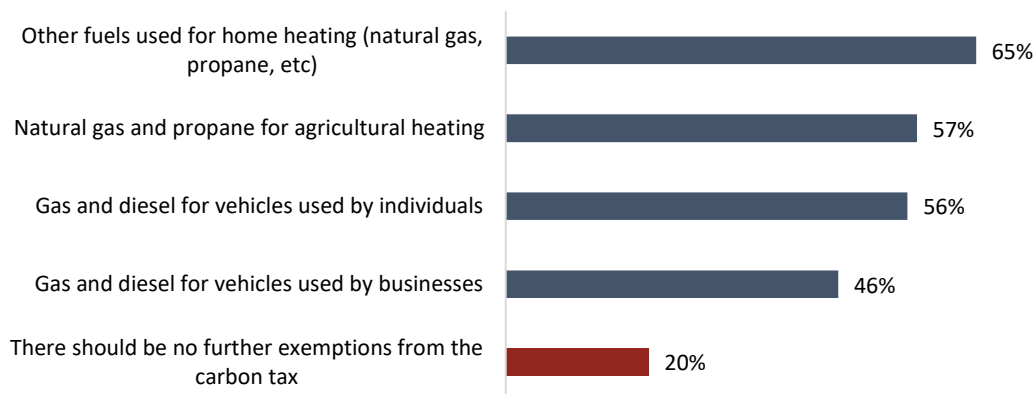
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Do you support or oppose a three-year carbon tax exemption for home heating oil?



Trudeau has insisted that there will be no additional carve outs from carbon tax application going forward, but that doesn't mean Canadians don't think there should be. Just one-in-five (20%) say that there should be no further exemptions, while two-thirds (65%) would exempt the tax from other home heating fuels:

**Which of the following, if any, should ALSO be exempted from the carbon tax:
(All respondents, n=2,512)**



Home heating oil carve-out seen as politically motivated

While a majority of Canadians feel cost of living should be a greater concern than the environment when it comes to policy, there have also been [questions](#) as to the federal government's motivation when it comes to the recent exemption of home heating oil from the carbon tax, despite it being touted as a move made with [cost of living in mind](#). Critics have called it [politically motivated](#).

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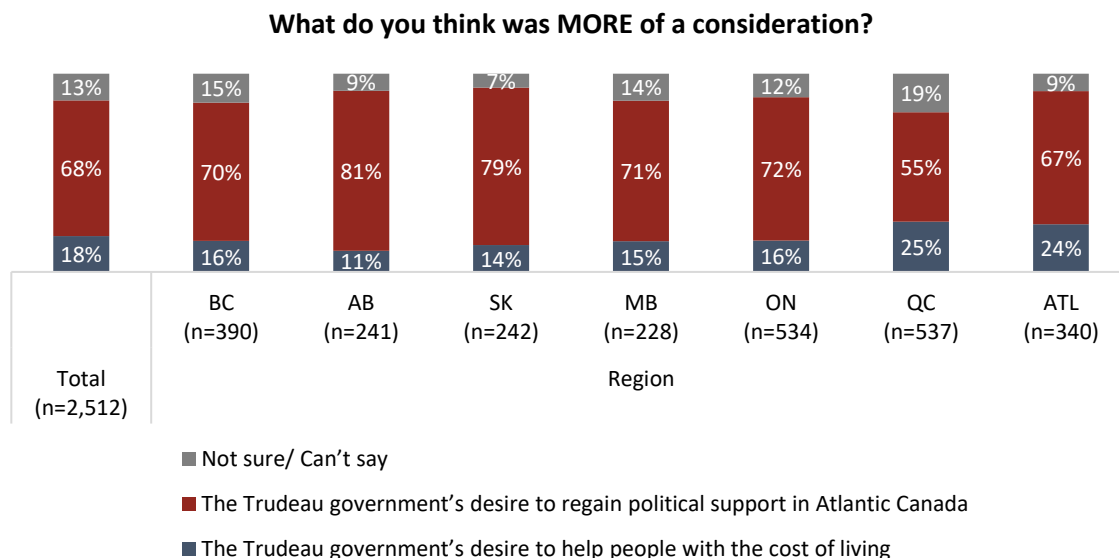
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The exemption for home heating oil is expected to affect [three per cent of households nationwide, but 30 per cent of households in Atlantic Canada](#). In the past three elections under Trudeau, the Liberals have won the majority of seats in the region, but has seen declining support in [recent data](#).

Related: [Majority — including two-in-five past Liberal voters — say Trudeau should step down](#)

Most Canadians – two-thirds (68%) – view the home heating oil exemption as more of a political move than one driven by the federal government’s concern for the rising cost of living. One-in-five (18%) believe the latter was more of a consideration.

Those in Quebec (25%) and Atlantic Canada (24%) are more likely than those elsewhere in the country to see the home heating oil carve out as being more motivated by the federal government’s desire to help people with the rising cost of living:



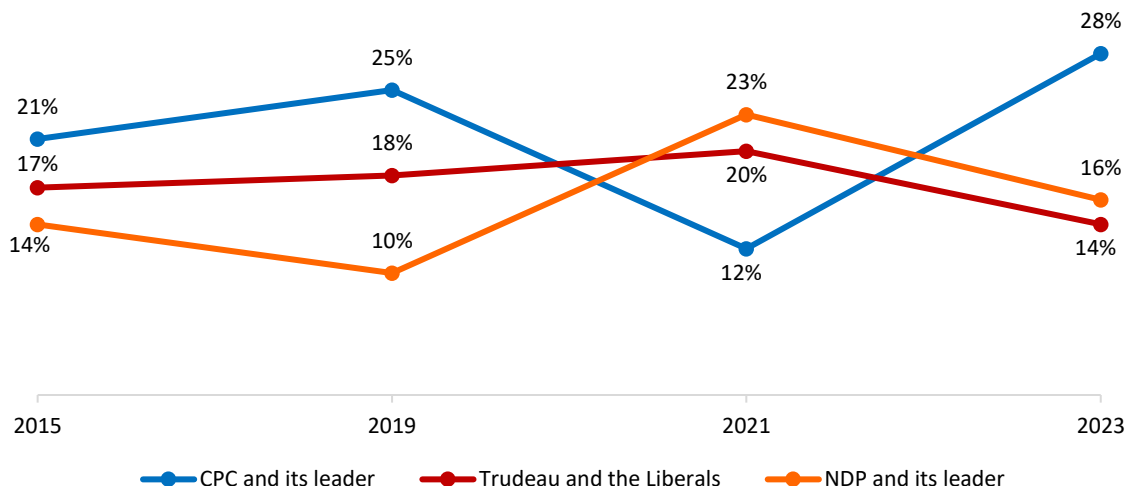
Trudeau not trusted on climate change

Environment experts have [criticized](#) the carbon tax exemption for home heating oil for diluting the Liberal government’s climate change policy. It has also perhaps contributed to Canadians’ reassessment of who offers the best choice to lead on the file. In previous election cycles in 2015, 2019 and 2021, one-in-five chose the Liberals and Trudeau as the best choice to guide the country on climate change. Now, 14 per cent say the same; double that number (28%) instead choose Pierre Poilievre and the Conservatives. Notably, fewer than two-in-five (37%) 2021 Liberal voters choose Trudeau as the best option for the environment portfolio. Past NDP (47%) and CPC (61%) voters are more likely to select their own party’s leader ([see detailed tables](#)).

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**Best to lead on climate change
(Top three parties in vote share are shown)**



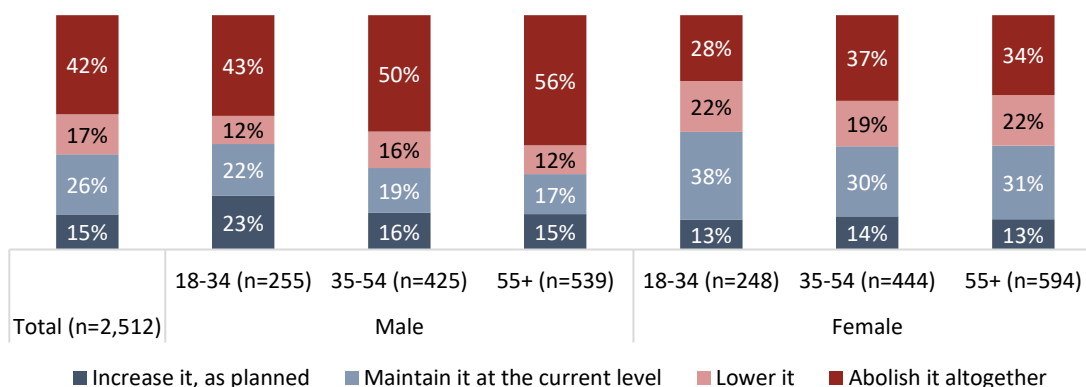
Part Four: Can carbon pricing survive?

One of the big remaining questions is about the future of carbon pricing in Canada. Quebec and British Columbia have individual plans created on their own volition, but some other provinces and their respective governments are less amenable to the idea of pricing carbon, and have been enchanted by Poilievre’s plan to “[axe the tax](#)”.

Majority would abolish or lower the tax, two-in-five would maintain or increase

Asked about the shorter-term plan for the carbon tax, two-in-five Canadians would abolish the carbon tax, while others prefer alternative approaches. One-in-seven (15%) say they would keep the plan in place as is, with year-over-year increases as planned. One-quarter (26%) would pause increases and keep the tax at its current rate, while 17 per cent say they would leave the tax in place but lower the amount:

Thinking about the next three years, if it were up to you, how would you approach the carbon tax?

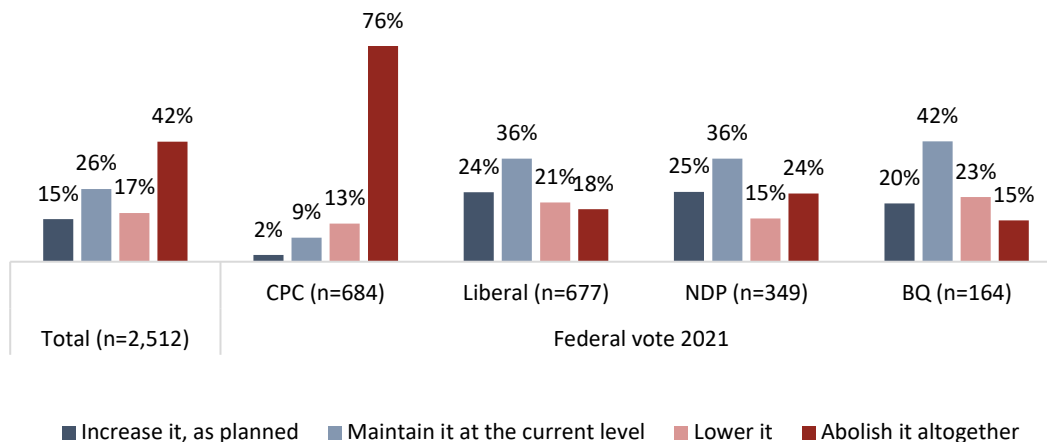


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These conversations are much more undecided outside of the Conservative realm. While three-quarters of 2021 CPC voters would abolish the tax, past Liberal, NDP, and Bloc Quebecois voters show support for all four options, though each lean toward pausing increases or maintaining the original Liberal plan:

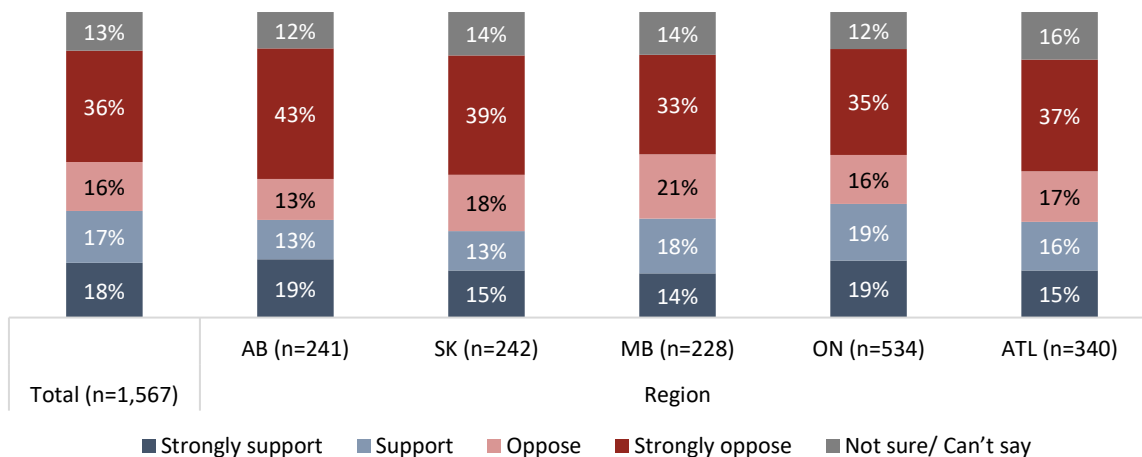
Thinking about the next three years, if it were up to you, how would you approach the carbon tax?



More oppose than support idea of made-in-province carbon tax if federal tax goes

If in the future the carbon tax were to be repealed, there is minimal appetite for a replacement provincial plan in those regions that would be left without. A majority in each of the regions affected would oppose this, with Ontario residents most likely to support it (38%):

Conservative leader Pierre Poilievre has said a government under his leadership would repeal the carbon tax. If that were to happen, would you support or oppose your province creating its own carbon tax to replace it?



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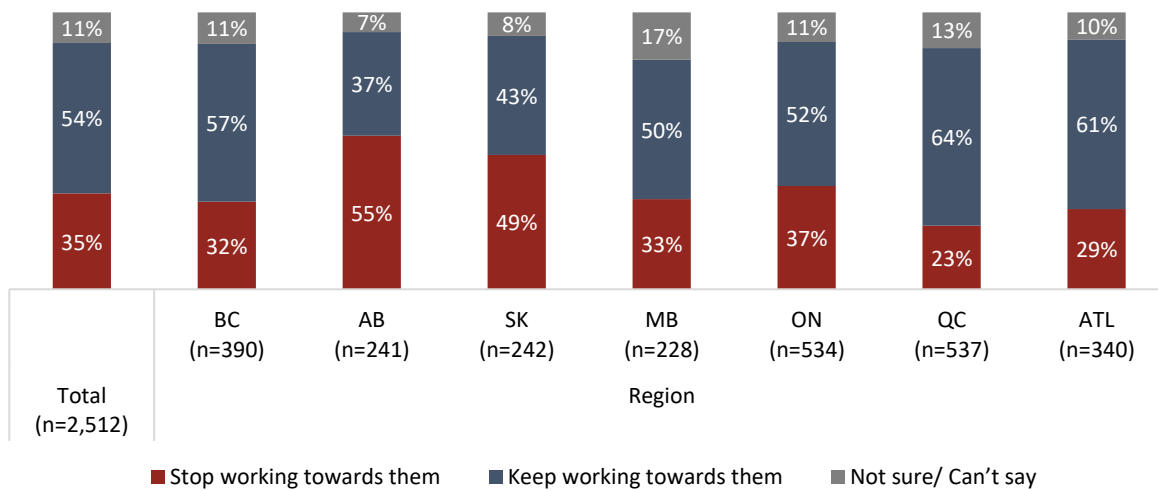
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More than half say 2030 targets still important

Often obscured in the more immediate conversations around domestic obligations and costs are the future goals of Canada’s 2030 Emissions Reduction Plan. The target is to reduce emissions by 40 per cent below 2005 levels by 2030 – a plan that Canada is currently lagging behind on.

For most Canadians, this is still a worthwhile endeavour; 54 per cent say that Canada should keep working toward the reduction target. This includes a majority in all regions outside of Alberta and Saskatchewan:

When it comes to the 2030 emissions reductions targets, Canada should...?



For detailed results by age, gender, region, education, and other demographics, [click here](#).

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