

Dear Premier Clark,

As businesses representing the diversity of B.C.'s economy, we write to you in support of the Climate Leadership Team's recommendation to begin increasing the carbon tax by \$10 per tonne per year in July 2018.<sup>1</sup> The province's carbon tax has been widely praised as an effective climate policy because of its ability to reduce carbon pollution, increase innovation, and support economic growth.

We also support the Team's recommendations to use incremental carbon tax revenue to reduce other taxes; support vulnerable British Columbians; maintain the competitiveness of our emission-intensive, trade-exposed sectors<sup>2</sup>; and invest in innovation and climate solutions. The combined fiscal package finds a good balance between economic, environmental, and social objectives.

These decisions should be finalized this spring as part of the Climate Leadership Plan. Communicating the decisions early will give businesses and British Columbians time to plan and figure out the solutions that make the most sense for them.

Here are three key reasons we support next steps on the carbon tax:

- 1. B.C.'s economy will benefit.** During the first phase of B.C.'s carbon tax, the province's economic growth outperformed the rest of the country, and studies that examined B.C.'s carbon tax in detail found no impact on economic growth.<sup>3,4</sup> According to the Climate Leadership Team's report, B.C.'s GDP will grow by an average of 2.1% per year under the Team's recommendations, with growth distributed across the economy. There are also less quantifiable benefits. Having B.C. recognized as part of the solution to climate change helps attract good people and companies to the province — we can't afford to lose that advantage.
- 2. B.C.'s clean energy and clean tech businesses will thrive.** As of 2014, over 68,000 British Columbians were working in clean economy jobs — up 12.5% from 2010.<sup>5</sup> Those people work in businesses that supply renewable energy, help improve energy efficiency, and develop a host of other clean energy and climate change solutions. These businesses serve domestic and international markets, and they work in partnership with universities, local governments, and First Nations around the province. They are well positioned to help B.C. continue its transition to a clean energy economy, and help meet a rapidly growing global demand for those solutions.
- 3. B.C.'s businesses will be better partners in reducing carbon pollution.** Close to one third of B.C.'s carbon pollution is under the direct control of the province's 170,000 small and medium-sized businesses, which employ more than one million people.<sup>6</sup> We are part of the solution when we work in energy efficient buildings, drive cleaner vehicles and reduce waste. Strengthening the carbon tax in conjunction with incentives like a tax credit will encourage businesses to accelerate investment in solutions like training, technology, retrofitting and improved processes.<sup>7</sup>

In 2008, the Climate Action Plan — with the carbon tax as its central pillar — helped move the province’s economy ahead, it helped boost the province’s reputation and it helped the environment. Taking the next steps on the carbon tax as part of the Climate Leadership Plan is an opportunity to build on those initial successes, and it is an opportunity we must seize as a province.

Sincerely,

*[signatories]*

CC: Minister of Community, Sport and Cultural Development Peter Fassbender  
Minister of Energy and Mines Bill Bennett  
Minister of Environment Mary Polak  
Minister of Finance Mike de Jong  
Minister of Jobs, Tourism and Skills Training Shirley Bond  
Minister of Natural Gas Development Rich Coleman  
Minister of Transportation and Infrastructure Todd Stone  
Parliamentary Secretary Jordan Sturdy

**This letter was initiated by the Board of Change, Clean Energy BC, Climate Smart, the Pembina Institute and Clean Energy Canada.**

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#### Endnotes

1. The Climate Leadership Team’s recommendations are available here: [bit.ly/1OvykvE](http://bit.ly/1OvykvE). The Team recommended that the annual \$10 per tonne increases continue for five years, at which point it would be reviewed. The rate schedule was selected because it helped achieve the economic, social and environmental components of the Team’s mandate.
2. The recommendation to use a portion of carbon tax revenue to maintain the competitiveness of emissions-intensive, trade-exposed sectors was only intended for situations when those sectors were at an economic disadvantage because B.C.’s climate policy was stronger than its competitors. Furthermore, any support for those sectors was supposed to be designed in a way to avoid undermining the incentive to reduce carbon pollution.
3. Stewart Elgie (2014), Just the facts: Did the carbon tax shift burden or buoy B.C.’s economy? Available at: [bit.ly/21G6t1R](http://bit.ly/21G6t1R).
4. Brian C. Murray and Nicolas Rivers (2015), B.C.’s revenue neutral carbon tax: A review of the latest “Grand Experiment” in environmental policy. Available at: [bit.ly/1dA74Ou](http://bit.ly/1dA74Ou).
5. Pacific Coast Collaborative (2015), West Coast Clean Economy: 2010-2014 Jobs Update. Available at: <http://bit.ly/1PZ6vyS>.
6. Climate Smart calculations based on B.C.’s Community Energy and Emissions Inventory (2012), Statistics Canada’s Canadian Business Counts (2015), and ICBC vehicle counts.
7. Research conducted by the SFU School for Public Policy for Climate Smart, showed that targeted incentives like an investment tax credit could help small and medium businesses cut their carbon pollution. In a November 2, 2015 letter to Minister of Environment Mary Polak, Climate Smart provided analysis of the potential impact of an investment tax credit. “If one third of them apply for the tax credits, preliminary estimates indicate B.C. could reduce carbon pollution by 1.2 million tonnes annually by 2020. This would yield annual operating savings to those businesses of half a billion dollars.”

## Ready to sign your business on to the letter?

Please email the following details to [bccarbontax@pembina.org](mailto:bccarbontax@pembina.org):  
company name, contact person, email

Deadline for signatories: **March 23, 2016** More information: [pembina.org/bc-carbon-tax](http://pembina.org/bc-carbon-tax)