

Day 1 of B.C.'s tax revs up political pressure

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VANCOUVER — The price of gasoline shot to \$1.50 a litre in Vancouver on Tuesday as British Columbians became the first Canadians to deal directly with a carbon tax.

The extra 2.34 cents a litre for regular gasoline has caused consternation among the majority of voters – highlighting the challenge of carbon-pricing politics.

For B.C. Premier Gordon Campbell, who faces an election next May, and others pushing green policies such as federal Liberal Leader Stéphane Dion, it is the hardest political sell of this generation. Canadians say the environment is a priority, but polls also indicate voters are worried about expensive energy as the price of oil soars.

Tuesday was Day 1 of B.C.'s carbon tax, applied to fossil fuels including gasoline and diesel, as well as to natural gas and home-heating fuel, and paid by individual and business purchasers.



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A city bus passes a posted sign for a litre of gasoline at a Vancouver gas station which on Tuesday had surpassed \$1.50. Tuesday was the first day of the provincial government's carbon tax, the first in North America, which adds 2.4 cents to every litre of gas sold. (*Richard Lam/Canadian Press*)

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The new levy on gasoline, to rise to about 7 cents a litre in 2012, has attracted the most attention from the NDP's "axe-the-tax" campaign and media headlines such as: "Taxman getting fat on high gas prices."

In B.C., among voters familiar with the carbon-tax proposal, opinion is now roughly evenly split, according to research firm Innovative Research Group Inc., down from support of about two-to-one in favour after it was announced in February.

Other pollsters have found B.C. residents are generally against the tax, with three in five opposing it in an Ipsos-Reid poll in June.

Politicians have to aggressively and emotionally sell green policies to succeed, said Greg Lyle, a pollster at Innovative Research. He added that even though Mr. Dion's proposal doesn't include a hit at the gas pump for consumers, because it pins the cost on big businesses, voters see a "tax as a tax." The challenge for Mr. Campbell in B.C. is the same as that facing Mr. Dion, he suggests.

"Number one, you've got to defend the idea," Mr. Lyle said. "There's only so much news in this that is good news. The reality is that a lot of this is bad news in the headlines. [Mr. Dion] has to fight this on an emotional level. He can't fight on the specific details of his program. He has to fight on the broader need for it, on why he's doing this. And he has to sound like he cares. That's what Gordon Campbell has to do, too."

Environmentalists want Mr. Campbell to "more vigorously" defend the policy against the NDP and said voters will be favourable if they can see that the money is going to things such as better public transit.

"[A carbon tax] is [a] tough political step to take but it is good policy," said analyst Matt Horne at Pembina Institute, an environmental research group.

The risk of an increasingly agitated public, as the economy weakens and gasoline gets more expensive, is big enough that Mark Jaccard, a resource economist at Simon Fraser University, worried publicly last week that the Campbell government might back down on it.

The B.C. government has billed the carbon tax as "revenue neutral," meaning that the government won't take in more than it would otherwise. Alongside more expensive carbon, income taxes for individuals and businesses were reduced on Tuesday.

But groups such as the B.C. Trucking Association are upset, calling on the B.C. government to pour more money into incentives for its members to reduce fuel usage. Trucking accounts for about 10 per cent of B.C.'s greenhouse gas emissions.

"Just imposing a few pennies a litre on our industry is not going to get the job done," said Paul Landry, president of the trucking association.

He said that drivers and trucking companies – most of them very small businesses – will only get back a small amount of the carbon tax.

"It's a transfer of wealth of hard-working British Columbians in the trucking industry to other taxpayers."

For Mr. Campbell, who can only afford to lose six of his 46 seats and still hold power, general support for the Liberals has essentially held steady in the past year and hasn't been sunk by the carbon tax. But to assuage voters, cheques of \$100 have been sent to British Columbians, with some of them quickly spending the money on a tank of gas.

On Gabriola Island, though, between Vancouver and Vancouver Island, some residents are banding together to make a long-time idea for a public-transit bus a reality. They're hoping to get 20 per cent of the island's 4,500 residents to hand over \$100, raising about \$100,000.

"It's tempting to just spend \$100 on something like gas for a road trip, but it's a pretty green island," said organizer Judith Roux of her fellow Gabriola residents. "It just seems like the right time."

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