



Dep
Can

Paul Rochon

FROM
DE

Jean-François Perrault

Memo to Deputy Minister

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MEMORANDUM NOTE DE SERVICE

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Noémie Schmiedel (369-5639)
Our file / Notre référence
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Date
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SUBJECT
OBJET

Impact of a carbon price on households' consumption costs across the income distribution.

For Information.

Context and Key Findings

Imposing a price on carbon emissions, either through a tax or a cap-and-trade system, would raise the cost of fossil fuels and energy. These higher costs would then cascade through the economy in the form of higher prices, thus leading all firms and consumers to pay more for goods and services with higher carbon content. This could create distributional effects since the share of goods and services with high-carbon content may vary with households' income.

This memo focuses on the potential impact of a carbon price on households' consumption expenditures across the income distribution. Key findings are:





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Update to "Estimating economic impacts from various mitigation options for greenhouse gas emissions"

Key points:

- Original note based on preliminary projections from Environment Canada. Final projections have now been made available.
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

Table 1: Impacts of alternative mitigation policy scenarios

Scenarios	Real GDP (% level change)	Carbon Price (2015\$/tonne)	Carbon Revenues (Billions, 2015\$)	GHG Domestic Reductions (Mt)
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]

s.21(1)(b)