

Maple Leaf Motoring: Carbon tax appears safe in Canada's photo-finish election

Conservative leader Andrew Scheer has vowed to kill carbon pricing, but polling points to likelier path to power for Justin Trudeau's weakened Liberals given support from third-parties with compatible environmental policies.



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Andrew Scheer, the leader of the Conservative Party of Canada, makes a campaign stop in Brampton, Ontario. Photo: Andrew Scheer via Twitter

Maple Leaf Motoring is a weekly rundown of developments in the world of Canadian transportation. This week: [why the carbon tax will likely survive the election](#), TFI and Mullen set to perform earnings, and an economist warns that U.S. industrial slowdown could hit Canada.

When Andrew Scheer, the leader of Canada's Conservative party, made a campaign stop last week at [S&S Transport](#), a trucking company near Toronto, he promised to "use every available legislative tool" to repeal the [carbon tax](#) within 100 days of taking office as prime minister.

But Scheer and his Conservatives appear unlikely to emerge from the Oct. 21 election with the ability to form a government – let alone repeal the carbon tax.

The latest data from [338Canada](#), which tracks multiple polls, points to a photo finish between Prime Minister Justin Trudeau's Liberals and Conservatives for the most seats in parliament.

The latest polling suggests Liberals taking about 142 seats, compared to 125 for Conservatives, well short of the 170 needed to command a majority.

The next government will need the support of other parties, notably the National Democratic Party (NDP) and the Bloc Quebecois. Both parties back carbon taxes and other stringent environmental policies, and the prospect of either supporting a Conservative government seems virtually non-existent because of a whole range of ideological issues.

While the Liberals' ability to get backing from the NDP and the bloc is far from assured, there is far more ideological overlap with the Liberals, particularly on environmental policy.

If the current polls hold, more than 60% of Canadian voters support parties that back the carbon tax. That's also in line with [opinion polls that suggest widespread concern about climate change](#) and support for national carbon pricing.

The carbon tax alone has been unpopular among Canadian trucking companies, simply because the addition of 5.4 cents per liter of diesel has added costs at a time when the freight market has softened. The number is also set to grow as the pricing gets phased in.

If Trudeau does get another mandate, with the support of other parties, it would seem the carbon taxes are here to stay, unless the Supreme Court overturns them, which appears unlikely.

But the industry is likely to find support in that government for improving immigration streams to ensure that trucking companies have easier access to foreign drivers – something the industry needs.

TFI, Mullen to report earnings

TFI International ([TSX:TFI](#)) and Mullen Group ([TSX:MLN](#)) report earnings this coming week, giving a look under the hood into the few publicly traded trucking companies in Canada.

TFI, Canada's largest transportation and logistics firm, has held up remarkably well in a softer freight market. The company boosted its earnings outlook for the year after its second-quarter results brought strong performance [from its U.S. truckload business](#) on improved efficiencies.

Analysts see TFI earning C\$1.05 per share on C\$1.32 billion in revenue, [according to Yahoo Finance](#).

Mullen, whose business is entirely within Canada, reports its earnings on Oct. 24. The company reported [flat trucking and logistics revenue](#) and modest profit growth during the second quarter.

Analysts expect Mullen to earn C\$0.17 per share on C\$334 million of revenue, according to [Yahoo Finance](#).

A matter of time before U.S. industrial slowdown hits Canada, economist says

So far, Canada's economy has escaped a broader downturn in 2019, but an economist has cited areas for concern for those in the transportation industry.

Josh Nye, a senior economist at RBC, said there is more room to the "surprise on the downside than upside." During Newcom's Surface Transportation Summit near Toronto on Oct. 16, he said that areas of concern for Canadian freight include a slowdown in the U.S. industrial sector.

"It's just a matter of time before that slowing shows up in Canada," Nye warned.