

ORAL QUESTION—KEVIN O'REILLY, MLA FRAME LAKE

QUESTION 451-18(3): NORTHWEST TERRITORIES CARBON PRICING

October 25, 2018

MR. O'REILLY: Merci, Monsieur le President. My questions are for the Minister of Finance, who is in charge of carbon pricing.

The Minister has said that we haven't quite signed onto carbon pricing by stating that a memorandum of understanding is yet to be completed. Can the Minister explain what this memorandum of understanding is all about and whether there is a deadline for its completion? Mahsi, Mr. Speaker.

MR. SPEAKER: Masi. Minister of Finance.

HON. ROBERT MCLEOD: Thank you, Mr. Speaker. Mr. Speaker, the federal government has proposed that there will be an MOU signed with the three territories. It turned out the MOU is largely applicable to our sister territories because they were using the federal backstop. The federal government had indicated just recently that they are not advancing the MOU with us, as what would be included has already occurred. With the release earlier this week, the federal government has confirmed their agreement with the proposed NWT approach to carbon pricing. Thank you, Mr. Speaker.

MR. O'REILLY: Thanks to the Minister for that. I would be interested in seeing the written confirmation about how the feds have agreed to our approach.

The Minister released a plan for carbon tax in July. That approach would see large emitters getting all of the taxes back. It may involve some spending on greenhouse gas reduction measures, but while individuals, families, and small businesses will get some of the carbon tax back, the remaining amount is what will be used to subsidize GNWT investments into the Energy Strategy, including Taltson Hydro Expansion.

Can the Minister explain why large industrial emitters will not be contributing to investments in energy for communities and households?

HON. ROBERT MCLEOD: The proposed approach for us is to rebate for fuel use, for heating and electricity generation, for the large emitters. 75 per cent will be rebated back to them. The other 25 per cent will be put into a trust that they can use to make investments into reducing the greenhouse gas emissions.

MR. O'REILLY: Thanks to the Minister for confirming that the large emitters are not going to be contributing towards energy investments for communities and households.

Regular MLAs and the public have been waiting patiently for the costed action plan for the Climate Change Strategic Framework, and that is a key part of our climate change plan. That includes carbon pricing. We have had an action plan for the Energy Strategy since May. Can the Minister tell us when the Regular MLAs and the public will get a costed action plan for the Climate Change Strategic Framework and why this is so out

of sync with the work that has already been done on the Energy Strategy?

HON. ROBERT MCLEOD: I did not confirm that about the large emitters. What I confirmed was that 75 per cent would be rebated back to them, and the other 25 per cent would be going to their investments into greenhouse gas emissions. You could look at it another way. With all the corporate tax that they are paying, they are funding a lot of the programs that we offer across the Northwest Territories. They do make a contribution to that as well.

To the Member's question, the draft action plan, we shared that with committee, Indigenous governments, and organizations for a four-week review commencing at the end of October. Once the feedback is received from the parties during the plan engagement period, ENR will lead the finalization of the action plan. We want to go out there and have a conversation with committee and members of the public on the action plan, and then we will do the finalization of that action plan.

MR. SPEAKER: Masi. Oral questions. Member for Frame Lake.

MR. O'REILLY: Merci, Monsieur le President. Thanks to the Minister. I look forward to seeing this draft action plan.

The carbon tax plan released by the Minister in July does not contain any information or analysis of other scenarios or approaches, including the federal backstop. The federal government just announced how funds will be redistributed in jurisdictions that do not have a federally approved scheme. It is not clear to me whether our government has actually done any analysis on the federal backstop.

Can the Minister explain whether the work on an NWT carbon tax considered other scenarios, including the federal backstop, and can he share this information with the public and Regular MLAs? Mahsi, Mr. Speaker.

HON. ROBERT MCLEOD: When we released our planned approach in July of 2018, we also released the results of the engagement process. A lot of the background material is available on the Department of Finance website. We did share what the analysis of the federal backstop would be, and we know that it was going to cost residents of the Northwest Territories a lot more had we just gone and used their backstop.

It is noteworthy that the federal approach to offset in other provinces where the federal backstop is being used is quite similar to what we announced in July. Thank you, Mr. Speaker.