

STATEMENT AT SECOND READING—KEVIN O'REILLY, MLA FRAME LAKE

Bill 42 An Act to Amend the Petroleum Products Tax Act

March 8, 2019

HON. ROBERT MCLEOD: Thank you, Mr. Speaker. I move, seconded by the honourable Member for Yellowknife South, that Bill 42, An Act to Amend the Petroleum Products Tax Act, be read for the second time.

The bill amends the Petroleum Products Tax Act to impose a carbon tax on petroleum products and natural gas. It makes the amendments necessary for collection and administration of this new tax to be handled in the same manner as the current fuel tax. Purchasers are required to pay the tax, and vendors and collectors are required to remit the tax to the Government of the Northwest Territories. The bill allows the Minister to provide in regulation for rebates and grants and increases the maximum fines and penalties which may be imposed either as administrative penalties or on summary conviction. Finally, the bill adds provisions for the appeal of an assessment of tax, interest or administrative penalties under the act. Thank you, Mr. Speaker.

MR. SPEAKER: Masi. The motion is in order. To the principle of the bill. Member for Frame Lake.

MR. O'REILLY: Merci, Monsieur le President. I will provide some introductory remarks and then turn to the process used to develop the bill. I will also provide some comments on the bill and concerns with what is there and what is missing.

The recent report from the Intergovernmental Panel on Climate Change says we are already seeing the consequence of global warming, with an increase of 1 degree Celsius in annual mean temperature. There is more extreme weather and diminishing Arctic sea ice, among other changes. The report notes that limiting global warming to 1.5 degrees Celsius would require "rapid, far-reaching, and unprecedented changes in all aspects of society." Ninety-one authors and review editors from 40 countries prepared the report, with more than 6,000 scientific references cited. This is very serious, and, if we wish to save this planet from irreversible damage, we need to act now. The good news is that some of the kinds of actions that would be needed to limit global warming to 1.5 degrees Celsius are already underway around the world, but they need to accelerate.

Canada has signed on to the global agreement to better address climate change. A real carbon pricing system for the Northwest Territories can help us in fighting this emergency. We must pursue legislative and policy changes to ensure the climate change leadership and an energy strategy built on renewables that does not masquerade as an infrastructure funding demand.

The process. The history of carbon pricing during this Assembly has been a convoluted one, at best. Cabinet developed three separate but related initiatives related to climate change. The first and obviously highest priority for Cabinet was the 2030 Energy Strategy, which leap-frogged ahead of the other two initiatives and even has a costed

three-year action plan where 44 percent of the greenhouse gas reductions are supposed to come from a billion-dollar Taltson hydro expansion. The poor cousin, the Climate Change Strategic Framework, has languished, still has no action plan, and fails to respond to the Auditor General's report to establish the necessary leadership and authority for climate change success. Finally, there is a carbon pricing scheme which is the subject of this bill and is to be used to fund the GNWT contributions to the energy strategy.

In May and July of 2016, the Premier was in the media opposing a carbon tax. Thank goodness a new government was elected in the Yukon in November 2016 because that seems to have moderated GNWT messaging around carbon pricing. On December 9, 2016, the first minsters, including our Premier, announced the Pan-Canadian Framework on Clean Growth and Climate Change. This would allow Canada to meet its international obligations to reduce greenhouse gas emissions 30 percent from 2005 levels by 2030.

I appreciate that a lot of effort has been put in by Cabinet to work out the details of an NWT carbon pricing system. I just do not agree with their approach. GNWT put pressure on the federal government to ante up money for its favourite energy megaproject, the expansion of Taltson hydro, for export to unconfirmed southern markets and to other unconfirmed and hypothetical users in the Slave Geological Province. A discussion paper on the GNWT's approach to carbon pricing was finally released on July 26, 2017. Public comment closed on September 15, 2017.

The Standing Committee on Government Operations tried unsuccessfully several times to get the Minister of Finance to develop a number of options or scenarios for carbon pricing. He was urged to consider creating a competitive fund for large emitters to reduce emissions, larger investments into renewable energy that would further reduce the cost of living and greenhouse gas emissions, and other ideas. The Minister refused to respond in any serious way to committee's requests.

Almost a year after the release of the discussion paper, the Minister of Finance released Cabinet's final approach to carbon pricing on July 11, 2018. A summary of the public engagement on the discussion paper was released at the same time, and a federal report on the impact of carbon pricing on the Northwest Territories that had been completed five months earlier was also released to the public. No further comments were invited, and there has been no further public information or engagement since Cabinet's release on July 11, 2018. This government has been dragged to carbon pricing by the federal promise to impose a regime even if we don't create our own regime.

I would like to, Mr. Speaker, move on to the merits of the bill. I have spoken before in this House about Cabinet's approach to carbon pricing, which is what this bill will implement. Individuals and families will get some of the carbon tax back through adjustments to the cost of living allowance. The largest industrial emitters of greenhouse gas emissions will actually get all of the carbon tax back that they pay. It will be individuals, families, and small businesses that will subsidize the GNWT initiatives under the Energy Strategy, not the largest emitters, which are the diamond mines. This hardly seems fair or balanced.

A large part of the carbon tax revenues will also be used to fund GNWT's contribution to the Taltson Hydro Expansion, which I have also spoken against in this House. I have no problem and encourage the use of Taltson power to develop the regional economy on the south side of the lake, and I am glad to get the support of my friends as I speak, but to build millions of dollars' worth of transmission lines to unconfirmed markets is risky and likely to cost a lot more than original estimates. This is what happened with Muskrat Falls, Site C, Manitoba Hydro's Keeyask dam, and many other projects. Let there be no mistake, Mr. Speaker: Taltson expansion will take money from other needs and opportunities, especially small community energy self-sufficiency.

I would like to turn to some of the problem areas with the bill. There is a precise regime and schedule for the carbon tax on various fuels. There is no separation of diesel fuel use between motive and non-motive use, as was the case in the July 2017 discussion paper. Butane was also not included in that discussion paper for carbon pricing, but now has a carbon tax rate specified in the bill.

While there is some clarity on the carbon tax to be charged and collected, there is no certainty regarding rebates, which are to be prescribed in future regulations at the total discretion of the Minister. The Minister will also have total discretion to prescribe who will be defined as a large emitter, and the Minister will have unfettered authority to determine grants to be given to such large emitters. It seems to me that there should be some bounds on the Minister's discretion in these matters.

Lastly, there is no requirement for any public reporting of revenues raised through the proposed carbon tax, rebates, or grants that the Minister may hand out, or even administrative costs associated with the implementation of the carbon tax. Given the concerns that the public and Regular MLAs have raised about a carbon tax, its impact on the cost of living, and how it may or may not contribute to greenhouse gas reductions, it is rather astounding that there is so little accountability and transparency around the revenues to be raised, their use, and impacts. I have consistently raised the need for an integrated approach to monitoring and public reporting of energy self-sufficiency, climate change, greenhouse gas reductions, carbon pricing, and the impacts on the cost of living, and this bill does not address that.

I still believe that carbon pricing is an essential tool in fighting climate change. However, the Minister has clearly been dragged to this measure and has shown very little interest in working with Regular MLAs or the public in exploring different options or scenarios to develop the best approach for the Northwest Territories and our residents with regard to a carbon tax. In my view, Cabinet's approach is unfair, and with the unfettered ministerial authority over grants to large emitters and rebates, an energy strategy focused on a huge mega project, lack of progress on climate change leadership, and no commitment to integrated climate change monitoring and public reporting, I cannot support the bill as drafted.

I look forward to participating in the proceedings of the Standing Committee on Government Operations to hear what the public and interested stakeholders have to say about a carbon tax in the Northwest Territories, whether they think that this is a fair approach from Cabinet, and whether it will really lead to progress in climate change. Mahsi, Mr. Speaker.

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RECORDED VOTE

MR. SPEAKER: Question has been called. There has been a request for a recorded vote. All those in favour, please stand.

CLERK OF THE HOUSE (Mr. Mercer): The Member for Inuvik Twin Lakes, the Member for Hay River South, the Member for Thebacha, the Member for Mackenzie Delta, the Member for Sahtu, the Member for Nunakput, the Member for Inuvik Boot Lake, the Member for Range Lake, the Member for Great Slave, the Member for Yellowknife South.

MR. SPEAKER: Masi. All those opposed, please stand.

CLERK OF THE HOUSE (Mr. Mercer): The Member for Hay River North, the Member for Yellowknife North, the Member for Kam Lake, the Member for Tu Nedhe-Wiilideh, the Member for Nahendeh, the Member for Frame Lake, the Member for Yellowknife centre, the Member for Deh Cho.

MR. SPEAKER: All those abstaining, please stand. The results of the recorded vote: 10 in favour; 8 opposed. The motion is carried.

---Carried

Bill 42 has had a second reading and is now referred to a standing committee. Second reading of bills., and the public have to say. Mahsi, Mr. Speaker.