

ORAL QUESTION—KEVIN O'REILLY, MLA FRAME LAKE

QUESTION 770-18(3): NWT CARBON TAX LARGE EMITTERS

June 4 , 2019

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MR. O'REILLY: Merci, Monsieur le President. On May 23rd, the Premier, in response to my questions on the carbon tax said, "The approach to carbon tax that we develop needs to be consistent with the federal backstop." I understand that the federal output-based pricing system has been clarified. The Standing Committee on Government Operations is taking the carbon pricing bills on the road next week. I would like to ask a question of the Minister of Finance: can the Minister explain whether there will be any changes to the NWT carbon tax as a result of the federal output-based pricing system, and what will be the effects on our revenues, funds for reinvestment, greenhouse gas emissions, and reaching our targets? Mahsi, Mr. Speaker.

MR. SPEAKER: Masi. Minister of Finance.

HON. ROBERT MCLEOD: Thank you, Mr. Speaker. We are planning to make relatively minor tweaks to our approach to allow the ministry to bring it in line with the federal output-based pricing system as released in July of 2018. We will continue to rebate a portion of the carbon tax paid by large emitters, and we will establish individualized trusts that these emitters can access to invest in energy initiatives. So, while the amounts have changed, the structure of our approach to large emitters remains unchanged.

MR. O'REILLY: I would like to thank the Minister for that. I am sorry. I missed the very first part of what he was saying, but can the Minister explain what this difference in revenues is going to be, then, for the Government of the Northwest Territories under this revised approach?

HON. ROBERT MCLEOD: The Member would be aware that the GNWT approach is largely revenue neutral with carbon tax revenues being used to offset the impact on the cost of living and doing business in the NWT and for investing in energy initiatives. There are some administrative costs to administer the new tax and the offset program, and I do not think it would be appropriate and I will not be discussing what specific tax filers would be paying.

MR. O'REILLY: I want to thank the Minister for that. Is the Minister prepared to table some information for the MLAs and the public, then, about what the difference would be between the output-based pricing system for large emitters here in the Northwest Territories versus the July 2018 proposal developed by Cabinet?

HON. ROBERT MCLEOD: The federal government, they released their further detail on the output-based pricing system in December of 2018. It was apparent from that information released by the federal government that, their final version of the output-based pricing system, there will be likely be much lower carbon tax revenues from the

largest emitters under the federal system. This was confirmed by the federal government. This certainly has resulted in us looking at our approach as it does not make sense for us to place our businesses at a competitive disadvantage compared to what would happen under the federal backstop. That said, we continue to believe our general approach to large emitters is more appropriate in our northern context, but we will need to make some tweaks to ensure that we are largely consistent with the federal system.

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

MR. O'REILLY: Merci, Monsieur le President I want to thank the Minister for that. Can the Minister tell us when we can expect or when the public can expect to know about what these tweaks are going to be to our carbon pricing system? Let's start with that.

HON. ROBERT MCLEOD: We will start with that, and I believe that's question number four, so it seems like we are going to end with that. We have a couple of bills that committee has taken on the road, and that is going to point out some of our approach to carbon pricing. Again, I have to ensure the members of the public that, under the federal backstop, it would be more costly to residents of the Northwest Territories, so we are going to use a made-in-the-North approach, and so we are pleased that the federal government is able to take us up on that. We have got a couple of bills that committee has taken out, and they are going to be getting the feedback, and we will have opportunities to continue to inform committee and the public as to our approach, but we feel that ours is one that is a bit more beneficial to the people of the Northwest Territories because this is an initiative of the federal government and their plan is to impose it regardless of what the jurisdictions are doing. Thank you, Mr. Speaker.