

Northwest Territories Carbon Tax Implementation

Mr. Speaker, I rise today to update the House and Northwest Territories residents on the implementation of the NWT Carbon Tax.

The Government of the Northwest Territories committed to implementation of carbon pricing as part of the Pan-Canadian Framework on Clean Growth and Climate Change. Provinces and territories were provided with the option of implementing their own approach to carbon pricing or having the federal backstop approach implemented in their jurisdiction.

In the NWT, we decided to pursue our own made in the North approach recognizing our unique environment and the requirement for a level of consistency with the federal approach. We released our planned approach in July 2018 including the offsets to mitigate the impact of carbon pricing on the cost of living and doing business in the NWT.

Mr. Speaker as a reminder our approach included a NWT Carbon Tax on fuels that will begin at rates equivalent to twenty dollars per tonne of Green House Gas emissions and increase annually to Fifty dollars per tonne. Revenues from the NWT Carbon Tax will be used to mitigate the impact and address climate change by:

- Exempting aviation fuel;
- Providing a 100% rebate on the carbon tax on heating fuel for residents and small business;
- Introducing a rebate of the carbon tax on community electricity production to mitigate the impact on electricity rates;

- Implementing a new Cost of Living Offset benefit that will be provided to all residents to offset the impact of the carbon tax on consumer goods and services;
- Providing a rebate program for large emitters that will provide a level of consistency in the treatment of these industries as is provided under the federal system and what is being provided for residents and small businesses in the NWT; and
- Making investments in energy initiatives that further reduce GHG emissions.

Mr. Speaker, Bill 42 and 43 were introduced in the February session and proposed changes to the *Petroleum Products Tax Act* and the *Income Tax Act* that would facilitate implementation of the NWT Carbon Tax and the offset programs.

This legislation is currently being reviewed by the Standing Committee on Government Operations. Given the time needed to review the legislation and our legislative calendar, we expect that the legislation will be ready for consideration for third reading in the August session.

The original intent was to implement the NWT Carbon Tax on July 1, 2019. The GNWT now intends to implement the NWT Carbon Tax on September 1, 2019.

This delay was unintended and in no way should be considered as a lowering of the government's commitment to implementing the NWT Carbon Tax. Carbon pricing will be introduced in the NWT either utilizing our own approach or having the federal backstop imposed upon us. We believe our approach has significant advantages for our businesses and residents including in the way we have approached rebating the carbon tax on heating fuel, protecting electricity rates, and providing the Cost of Living Offset benefit to all residents of the NWT.

We have reached out to the Government of Canada, the Premier has spoken with Minister Morneau as the Federal Intergovernmental Minister and I will be speaking with Minister McKenna tomorrow. They are aware of our legislative process and the challenges all legislatures face when nearing the end of their term in office to fulfill their mandates. There is no plan on the part of the federal government to implement the federal backstop on July 1. We would thank them for their understanding.

Mr. Speaker, addressing climate change is a key priority item for the 18th Legislative Assembly. The *2030 NWT Climate Change Strategic Framework* and the *2030 NWT Energy Strategy* and all their related actions and introducing carbon pricing all represent significant action this government is taking on this priority. The federal government has been an important partner in all these initiatives.

Mr. Speaker while there is much more to be done, I believe this Assembly is providing a strong foundation for continued action on this important issue.

Thank you, Mr. Speaker.