

OPENING STATEMENT

We recognize that carbon emissions and the resultant climate change have adverse impacts on our society and environment. Carbon pricing is one method for reducing these climate warming carbon emissions. Carbon pricing can take the form of a carbon price (tax) or cap-and-trade and its objective is to incent a reduction in the consumption of goods whose production involves the emission of carbon. The Chamber considers it reasonable to evaluate the effectiveness of a carbon pricing mechanism by the extent to which it achieves a reduction in fossil fuel-based carbon emissions without, or while minimizing, adverse economic consequences.

Background

On October 3, 2016 the Government of Canada announced that carbon pricing would be imposed by the federal government if provinces and territories did not adopt their own carbon pricing approach by 2018. The federally-imposed carbon pricing would start off at \$10/tonne in 2018, rising to \$50/tonne by 2022.

On December 9, the Federal government held meetings with the 13 provincial and territorial Premiers and released a document entitled the “Pan Canadian Framework on Clean Growth and Climate Change”, identifying efforts being undertaken by each province and territory. The publication of the technical paper on the Federal Carbon Pricing Backstop on May 18, 2017 introduced the mechanism proposed by the Federal government to be applied in jurisdictions that do not have carbon pricing systems that align with their benchmark.

The Yukon Chamber of Commerce and the business community recognize that fossil fuel consumption needs to be reduced to address the realities of climate change. However, the following challenges should be acknowledged in the design of a carbon pricing mechanism. Yukon businesses and consumers may not have options for reducing their consumption to the same extent as people living in more heavily populated areas of southern Canada. This means that a carbon price in the Yukon may not result in a reduction in the Yukon’s carbon emissions to the same proportion as is possible elsewhere. As a result, the imposition of a carbon price in the Yukon could be disproportionately punitive for Yukon businesses and citizens, and provide incremental revenues to the territorial government while not achieving the core objective that is the basis for the imposition of a price on carbon in the first place. Any such incremental revenues may, however, still be used to incent reductions in carbon emissions.

Conclusion

YCC recommends that the Yukon government engage with the other Northern Territories to identify “made in the North” solutions that contribute to reducing Northern carbon emissions. YCC believes that the Federal government should acknowledge the unique challenges that the North faces, and that the Yukon and the rest of the North may not be able to contribute at the same level as the southern provinces without additional financial support beyond Yukon’s carbon price revenue.

An alternative to more financial support might be a lower or delayed set of emission targets for the North, acknowledging the lack of infrastructure that is available in the South (rail systems, interconnected electrical grid infrastructure, and roads in the case of Nunavut and parts of the NWT and the Yukon, etc.). As well, it would acknowledge that our sparse and distributed population living in a dark and cold region, distant from supply centres of the necessities such as food, fuel and all other material goods, deserves additional support.

For a private-sector economy largely comprised of the resource and tourism sectors, a reduced price on carbon for off-road and aviation fuel, in conjunction with other incentives to reduce consumption and the carbon intensity of fuels used by necessity, should be considered.

CARBON PRICING POLICY

Conversely, a price on carbon may stimulate business development in sectors currently supplied from the South if it creates a sufficient margin for local businesses to be able to compete. This could result in a significant expansion of our agricultural sector, growing more food locally, as an example, or pioneering innovative use of new technologies in the North that reduce or allow better adaptation to a warming climate. Therefore, be it resolved that:

1. The Yukon Chamber of Commerce and the business community recognize that fossil fuel consumption and the carbon intensity of fuels used by necessity need to be reduced to address the realities of climate change;
2. Businesses are challenged by additional taxes unless carbon pricing revenues replace business and income taxes;
3. The Northern territories are disproportionately impacted by, and face more challenges in their ability to respond to, the implementation of carbon pricing compared to southern Canada;
4. Research should be undertaken to explore whether a cap-and-trade approach might be implemented in the Yukon, exploring whether the territory could be a net contributor (i.e. seller of GHG credits) to the trade aspect.

Recommendations

The Chamber believes that an advisory committee comprised of representatives of a number of organizations could be effective at prioritizing the allocation of carbon pricing revenues and other low carbon funding sources. Such a committee would work to identify and prioritize initiatives that would reduce fossil fuel consumption, drive innovation and development of new technologies, and change behaviours of businesses and individuals. Such a committee would also ensure that the carbon price revenue redistribution and other funds available is visible, transparent and spent in the Yukon.

THE CHAMBER RECOMMENDS

1. Yukon Carbon price revenues should not flow into general territorial government revenues;
2. An apolitical and independent third-party Low Carbon Committee should be established to prioritize and recommend the use of any carbon price revenues and other low-carbon funds available, rather than ceding them to the governments (territorial, municipal or First Nations) to manage and allocate;
3. Any carbon price revenues should be spent entirely on reducing carbon emissions as intended;
4. Any carbon price revenues should be spent in the Yukon and not on national broad-based research projects;
5. Any carbon price revenue redistribution should be visible (e.g., not hidden as an income tax rebate) and transparent;
6. Energy solutions and programs funded by the carbon price revenues and other low-carbon funds available should prioritize reduction of fossil fuel consumption.
7. Any revenues derived from a Yukon price on carbon should be specifically dedicated to business-orientated energy solutions and programs that:
 - a) reduce the need for the use of fossil fuels in the Territory
 - b) encourage the switch to renewable energy solutions where possible;
 - c) target projects with the most cost-effective and productive carbon emission reduction solutions.

Resolution Adopted: February 16, 2018