



Government of
Northwest Territories

May 21, 2024

KIERON TESTART
MLA, RANGE LAKE

Oral Question 46-20(1) Carbon Taxation

This letter is in follow-up to the Oral Question you raised on February 6, 2024, regarding detailed comparisons on carbon taxation and rebates among the three territories.

The principal difference between the three territories' carbon tax systems is that the federal carbon tax system applies in Yukon and Nunavut and the Northwest Territories (NWT) has its own territorial carbon tax that meets the federal carbon pricing requirements.

Yukon and Nunavut voluntarily opted for the federal carbon tax system and so Canada collects the carbon tax, administers the Output-Based Pricing System for large emitters, and directly transfers carbon tax proceeds collected within their respective territories to the territorial governments. Therefore, all three territories have control over the carbon pricing revenues collected in their respective jurisdictions.

Details for the uses of the carbon pricing revenues in each territory are public and can be found on their government websites. The Yukon government uses a revolving fund to distribute the federal transfer as rebates to individuals, businesses, licensed placer and quartz-mining operations, First Nations governments, and municipal governments. The Nunavut government provides a non-taxable payment to individuals and families administered by the Canada Revenue Agency and does not provide any other carbon price rebates. The NWT provides the non-taxable Cost of Living Offset to residents in three zones based on heating fuel use, rebates to large emitters to mimic the federal Output-Based Pricing System, and community government net carbon tax revenue sharing grants.

Thank you.

A handwritten signature in black ink, appearing to read 'Caroline Wawzonek'.

Caroline Wawzonek
Minister of Finance

c. Clerk of the Legislative Assembly
Director, Legislative Affairs and House Planning