



PUBLIC ENGAGEMENT ON THE CARBON REBATE
WHAT WE HEARD: A SUMMARY OF COMMENTS

GOVERNMENT OF YUKON
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PUBLIC ENGAGEMENT ON THE CARBON REBATE

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For more information, contact:

Eric Clement
Communications
Department of Finance
867-393-6482
eric.clement@gov.yk.ca

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MINISTERS' MESSAGE

On behalf of the Government of Yukon, we would like to thank all individuals, organizations and governments who contributed their thoughts and ideas throughout this process. By attending information sessions and submitting comments through our survey, you have given us the opportunity to hear what you have to say.

All of this thoughtful feedback will be considered as we move forward with the design of a rebate mechanism that works best for Yukon.

Thank you again for your contributions.



Hon. Sandy Silver
Premier and Minister of Finance



Hon. Pauline Frost
Minister of Environment

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1 INTRODUCTION

The Government of Yukon engaged with Yukoners about their perspectives and priorities relating to the carbon rebate in the territory. This report summarizes what we heard through the online survey held August 16 to September 13, and through information sessions in Whitehorse, Dawson, and Haines Junction on August 17 and 18, 2017. Details around the government's engagement process are discussed in **Part 3: Engagement Process**.

The Government of Yukon heard from a broad cross-section of Yukoners, from rural residents and city dwellers, across all age groups. We heard from a range of organizations, from other governments and industry groups to First Nations organizations. For a detailed breakdown of participants, see **Part 4: Feedback Profile**.

Throughout the engagement process, the government heard a diverse range of thoughtful and considered opinions, demonstrating Yukoners' keen interest in the future of their territory. As outlined in section 2.2, there is broad variety in the approaches used around the world to manage revenues associated with a carbon price. Yukoners expressed a wide range of ideas and priorities about managing carbon revenues in the territory. Some rate the transition to a lower-carbon economy highly and value a rebate design that targets further mitigation efforts; some are concerned about vulnerable individuals who may be disproportionately affected by carbon pricing. Others are most concerned about the impact on the cost of living in the north, and some are adamantly opposed to a carbon price at all. **Part 5: What We Heard** describes this diversity of feedback in detail.

This document also puts the discussion around the rebate in context, discussing the proposed federal carbon pricing framework and reviewing the use of carbon revenues in other jurisdictions (**Part 2: Background**), and looking at next steps (**Part 6: Looking Ahead**) in the implementation of the federal carbon pricing framework, and the design and implementation of a rebate framework.

2 BACKGROUND

2.1 What is Carbon Pricing?

Carbon pricing, in effect, puts a price on pollution. Individuals and businesses who create emissions of carbon dioxide and other greenhouse gases (GHGs) – for example, from fuel usage – will have a cost applied to these activities. It is intended to provide an incentive to find ways

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to reduce emissions and make more carbon-friendly choices, as lower-carbon alternatives become relatively less costly. Carbon pricing is intended to be one action among many to combat the effects of human-caused climate change.

Carbon pricing can be done in two ways: directly, through a carbon tax or levy (currently in place in Alberta and British Columbia), or indirectly, through a cap-and-trade system (currently in place in Ontario and Québec).

The Government of Canada is proposing to introduce a “federal backstop” for carbon pricing, which would apply in any jurisdiction that does not create its own equivalent system. The Government of Yukon has indicated that it does not intend to introduce a made-in-Yukon carbon price, so the federal backstop would apply in the territory. The proposed federal backstop, which would apply in Yukon, has two components:

- First, a carbon levy applied to fossil fuels, set at \$10/tonne of GHGs in the first year (2018) and rising to \$50/year in 2022. This levy would be charged to fuel producers or distributors. Consumers would not directly pay the levy to the federal government, but the fuel price charged by the producer or distributor may have the levy embedded within it. No ‘carbon tax’ line will appear on fuel receipts at the pump.

\$10/tonne translates into about 2.33¢/L of gasoline, 2.74¢/L of diesel and 1.55¢/L of propane, based on the carbon per litre for each type of fuel. At \$50/tonne, that means about 11.63¢/L of gasoline, 13.69¢/L of diesel, and 7.74¢/L of propane.

- Second, an output-based pricing system (to be implemented in 2019) for facilities emitting 50 kt CO₂/year or more, with an option for smaller facilities to opt in. There are currently no facilities in Yukon over this threshold.

The [Pan-Canadian Framework \(PCF\) on Clean Growth and Climate Change](#) states that the entity that implements the carbon price — in this case, the Government of Canada — is responsible for mitigation measures for disproportionately affected groups (such as low income Canadians).

The federal government (in partnership with the Yukon Climate Change Secretariat) is also undertaking a study to assess the territorial impacts of carbon pricing, recognizing the unique circumstances of northern and remote communities. This study, when completed, is expected to include a chapter specific to Yukon.

For more detail, the [Pan-Canadian Framework \(PCF\) on Clean Growth and Climate Change](#) and the [Technical Paper](#) on the federal carbon pricing backstop are available online.

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2.2 How is Carbon Revenue Used?

Carbon pricing systems are in place in many countries around the world. As of 2017, the World Bank reports that 46 carbon pricing initiatives had been implemented or were scheduled for implementation, including 23 emissions trading systems (such as a cap-and-trade system) and 23 carbon tax regimes, covering 8 gigatons of greenhouse gas emissions (about 15% of global emissions)¹. Revenue from carbon pricing is estimated at \$22 billion globally for 2016, including revenues from allowance/credit auctions, direct payments to meet compliance requirements and carbon tax receipts.² Yukon's revenue under the proposed federal backstop for carbon pricing is estimated at about \$5 million annually at a price of \$10/tonne, rising to about \$25 million annually as the price rises to \$50/tonne by 2022.

There is no predetermined way that revenues associated with a carbon price mechanism (whether a tax or a cap-and-trade system) must be managed. Some options for revenue use (as noted by the Carbon Pricing Leadership Coalition³) include:

- Using revenues to reduce other taxes, increasing the efficiency of a tax system by shifting the tax burden away from incomes;
- Directing revenues to households, whether as universal transfers, support for vulnerable households, or transitional job assistance to support workers in select industries significantly impacted by a carbon price over the longer term;
- Reducing public debt and/or deficit;
- Providing transitional support to industry to address competitiveness concerns;
- Using revenues for general spending; or
- Providing funding for climate change-related investments, including support for low carbon technology and innovation.

A similar set of options is described in the Ecofiscal Commission's April 2016 report⁴, with investments in low-carbon technology and investments in infrastructure noted as separate

¹ World Bank, *Carbon Pricing Watch 2017*, p. 10, retrieved from: <http://documents.worldbank.org/curated/en/699641497346643090/pdf/116068-WP-wb-cpw-170609-screen-PUBLIC.pdf>

² Ibid., p. 3.

³ Carbon Pricing Leadership Coalition, *Executive Briefing September 2016: What are the options for using carbon pricing revenues?*, p. 1, retrieved from the World Bank at: <http://pubdocs.worldbank.org/en/668851474296920877/CPLC-Use-of-Revenues-Executive-Brief-09-2016.pdf>

⁴ Canada's Ecofiscal Commission (April 2016), *Choose wisely: Options and trade-offs in recycling carbon pricing revenues*, retrieved from <http://ecofiscal.ca/wp-content/uploads/2016/04/Ecofiscal-Commission-Choose-Wisely-Carbon-Pricing-Revenue-Recycling-Report-April-2016.pdf>

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options. The Commission also recommends that governments use revenue recycling to address fairness and competitiveness concerns, and use a portfolio of approaches to recycle revenue and adjust those choices over time as priorities change.⁵ Options chosen for revenue use in other jurisdictions vary depending on their public priorities and circumstances. Across Canada, provinces that have existing carbon price mechanisms have chosen to manage revenues in a variety of ways:

- In [British Columbia](#), the carbon tax regime was designed to be revenue-neutral, with personal and corporate income tax rates reduced and a variety of tax credits introduced. Tax credits include:

- A low income climate action credit
- A northern and rural homeowner benefit of up to \$200
- An industrial property tax credit

Carbon tax revenue was not intended to result in any net increase to government revenue, as it would be offset by other revenue reductions as the tax burden was shifted from income to consumption.

- In [Alberta](#), design of the carbon levy regime provides for rebates to low- and middle-income Albertans to offset costs associated with the levy. Some revenue is also directed toward reinvestments in the economy, including:
 - Green infrastructure like public transit
 - Large scale renewable energy, bioenergy, and technology
 - Energy efficiency
 - Reduction in the small business tax rate
 - Transition for coal phase-out
 - Assistance for Indigenous communities to transition to a cleaner economy
- In [Ontario](#), revenues generated through the cap-and-trade program are legally required to be reinvested back into projects that reduce greenhouse gas emissions, such as:
 - Public transit
 - Electric vehicle incentives
 - Social housing retrofits

⁵ Ibid., p.39-40.

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- In [Québec](#), all revenues generated from carbon market auctions in its cap-and-trade system are paid to the [Green Fund](#), to support the implementation of the 2013-2020 Climate Change Action Plan.

Outside of Canada, use of carbon revenue is mixed but falls generally into the options noted above. California, for example, has chosen to redirect its cap-and-trade proceeds to a state-wide “[California Climate Investments](#)” initiative, funding projects such as renewable energy, public transportation, zero-emission vehicles, environmental restoration and sustainable agriculture. According to case studies published by the World Bank Group⁶, choices of how to use carbon price revenue vary greatly in other countries:

- Australia’s system was designed to be fiscally neutral, with at least 50% going to financial assistance for pensioners and low-income Australians, and about 40% to help businesses transition to a low-carbon economy (p. 12);
- Chile proposes to use the largest share of revenues on improvements to its education system (p. 23);
- France designed its carbon tax to be revenue-neutral by reducing other taxes and introducing tax credits (p. 40);
- India’s revenue from its central excise tax on domestic and imported coal, lignite and peat go toward the National Clean Energy Fund (p. 50);
- Japan intends to use its revenue to promote low-carbon technologies, energy efficiency, and renewable energy (p. 61);
- Sweden’s revenue goes to the general government fund (p. 87); and
- Switzerland earmarks one-third of its carbon revenue for a buildings program supporting refurbishment and conversion to renewable energy sources, and redistributes two-thirds back to its population through the health insurance system and to businesses based on through lower required social insurance contributions (p. 91).

The choices a particular jurisdiction makes in managing its carbon price revenue can be influenced by many factors, including the efficiency of its existing tax system, concerns about increasing the mitigation impact of the carbon price, administrative capacity to manage the program, legal restrictions on the use of tax revenues, and value placed on addressing fairness or competitiveness concerns.

⁶ World Bank Group – Partnership for Market Readiness (March 2017), *Carbon Tax Guide – A Handbook for Policy Makers (Appendix: Carbon Tax Case Studies)*, retrieved from:

<https://openknowledge.worldbank.org/bitstream/handle/10986/26300/Carbon%20Tax%20Guide%20-%20Appendix%20web%20FINAL.pdf?sequence=7&isAllowed=y>

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2.3 The Carbon Rebate

The Pan-Canadian Framework on Clean Growth and Climate Change committed that:

- “Each jurisdiction can use carbon-pricing revenues according to their needs, including to address impacts on vulnerable populations and sectors and to support climate change and clean growth goals.” (p. 49), and
- “[The federal backstop] will be consistent with the principles and will return revenues to the jurisdiction of origin.” (p. 49)

The Government of Yukon, in its 2017 Throne Speech, committed to “using any money raised through a federal price on carbon for rebates to Yukon individuals and businesses”. (The full text of the throne speech can be found [here](#).)

Based on the federal backstop of \$10/tonne in 2018, this means about \$5 million annually for Yukon, rising to an estimated \$25 million annually when the carbon levy rises to \$50/tonne by 2022.

3 ENGAGEMENT PROCESS

The government conducted engagement on the design of a rebate mechanism through

- An online survey launched on August 16 which allowed any interested Yukoners or owners of Yukon-based businesses to share their feedback, and
- Information sessions in Whitehorse, Haines Junction and Dawson City for First Nations, municipal governments, and targeted stakeholders and industry groups.

3.1 Survey

The Yukon government’s Department of Finance, with support from the Yukon Bureau of Statistics (YBS), launched an online public engagement survey to gather feedback from Yukon residents about carbon price rebates. This survey was available to the public between August 16 and September 13, 2017. In total, this engagement process resulted in 665 completed responses.

Ten surveys were completed by individuals who stated they did not either reside in Yukon or own a business that operates in Yukon. These were excluded from subsequent analyses. YBS conducted a check to find evidence of respondents completing the survey multiple times. No evidence was found to that effect. See appendix for the survey instrument.

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3.2 Information Sessions

The federal government hosted meetings with Yukon First Nations, municipal governments and industry groups in Whitehorse on August 17, 2017 and in Haines Junction and Dawson City on August 18, 2017, in order to provide an overview of the [Pan-Canadian Approach to Pricing Carbon Pollution](#) and the Territorial Study on Carbon Pollution Pricing being conducted by the territorial and federal governments to examine the potential impacts of carbon pricing in Yukon. Officials from Environment and Climate Change Canada and Finance Canada participated.

The Government of Yukon also engaged with the above groups in the same information sessions around the design of a rebate mechanism. Representatives from the Climate Change Secretariat and the Department of Finance attended all sessions. Hard copies of the survey instrument were provided for participant reference.

As a result of inclement weather on August 18, federal and territorial officials were unable to be in Dawson City in person, but a video conference was successfully set up to ensure that the morning and afternoon information sessions still continued with those participants.

4 FEEDBACK PROFILE

Engagement reached a cross-section of Yukoners, with feedback received from rural and urban Yukoners, First Nations governments and citizens, municipalities, industry stakeholders, across all age groups. A profile of those involved in each engagement stream is described below.

4.1 Survey

A cross-section of Yukoners responded to the survey, resulting in 665 responses in total. A greater proportion of Yukoners living outside Whitehorse (relative to their share of the population) responded, as well as a greater proportion of those aged 35-44 and 45-54 than their share of Yukon's demographic profile. Data below was provided by the Yukon Bureau of Statistics.

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Location	Survey Responses		YBS Population Report (Second Quarter 2017)	
	Number	Percentage	Number	Percentage
Whitehorse	475	71.4%	29,758	77.4%
Outside Whitehorse	190	28.6%	8,697	22.6%
Grand Total	665		38,455	

Age Group	Number	Percentage	Number	Percentage
Under 25 years old*	17	2.6%	10,343	26.9%
25-34 years old	122	18.3%	6,451	16.8%
35-44 years old	161	24.2%	5,619	14.6%
45-54 years old	133	20.0%	5,520	14.4%
55-64 years old	126	18.9%	5,868	15.3%
65 or over	106	15.9%	4,654	12.1%
Grand Total	665		38,455	

*Under 18 years old age group combined with 18-24 years old group due to small number of responses

4.2 Information Sessions

Information sessions were held in Whitehorse on August 17, 2017 and in Haines Junction and Dawson City on August 18, 2017. In attendance were representatives from First Nations organizations and governments, municipal governments, and industry groups. In total, more than 40 people participated in addition to the federal and Yukon government officials present.

First Nations

Participants from seven of the 11 self-governing First Nations attended the Whitehorse information session:

- Carcross/Tagish Development Corporation
- Champagne and Aishihik First Nation
- First Nation of Na-Cho Nyäk Dun
- Kluane First Nation
- Kwanlin Dün First Nation
- Little Salmon/Carmacks First Nation
- Ta'an Kwäch'än Council
- Vuntut Gwitchin First Nation

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Representatives of the Council of Yukon First Nations also attended in Whitehorse.

Representatives of the Tr'ondëk Hwëch'in First Nation and the Regional Economic Action Development Initiative, or READI (a partnership between the Tr'ondëk Hwëch'in, Vuntut Gwitchin, Na-Cho Nyäk Dun, Village of Mayo, Yukon government, and City of Dawson), opted to take part in one of the Dawson City sessions.

The Na-Cho Nyäk Dun Development Corporation, Ross River Dena Council, Selkirk Development Corporation, Selkirk First Nation, Teslin Tlingit Council, Northern Tutchone Tribal Council, Southern Tutchone Tribal Council, and the White River First Nation were also invited, but were unable to attend.

Invitations were also extended to representatives from the following transboundary Indigenous groups, who were unable to attend:

- Inuvialuit Regional Corporation
- Acho Dene Koe First Nation
- Kaska Dena Council
- Taku River Tlingit First Nation
- Tahltan Central Government
- Dakh-Ka Tlingit First Nation
- Gwich'in Tribal Council
- Tetlit Gwich'in Council
- Ehdiitat Gwich'in Council
- Nihtat Gwich'in Council
- Gwichya Gwich'in Council
- Liard First Nation

The federal government committed to reimbursing First Nations attendees for their travel costs to attend the sessions.

Municipal Governments

Representatives from a number of municipal governments attended the information session in Whitehorse:

- Village of Carmacks
- Town of Faro
- Village of Mayo
- Village of Teslin
- Town of Watson Lake
- City of Whitehorse

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Representatives from the Village of Haines Junction and Dawson City participated in the sessions held in their respective communities.

Industry

A cross-section of industry was represented at the Whitehorse session, with participants attending from:

- Yukon Chamber of Mines
- Yukon Chamber of Commerce
- Whitehorse Chamber of Commerce
- Yukon Agricultural Association
- Yukon Tourism Industry Association
- ATCO Electric
- Yukon Energy Corporation

A representative from the Yukon Chamber of Commerce also attended an information session in Dawson.

Invitations were also extended to representatives of Air North, Alcan Air, the First Nation Chamber of Commerce, the Klondike Placer Miners Association, the Mining Association of Canada, and the Yukon Transportation Association, but they were unable to attend or no response was received.

5 WHAT WE HEARD

The cross-section of Yukoners who answered the survey and participated in the information sessions were engaged and interested in the topic of carbon pricing as well as the rebate mechanism. They expressed interest in further opportunities for public engagement and discussion, to allow for greater participation and input.

Feedback provided through the survey and the information sessions did not provide one clear message to government on the design of a rebate program, as opinions on the subject are as varied as Yukoners themselves. In some cases, those opinions are contradictory, as described in the analysis below.

At a high level, the government heard from Yukoners on these themes:

- That many place a value on reducing Yukon's carbon footprint, and directing at least part of the revenue towards further mitigation efforts in reducing carbon emissions (whether

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through direct program funding or tax credits), and that a rebate should be “earned” rather than simply handed back;

- That many (but not all) consider it important to mitigate the impacts of a carbon price on the most vulnerable Yukoners;
- That many respondents recognize and are concerned about the disproportionate effects of climate change in the north;
- That some (but not all) strongly disagree with the idea of a carbon price at all;
- That fewer respondents and participants than may have been expected were primarily concerned about the impact of a carbon price on the cost of living; and
- That opportunities for further public engagement on carbon pricing and the rebate would be valued.

An in-depth assessment of the input provided through the survey and the information sessions is described in the following sections.

5.1 Survey

As noted previously, the survey was open for public input from August 16 to September 13, 2017. When all results were received, two independent analyses were performed. First, the Yukon Bureau of Statistics undertook an analysis of the survey results, looking at quantitative results for the multiple-choice questions and the in-scope responses (that is, comments that related directly to the subject of the question) for the open-ended questions. A further content analysis was undertaken by the Business and Economic Research Branch (Department of Finance) of all comments received in response to the open-ended questions, whether or not those comments were deemed in-scope.

For reference, the survey is included in the appendix. Questions 1 and 2 asked whether respondents were Yukon residents, and if they owned or operated businesses in Yukon. If the answer to both of these questions was “no”, they were thanked for their interest and the survey ended. For everyone else, the survey included nine more questions; these are listed below and the findings for each question described.

Survey Question 3:

In your opinion, how important is it that Yukoners belonging to the following groups receive a higher rebate than others?

[Seniors, low income Yukoners, Yukoners with children, and rural Yukoners]

Respondents were asked to choose a ranking from “not important” to “very important” for each of four groups (low income Yukoners, seniors, rural Yukoners, and Yukoners with

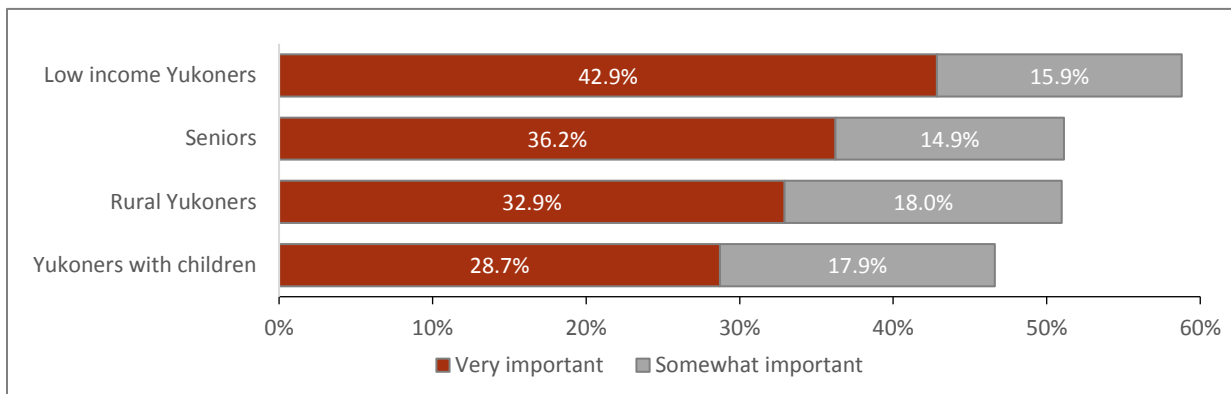
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children). Figure 1 illustrates the percentage of respondents who felt it was very or somewhat important for each of these groups to receive a higher rebate in descending order.

Nearly 60% of the respondents indicated that that low-income Yukoners should receive a higher rebate than others, and about 51% favoured higher rebates for both seniors and rural Yukoners. Lastly, 46.6% of respondents stated it was very or somewhat important that Yukoners with children receive a higher rebate.

Figure 1: Percentage of responses choosing "somewhat important" or "very important"



Survey Question 4:

In your opinion, should any other group(s) receive a higher rebate?
If yes, please specify. *[open-ended]*

Of the 665 respondents, 284 provided input (42.7%) to Question 4. 228 responses were either out of scope of Question 4 or included an indication that no other groups should be considered for a higher rebate. The three most frequently mentioned groups were business owners (13 mentions), individuals or businesses that make low-carbon investments (12 mentions), and individuals who live in off-grid or remote communities (7 mentions).

Undertaking a content analysis of all comments, including those 'out of scope', yielded further information with sometimes contradictory results.

1. Which groups should be targeted for a higher rebate, or specifically excluded:

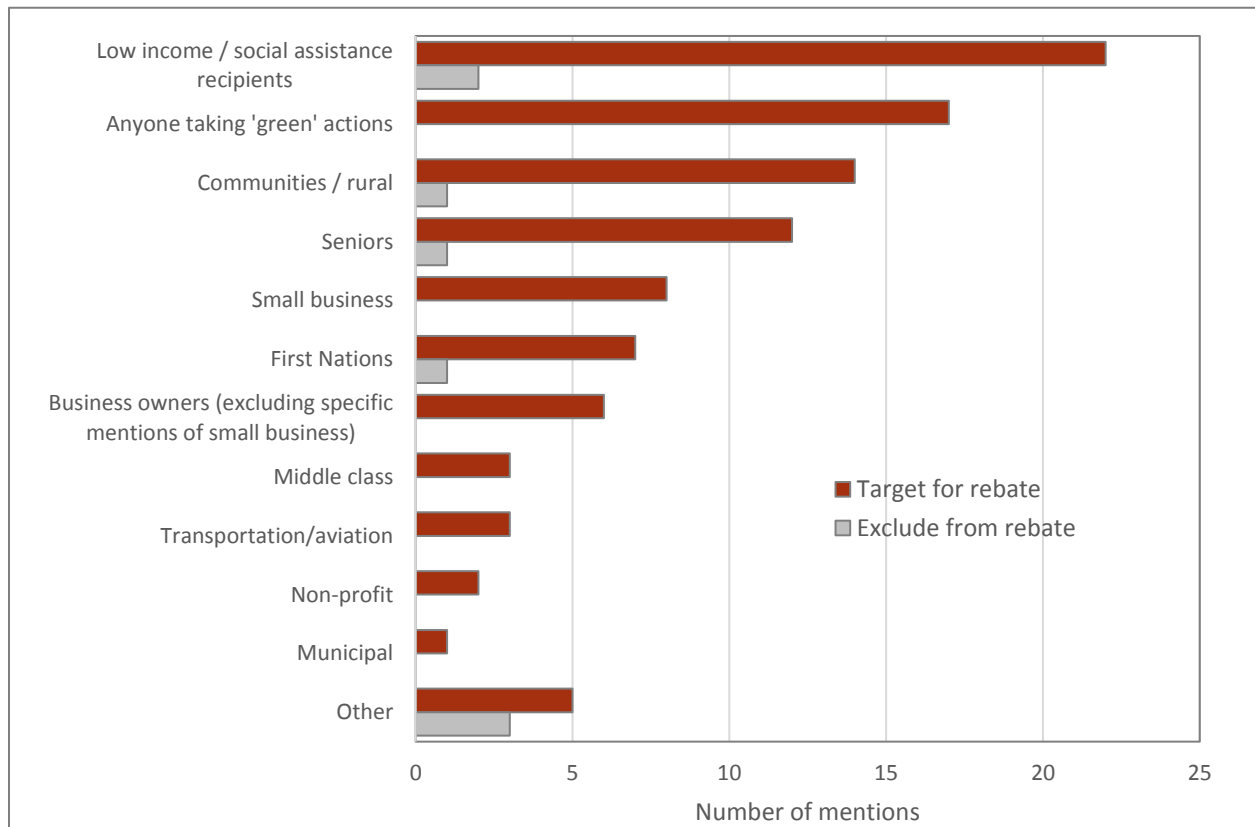
In some comments, respondents noted specific groups that should be targeted or excluded from any consideration of a rebate. These responses are summarized in the chart below.

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In some cases, themes are contradictory: for example, although a number of comments mentioned low income Yukoners or people on social assistance should be given a higher rebate, other comments specifically noted that these groups should be excluded.

Figure 2: Groups to target or exclude in rebate design (number of mentions)



2. Preferences / concerns regarding the rebate mechanism:

For those comments which include mention of the specific rebate mechanism, some mentioned a particular preferred design that was not specifically included in the preceding multiple-choice question, such as an equal rebate for all Yukoners or a flat rate for everyone, or a rebate based on actual carbon tax paid.

Others suggested that the revenue should either be reinvested in environmental goals – including, but not limited to carbon-reduction actions – or that a rebate should be ‘earned’ by individuals or business taking carbon-reducing actions.

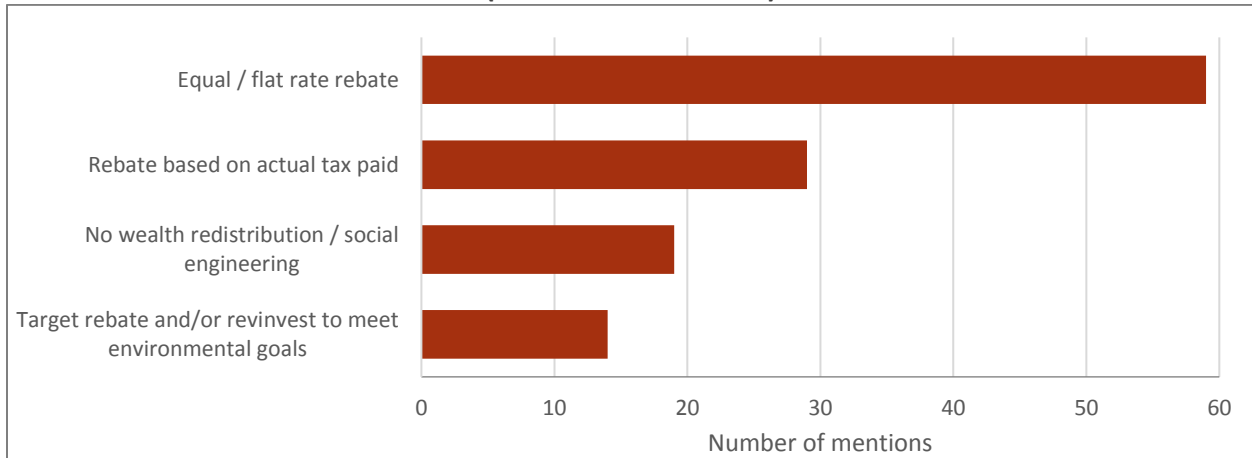
Some suggested that the rebate should be tied to the actual carbon tax paid, as if it were similar to the GST and applied at the consumer’s point of purchase.

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Finally, some respondents noted a specific concern that the rebate program should not become a mechanism for wealth redistribution (i.e. not targeting higher rebates for lower income individuals), or other forms of ‘social engineering’ (as it was termed by a couple of respondents).

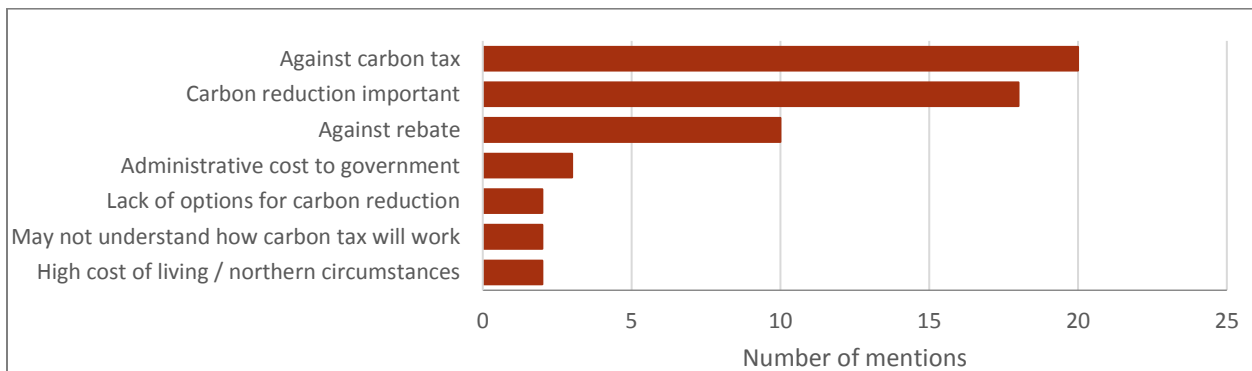
Figure 3: Other stated preferences for revenue use / rebate mechanism (number of mentions)



3. Other issues or priorities raised:

Finally, there were a number of issues mentioned in these comments that were not necessarily directly related to the rebate, but for which clear themes emerged on close analysis of the text. In some cases, these themes directly contradict each other: for example, nearly equal numbers of respondents expressed their opposition to a carbon tax in general as those who expressed a belief that carbon emission reduction is important; these contradictions emerge in the responses to other questions as well. Some comments suggested that the proposed federal design was not clear.

Figure 4: Other issues raised (number of mentions)



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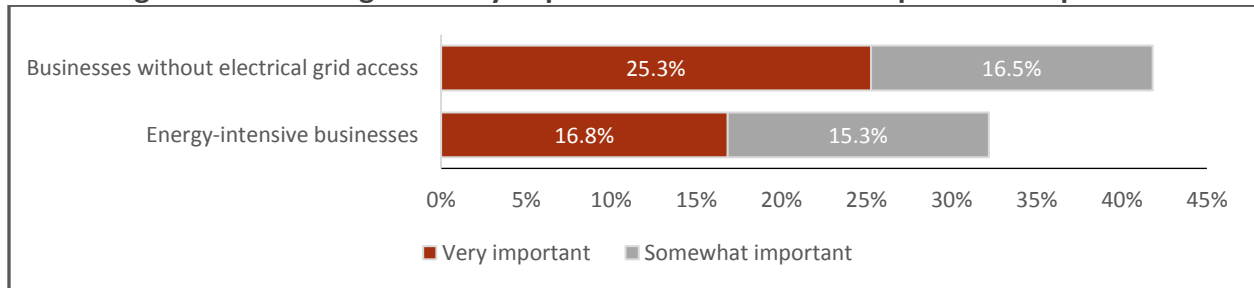
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Survey Question 5:

In your opinion, how important is it that businesses in the following groups receive a higher rebate than others?
[energy-intensive, businesses without electrical grid access]

Figure 5 illustrates the percentage of respondents who felt it was very or somewhat important for each of these groups to receive a higher rebate in descending order. Approximately 42% of respondents indicated that businesses without electrical grid access should receive a higher rebate, followed by energy-intensive businesses at 32.2%.

Figure 5: Percentage of “very important” or “somewhat important” responses



Survey Question 6:

In your opinion, should any other businesses receive a higher rebate?
 If yes, please specify. *[open-ended]*

Of the 665 total respondents, 249 provided comments (37.4%) to this question. Of the comments provided, 178 were either out of scope to the question or included a comment that no other businesses should be considered for a higher rebate. The three most frequently mentioned business groups include businesses that make low-carbon investments (29 mentions), businesses in the transportation industry (15 mentions), and charities, non-profits, and non-governmental organizations (10 mentions).

Undertaking a content analysis of all comments, including those considered ‘out of scope’, yielded further information with sometimes contradictory results. As noted for the previous question, some comments included more than one category of item captured in the charts below and are counted against each.

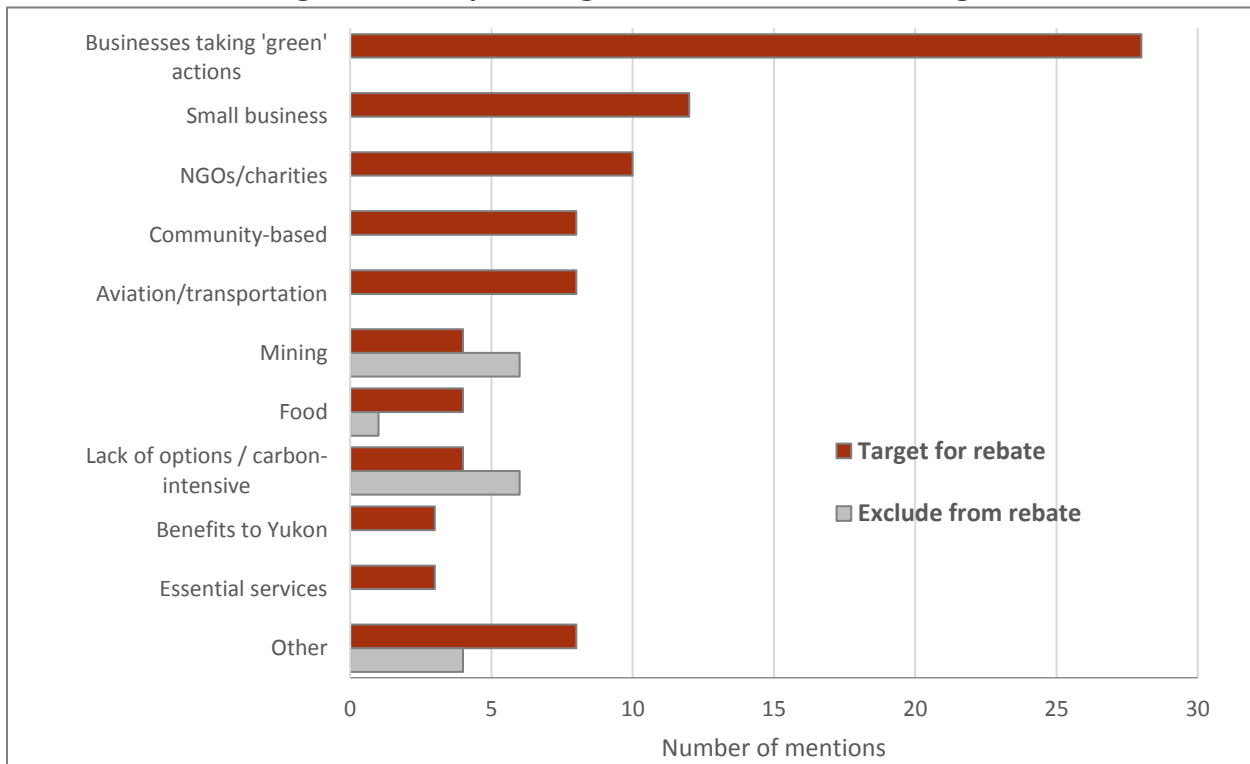
1. Which groups should be targeted for a higher rebate, or specifically excluded:

Like with the previous question related to individuals, some comments indicated specific groups that should be targeted for a higher rebate, or those that should be specifically excluded.

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Figure 6: Groups to target or exclude in rebate design



There is overlap between those categories; for example, “mining” was mentioned both as a sector that should be targeted for a higher rebate, and as a sector that should be excluded.

Out of all groups mentioned as a priority for higher rebates, the largest proportion of comments mentioned business taking “green” actions, including but not limited to businesses making investments to reduce their carbon footprints, and also including businesses operating in a “green” field such as recycling or renewable energy.

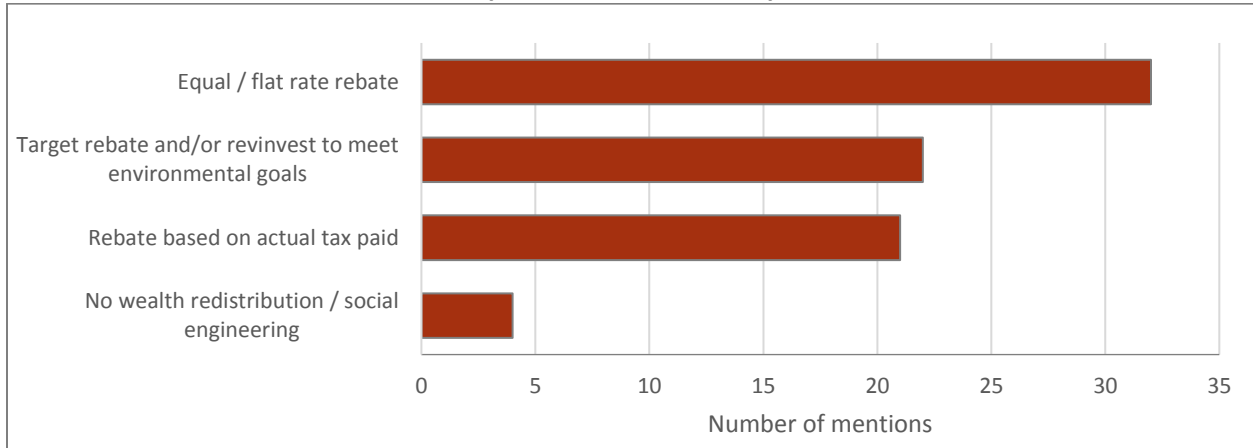
2. Preferences / concern for the rebate mechanism:

Content analysis of comments for Question 6 showed a similar set of themes as those identified in Question 4. As for the previous questions, a preference for an equal or flat rate rebate was the most frequently mentioned, but more respondents in this question indicated that they saw tying the rebate to taking ‘green’ actions, including but not limited to creating additional incentives to further lower carbon emissions. Another recurring theme was the idea that the rebate should be based on the actual tax paid.

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Figure 7: Other stated preferences for revenue use / rebate mechanism (number of mentions)

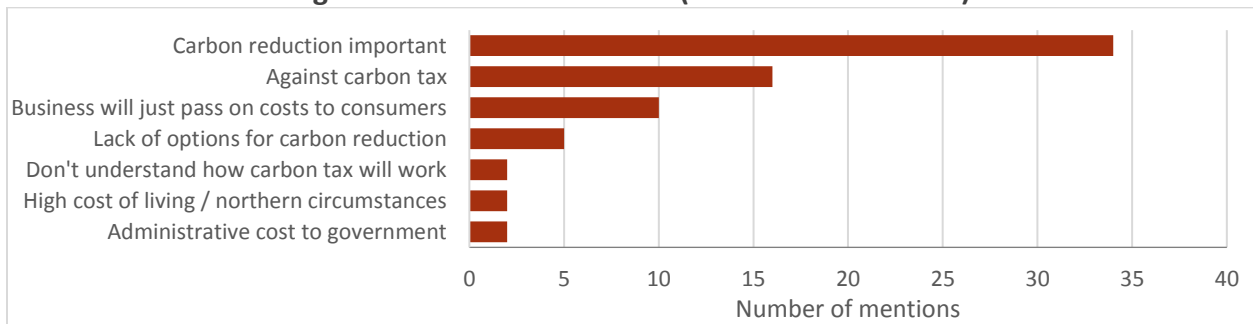


3. Other issues or priorities raised:

As noted for Question 4, content analysis also drew out other themes that were not necessarily directly related to the rebate. These provide additional insight into the priorities and concerns of respondents related to carbon pricing more broadly.

Unlike the comments for Question 4, the proportion of respondents indicating that they thought carbon reduction was an important priority was about double those who indicated their opposition to a carbon price. The third most common response was a concern that businesses would simply pass on the additional carbon tax to consumers.

Figure 8: Other issues raised (number of mentions)



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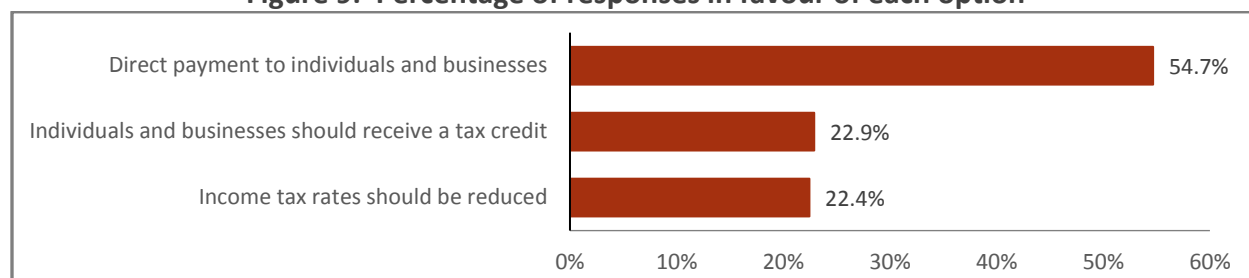
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Survey Question 7:

How would you prefer to receive the carbon price rebate? Select one.
[cheque/direct deposit; tax credit; reduced income tax rates]

Results from this question are illustrated in Figure 9. Almost 55% of respondents indicated they would prefer a direct payment (a cheque or direct deposit). The remaining respondents are split equally between either receiving a tax credit or reducing income tax rates.

Figure 9: Percentage of responses in favour of each option



Survey Question 8:

Is there anything else Yukon government should consider when deciding how to return carbon price revenues to Yukon residents and businesses? *[Open-ended]*

313 respondents (47.1%) provided comments for Question 8. Nine comments included mention of choosing the method that results in the lowest administration costs. The remaining comments were outside the scope for the question.

However, undertaking a content analysis of all comments, including those deemed 'out of scope', yielded further information with sometimes contradictory results. As noted for the previous open-ended questions, some comments included more than one category of item captured in the charts below and are counted against each.

1. Which groups should be included or excluded from consideration for a rebate:

Some comments for Question 8 included mentions of specific groups that should be included or excluded from a rebate program. These 'mentions' may have been received from some of the same respondents who included these groups in their comments for Questions 4 and/or 6. The highest number of mentions for groups that should be a priority for rebates were:

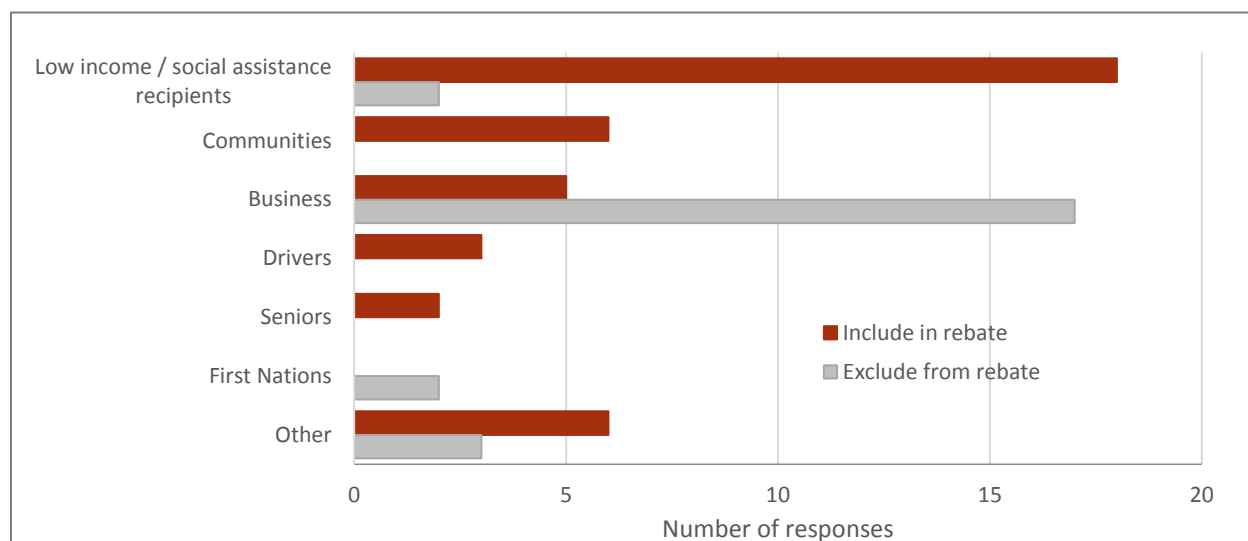
- Low income Yukoners or those receiving social assistance (however, a number of comments expressed a preference to exclude these groups, on the basis that they do not pay tax)

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- Communities, that is, any person or entity located outside Whitehorse, with ‘entity’ not necessarily limited to business (no comments expressed a preference that these groups be excluded)
- Businesses (however, the highest number of mentions for a group to ‘exclude’ was business)

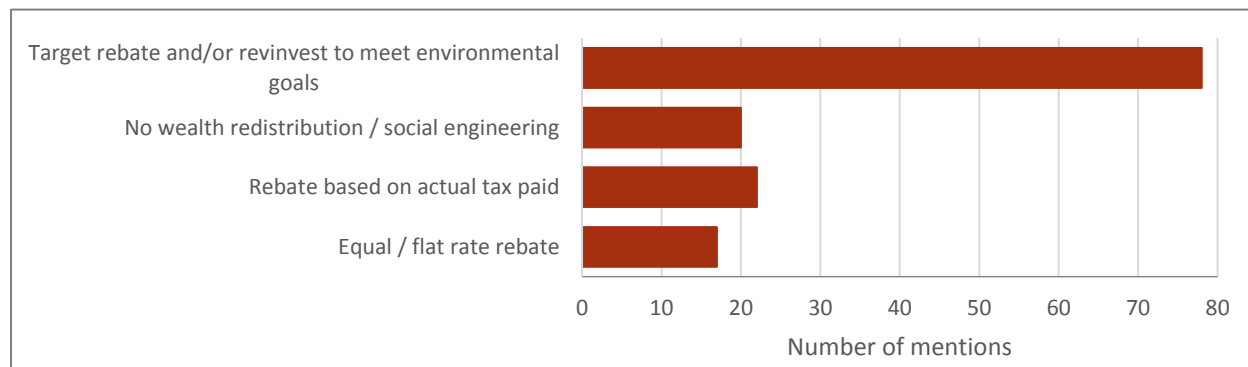
Figure 10: Groups to target or exclude in rebate design (number of mentions)



2. Preferences or concerns for rebate design/mechanism:

A similar set of themes emerged with respect to the rebate design/mechanism itself, which may reflect comments received from some or all of the same respondents who provided that input for Questions 4 and/or 6.

Figure 11: Other stated preferences for revenue use / rebate mechanism (number of mentions)



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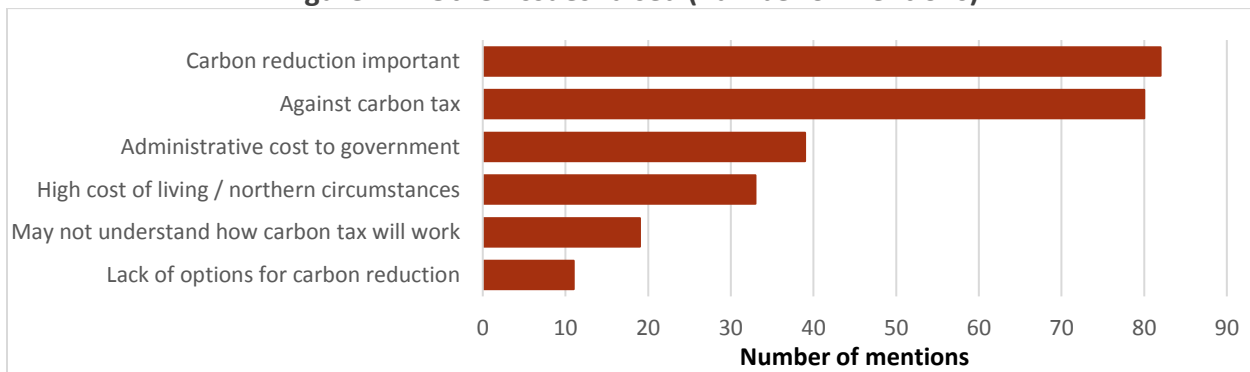
In this case, however, the most frequently mentioned preference was that revenues should be targeted towards environmental actions, either through direct investments by government or through a rebate mechanism that was designed to ‘reward’ those undertaking actions themselves. Unlike the previous two questions, an equal or flat rate rebate was the least frequently mentioned out of the identified themes.

3. *Other issues or priorities raised:*

Finally, comments were analyzed for any other themes that emerged, whether or not they were directly related to the question of a rebate. As for Question 4, the top results directly contradicted each other, with the number of comments mentioning a belief in the importance of carbon reduction about equal to the number of comments indicating an opposition to the carbon tax in general.

Third in the number of mentions here (much higher on the ranking than for Questions 4 or 6) was the concern about potential administrative costs to government, including both additional expenses and the need for more staff. A proportion again made comments that suggested they did not fully understand how the proposed carbon tax would work.

Figure 12: Other issues raised (number of mentions)



Questions 9 to 11 asked for demographic information:

- In which community the respondent lives
- The respondent’s age group
- The respondent’s gender

See “Feedback Profile” for more information on respondent demographics.

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5.2 Information Sessions

Discussions through the information sessions were wide-ranging. Participants displayed a high level of interest in and engagement with the topics at hand. Several participants did express the desire heard in other public engagements that more notice in advance would help with better attendance and more thoughtful responses. Many participants also said that they would welcome further discussions, including public meetings which a broader cross-section of their communities could attend.

Note that this report focuses primarily on feedback received related to the carbon rebate. In some cases, additional comments were received on the proposed federal carbon pricing backstop and on the territorial impact study which are not included here, as federal government representatives led those parts of the discussions.

Some themes emerged throughout the sessions:

- the importance of reducing Yukon's carbon footprint, and ensuring that action was taken to enable a shift to lower-emission choices for things like transportation, home heating and electricity;
- a need for more information on carbon pricing in general, in order to understand such a complex topic and put consideration of the rebate mechanism in context;
- the impact on the cost of living, particularly for low-income people;
- an interest in further discussions and the opportunity to have more key people from their respective organizations participate; and
- the need for a well-designed carbon pricing system and rebate mechanism that does not create significant additional bureaucracy or administrative costs to government, or complicated reporting and paperwork for Yukoners and businesses.

5.2.1 First Nation Governments and Representatives

Participants attended two sessions, one in Whitehorse and one in Dawson City, representing eight Yukon First Nations and other indigenous groups.

Participants expressed an interest in more time to discuss the issues, as carbon pricing is a complex topic with far-reaching implications, and an interest in more education for the public before federal legislation is introduced. Some felt that the launch of a rebate survey (which went live the day before the Whitehorse sessions) was premature; without a good understanding of carbon pricing, members of the public would find it difficult to understand and answer the survey questions.

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The impact of carbon pricing on the cost of living was raised as a concern, particularly the impact on the middle-class and lower-income Yukoners. Also brought up were questions around how the rebate would interact with existing funding programs, such as whether the rebate would be deducted as income for people on social assistance.

Residents from remote communities (such as Old Crow) were considered to be particularly vulnerable, because carbon pricing may have a greater impact on costs in those communities and because limited or no alternatives are currently available (for example, the five Yukon communities on diesel power for electricity generation). Where renewable power options do exist (for example, in on-grid communities), concerns were expressed that capacity in the Yukon electrical grid would be insufficient to support a greater shift to hydroelectric power.

The complexity of a carbon pricing regime, particularly the output-based pricing system for large facilities, was discussed, with concerns expressed that there could be gaps if government resources were insufficient to monitor companies and enforce reporting requirements. A poorly designed system could see “business as usual” without any real change; some pointed to examples in other industries such as placer and hard rock mining where a lack of on-the-ground staff meant that some companies, in their view, got away with disregarding regulations.

Participants shared a common concern about climate change, noting that while the north felt the effects more acutely, most carbon emissions were generated elsewhere out of the control of northern jurisdictions. Particular concern was expressed about the disproportionate effects of climate change on remote First Nation communities such as Old Crow, including impacts on their traditional food sources. Some participants suggested that the rebate mechanism could be used to compensate those people most affected by climate change.

Some feedback was unique to the sessions attended by those representing Yukon First Nations, including:

- Questions about whether “jurisdiction of origin” (for the return of carbon pricing revenue) includes First Nation governments, or whether First Nation governments could choose to implement a carbon tax regime of their own; and
- Concerns about revenue-sharing and how the provisions of section 23 of the Umbrella Final Agreement might apply.

5.2.2 Municipal Governments

Representatives from municipal governments and municipal organizations said that more outreach and consultation with communities would be welcomed to allow for greater discussion and involvement from more community members.

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Some also felt that launching a survey in an online format only meant that many community members would not be able to participate, as they either did not have access to, or proper knowledge around how to use the internet.

Participants from communities outside Whitehorse, in particular, expressed concerns about the impact on the cost of living in those communities, particularly since alternative choices may not exist to lessen fuel consumption; for example, people need to travel into Whitehorse for medical appointments, groceries, meetings, and so on. They would generally support consideration in the rebate design for low income Yukoners, to offset the higher cost of living.

However, higher costs did not seem to be the primary concern, as nearly all participants expressed an opinion that the rebate should not just be “handed back”, but rather targeted to programs that either create alternatives where none currently exist (to bring down carbon consumption) or to create an additional incentive for people to make more carbon-friendly choices. Simply refunding money based on carbon tax paid takes away the incentives to change behaviour and achieve the ultimate goal of carbon pricing. However, capacity constraints at the community level to fully partake of any funding programs was noted as a concern.

Participants believed that whatever rebate method is ultimately chosen, it should be designed in a way that is as easy to access as possible.

Representatives from some municipalities thought that municipal governments should also be eligible for rebates, as they are set up as corporations and therefore fall under the definition of “business”. Without a rebate, they said that municipal costs would inevitably go up when a carbon tax is implemented, and those additional costs could have to be passed along to residents, such as through property taxes.

Participants felt that some industry sectors were felt to be particularly vulnerable under a carbon pricing system, such as aviation, where international airlines could opt to re-fuel in a jurisdiction without a carbon price, but airlines that fly only within Canada could not, creating competitiveness challenges. Mining was also noted, as placer mining is seen as very important to local economies, and future hard rock mines may not have access to the hydroelectric grid given their locations. Participants did note, however, that it was important to reward efficiency in operations as well.

In discussion of the proposed output-based pricing system, a question was raised about whether sectors emitting more than 50 kilotonnes CO₂e in total – rather than individual facilities – could opt in to the system. Clarification from federal officials on reporting and monitoring requirements under this system, however, led participants to consider that opting-in (if possible) may not be suitable for a particular sector.

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5.2.3 Industry Stakeholders

Participants appeared very supportive of a carbon pricing system designed to change behaviour and shift to more carbon-friendly choices, and were concerned that a rebate should not be introduced that worked against that intent – that a rebate should be “earned” by individuals or businesses by making those lower-carbon choices, or a rebate that increased as consumption decreased, rather than simply refund the carbon tax paid. This would reinforce and strengthen the intended effect of the carbon pricing system.

In particular, some participants noted that considering targeting a rebate to energy-intensive industries to mitigate the impact of a carbon price seemed to be counter-productive if the overall goal of the system was to reduce carbon footprints.

There was interest in understanding how the Government of Yukon’s climate change and energy strategy will be aligned with the introduction of a carbon pricing system to achieve the greatest environmental benefit. Innovative solutions were considered essential in making the shift to a lower-carbon economy. Costs to businesses or potential impacts on export competitiveness did not seem to be a significant concern.

Participants also expressed some comments on the survey design, as some questions did not allow respondents to choose “other” or “none” as a choice if they did not agree with any of the options listed (for example, Question 7 on the preferred method for return of the rebate).

6 LOOKING AHEAD

Design of a rebate mechanism is partly dependent on clarification around a number of points related to the federal carbon pricing mechanism, as described below. The joint federal/territorial study is also pending completion, and results of that impact analysis will be considered in the implementation of carbon pricing in the Yukon. Feedback obtained through the public survey and the information sessions will also be used to inform the final program design of a rebate mechanism that works best for Yukon.

It is not yet clear how revenue raised through a carbon levy will be returned to the jurisdiction of origin by the federal government, including:

- Frequency and timing of revenue transfers
- Whether jurisdiction refers solely to the provincial or territorial government

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- Whether revenue will be net of any rebates implemented by the Government of Canada (under the PCF, the entity responsible for mitigation measures as noted above) and how Canada will uphold the PCF principles regarding vulnerable populations;
- How the Territorial Financing Formula will be affected by carbon revenues

The design of the rebate(s) cannot be finalized until the specifics are known for how the federal backstop will be applied in Yukon and what considerations to protect industry competitiveness and vulnerable groups will be built into the tax collection mechanism itself.

As well, the Government of Canada has not yet released the Yukon chapter of the territorial implications study, so Yukon government has not yet been able to provide input based on the results. Further communication will follow once that study is complete.

Once details are clear from Canada about the points noted above, the Yukon government will be able to proceed with the design of a rebate mechanism, taking into consideration the feedback received through the survey and the information sessions. A clear message was heard from Yukon stakeholders and First Nations that further conversations would be welcome on this topic.

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7 APPENDIX: SURVEY INSTRUMENT

Below is the text of the online survey that was available from August 16 to September 13 for input by Yukoners.

Introduction:

In 2018, the Government of Canada will introduce a tax on carbon in all provinces and territories that do not put in place their own carbon pricing system. The Government of Yukon will not put in place its own carbon price. The federal carbon pricing system will apply in Yukon.

Yukon supports a nation-wide price on carbon because it is one of the most cost-effective ways to reduce greenhouse gas emissions. The Yukon government believes that any price on carbon must encourage conservation and drive innovation towards a low carbon future. The Yukon Government also wants to ensure that households are not burdened and that businesses remain competitive.

The Yukon government expects the carbon price to be 2.33 cents per litre for gasoline in 2018. This will rise to approximately 11.63 cents per litre in 2022.

The Yukon government expects that the federal government will collect about \$5 million in carbon pricing revenue in 2018, rising to \$25 million in 2022 when the carbon price is in full effect. The Government of Yukon has committed to returning this money to Yukoners and Yukon businesses, but has not yet determined how. Your input from this survey will help us determine how to return money to Yukoners as a rebate.

Q1. Are you a Yukon resident?

- No
- Yes

Q2. Do you own or operate a business in the Yukon?

- No
- Yes

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[If Q1 = No and Q2 = No] -> **Thank you for your interest in this survey. We are only surveying Yukon residents and those who own or operate a business in the Yukon.** (End survey)

The Government of Yukon has committed to returning carbon price revenues to Yukon residents and businesses.

Q3. In your opinion, how important is it that Yukoners belonging to the following groups receive a higher rebate than others:

	Not at all important	Not very important	Neutral	Somewhat important	Very important	Don't Know
Seniors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Low income Yukoners	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Yukoners with Children	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rural Yukoners	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q4. In your opinion, should any other group(s) receive a higher rebate? If yes, please specify: [open-ended]

Q5. In your opinion, how important is it that businesses in the following groups receive a higher rebate than others:

	Not at all important	Not very important	Neutral	Somewhat important	Very important	Don't Know
Energy Intensive businesses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Businesses without electrical grid access	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q6. In your opinion, should any other businesses receive a higher rebate? If yes, please specify: [Open-ended]

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Q7. How would you prefer to receive the carbon price rebate? Select one:

- Payments should be given directly to individuals and businesses through a cheque or direct deposit
- Individuals and businesses should receive a tax credit
- Income tax rates should be reduced

Q8. Is there anything else Yukon government should consider when deciding how to return carbon price revenues to Yukon residents and businesses? [Open-ended]

Demographics [Ask if Q1 = Yes]

Q9. What community do you live in?

- Beaver Creek
- Burwash Landing
- Carcross
- Carmacks
- Dawson City
- Destruction Bay
- Faro
- Haines Junction
- Ibex Valley
- Marsh Lake
- Mayo
- Mount Lorne
- Old Crow
- Pelly Crossing
- Ross River
- Tagish
- Teslin
- Watson Lake
- Whitehorse
- Other: _____

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Q10. What is your age group?

- Under 18 years old
- 18-24 years old
- 25-34 years old
- 35-44 years old
- 45-54 years old
- 55-64 years old
- 65 or over

Q11. What is your gender?

- Male
- Female
- Other