

The Honourable Stephen McNeil
Premier of Nova Scotia
Province House
Halifax, Nova Scotia

June 1, 2015

Dear Premier McNeil,

We the undersigned, representing a wide range of interests and priorities, are writing in regard to two issues which unite us and all Nova Scotians: the challenge of climate change and the opportunity to create a prosperous, sustainable future for our province. As was evident in the *Let's Talk Taxes* forums, you have already connected these issues, and we congratulate you for your leadership in helping Nova Scotians make the connection as well. We now urge you to continue that leadership by taking the next step: putting a price on carbon.

Global warming is clearly a reality, and there is broad agreement that action must be taken to arrest it and to mitigate its potentially severe effects. Even producers of carbon-based fuels concur, as evidenced in this recent statement from Suncor CEO Steve Williams: "Climate change is happening. Doing nothing is not an option we can choose." Just as clearly, pricing carbon, a market based approach, is the action of choice for achieving meaningful emissions reductions. Organizations ranging from the David Suzuki Foundation to the World Bank support it, and many studies attest to its effectiveness—including "Effective Carbon Prices," published in 2013 by the Organization for Economic Cooperation and Development, which found carbon pricing to be, by a wide margin, both more effective in reducing emissions and more cost-effective in operation than other approaches.

At a public policy level, Nova Scotia's groundbreaking Environmental Goals and Sustainable Prosperity Act has set the stage for action here, stating: "The management of goals for sustainable prosperity, such as emission reduction, energy efficiency programs, and increasing the amount of legally protected land will preserve and improve the Province's environment and economy for future generations." In its wisdom, EGSPA recognizes that at this point in our history an emissions reduction strategy must not only address climate change, it must help create a Nova Scotia that is, both economically and socially, stronger and more sustainable. It must fuel what the Ivany report calls our "*projet national* ... a concerted collective effort to transform ourselves into a more unified, progressive, creative, and change-oriented society."

A carbon pricing system can, if carefully chosen and well designed, be a major driver of the kind of progress Ivany envisions. Fortunately Nova Scotia doesn't have to start from scratch. Owing to the experiences of other provinces, the leading options—carbon tax, cap and trade, and carbon fee and dividend—are reasonably well known. They are less well understood, however, as was pointed out in a recent *Halifax Chronicle Herald* editorial, which concluded: "Nova Scotians need a clear-eyed view of all the impacts before embarking on any option." We agree, and we believe that identifying those impacts means addressing questions of effectiveness, fairness, economics, and transparency. Gaining a clear-eyed view may take a bit longer, but an open, comprehensive deliberative process can yield two essential rewards: a sounder choice of carbon pricing strategy and greater acceptance of the program itself. This is the kind of process that only strong leadership can provide, and we are writing to request that leadership from you.

For all these reasons, we submit that now is the time for our province to make a thorough examination of carbon pricing options, and we respectfully request that you:

1. Commission a comprehensive study of carbon pricing options for Nova Scotia—including carbon tax, cap and trade, and carbon fee and dividend.
2. Share the study and its results with all Nova Scotians, as part of a transparent, inclusive deliberative process leading to presentation of the 2016-2017 provincial budget.

Further, as any system chosen is certain to impact people, commerce, and government, in addition to the environment, we request that the following criteria be included in the study:

EFFECTIVENESS

Emissions certainty

Will it reliably reduce carbon emissions from the outset? By how much?

Emissions progressivity

Will it reduce emissions with increasing effectiveness over time? By how much?

QUALITY OF LIFE

Human health

Will it lead to longer, healthier lives for people (e.g., by reducing respiratory and other illnesses)?

Household financial health

How will it impact household bottom lines over time? Is the net effect likely to be positive or negative?

Fairness

Can its proceeds readily be rebated to consumers, used to reduce existing taxes, or directed toward financially vulnerable groups (e.g., lower to middle income households or small businesses)?

ECONOMICS

Cost certainty

Does it provide clear, predictable carbon price signals to businesses and consumers?

Business financial health

How will it impact business bottom lines over time? Are net effects likely to be positive or negative?

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Economic stimulation

Will it stimulate business and employment growth, especially in sustainable and forward-looking sectors?

Effect on GDP

How will it impact GDP over time, especially as compared with projections not including carbon pricing?

Provincial fiscal health

Will it promote debt repayment or balanced budgets, or otherwise strengthen the province's fiscal health?

COST, EFFICIENCY, AND TRANSPARENCY

Ease of comprehension

Is it readily understandable by all stakeholders, including the public?

Ease of implementation

Can it be implemented rapidly, at minimal cost, and without adding significantly to the size of government?

Efficiency of operation

Will it be simple and inexpensive to administer, track, and evaluate?

Transparency

Does it function openly, with minimal private decision making?

In conclusion, we believe that engaging in this process has the potential to cement our province's reputation as a place where people and organizations with diverse interests work cooperatively for the greater good. We think we are evidence of that potential, and we look to your leadership in growing it through the months to come. In anticipation of working with you to create the prosperous, sustainable Nova Scotia that everyone knows is possible, we urge you to consider our request and offer our further assistance in any way we might be helpful.

Sincerely,

Cc: Honourable Diana Whalen, Minister of Finance, N.S. Government
Honourable Joanne Bernard, Minister of Community Services, N.S. Government
Honourable Michel Samson, Minister of Energy, N.S. Government
Honourable Randy Delorey, Minister of Environment, N.S. Government