

November 20, 2014

Our finest hour

The Nova Scotia Tax and Regulatory Review released yesterday sounds like a magic bullet: address climate change, and bring our economy back to fiscal reality. If we follow all the recommendations, and resist the urge to cherry pick, this report promises a bright and sustainable future. Indeed, it promises economic growth, jobs in Nova Scotia for our kids, and an environment that is intact for our grandchildren.

Can it deliver?

The Review is bold and prescriptive. We can't let it be dismissed by zeroing in on measures that are easy election fodder. To create room in our budget, it says we need to hold the line on government spending, remove HST exemptions, and introduce a revenue neutral pollution tax. The revenue would be used to reduce corporate and personal incomes taxes, help those on a low income, and for any other design mechanisms we feel are important for our Province.

There's a cost to pollution that we pay one way or another. We don't need to look any further than our own backyard to see what pollution costs our communities. What if prices covered the cost of mitigating or remediating the impacts caused by the product? What if the revenue was spent on stimulating economic activity? Taxing pollution instead of taxing income and labour could simultaneously put more money in our pockets, and create incentives for industry investment in clean technologies. Taxes aren't going anywhere, so let's look at which ones point us in the right direction.

We're not starting from scratch. B.C., Alberta and Quebec have useful, made-in-Canada learnings about pollution pricing which consider energy efficiency, economic competitiveness and clean innovation. B.C.'s touted by The Globe and Mail as "a world-leading example of how to tackle one of the greatest global challenges of our time: building an economy that will prosper in a carbon-constrained world." Even the U.S. has a six year-old tax for their largest polluters, and it has delivered pretty major economic benefits and significantly reduced health costs.

Of course, just because it worked elsewhere doesn't mean the same models will work here. But that doesn't mean we can't design one that does. Let's remind ourselves why the province undertook this review and the One Nova Scotia report. Our current model is no longer working.

We have intelligent local, national and international experts to draw on. We have local think tanks, and excellent educational institutions. We have a new, independent Ecofiscal Commission for Canada, made up of policy wonks and economists.

We've been leaders before. Nova Scotia led the way when we designed a system that diverted 50% of our waste from landfills; when we were the first province in Canada to legislate environmental goals; and when we put a system in place that will ensure we surpass our target of 40% renewable energy by 2020. We took risks and they paid off.

We owe it to ourselves, Nova Scotia, to step back and constructively consider this Tax Review. And consider it deeply. We know where we need to be: a strong, equitable economy and a thriving environment. Instead of saying no, let's say: what if? What if this worked? Let's use this opportunity to prove our reputation as thoughtful citizens to create a positive trajectory for ourselves. The conversation about how we get there needs to be smart, considered, inclusive and bold. We have the resources to have this discussion. Let's have it.

Nova Scotia, this could be our finest hour.

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