

DATE: April 18, 2023

TO: Board of Trustees

FROM: Trustee Kusiek

SUBJECT: Motion re: alternative payment for carbon tax

REFERENCE: [Trustees' Handbook](#) – Section 5.2.2 – Notice of Motion

ISSUE

Trustee Kusiek served notice of motion at the April 4, 2023, Board meeting.

BACKGROUND

At the April 4, 2023, Board meeting, Infrastructure staff presented a recommendation report on the [Division Energy and Environment Strategy Update and Emissions Reduction Targets](#). During the presentation, Division staff provided information on gas and electricity costs to the Division from present to 2035, including costs to the Division related to the federal carbon tax. According to this presentation, total carbon tax paid from 2016 through to 2021 was \$8 million. It is estimated that by 2029, the Division will be paying \$8 million per year in carbon tax. By 2035, it is anticipated that the Division will have paid \$102 million in cumulative carbon taxes.

The carbon tax is an effective tool to help transition organizations and households to a lower carbon future. There is currently no federal carbon tax rebate available to school authorities in Alberta. Provincial funding to school authorities in Alberta has not increased in response to the carbon tax. With infrastructure maintenance and renewal funding from the province being both inadequate and unpredictable, we continue to see growing deferred maintenance, and thus higher carbon emissions, with many of our existing buildings (77 per cent of our schools are 50 years old or older).

This motion's purpose is to invite creative thinking directly with the federal government for an alternative for carbon tax payments made by Edmonton Public Schools. For example, similar to how the Division accounts for GST, the carbon tax expense could be tracked and the Division could submit a carbon tax quarterly statement resulting in a carbon tax rebate payment being issued. The rebate payment would then be directed into a restricted reserve type of fund. This fund would then be used for direct climate actions for our buildings that reduce carbon emissions, such as energy retrofits, solar installation or greening our electricity. Under this proposed solution, these investments would accelerate reduced carbon impact to the Division and the environment. This will help to ensure future generations of students (and taxpayers) are not burdened with the costs of inefficient buildings, so that maximum operational dollars can be directed to the classrooms rather than utility bills.

RELATED FACTS

- Edmonton Public Schools has a long and proud history of working towards a better environment and reducing our carbon impact:
 - 2008 - Edmonton Public Schools created the EnviroMatters Office to oversee and coordinate the Division's environmental initiatives.
 - 2010 - Environmental Policy was developed

- 2015 - The Division began working with a sustainable consulting firm to monitor the Division's carbon footprint
- 2017 - The Division began reporting in accordance with the internationally accepted World Resources Institute Greenhouse Gas (GHG) Protocol and ISO 14064 protocols
- 2018 - The Board of Trustees supported a [motion](#) to present the Division's Solar Strategy to the Province and request funding for implementation of the plan
- 2018 - [Solar strategy update](#) to the Board of Trustees
- 2019 - [Motion](#) to advocate to the province that all new schools be built to net zero
- 2020 - Information [report](#) on the Division's climate readiness
- 2021 - Board approved a [motion](#) to join the Division's membership to the City of Edmonton's Corporate Climate Leaders Program (CCLP)
- 2022 - The Board approved the Division 2022-2026 Strategic Plan, which includes preparing for a changing climate.
- 2023 - Board of Trustees [approved](#) emissions reduction targets of 5 per cent by 2025 and 45 per cent by 2035
- The carbon tax is an important tool and incentive to change behaviour and reduce carbon emissions.
- Total carbon tax paid by the Division by 2035 is estimated to be \$102 million.
- By converting cash (that would otherwise go to federal carbon tax payment) into a targeted reserve (funded by a carbon tax rebate program), the Division could act on carbon reduction investments on our existing buildings and operations (by reducing greenhouse gas emissions this would result in energy cost savings which in turn would provide relief to the Division's operating budget).
- In 2019, the City of Edmonton declared a state of climate emergency.
- In 2019, the provincial government passed the *Alberta Carbon Tax Repeal Act*.
 - A [2019 federal government new release](#) announced "intent to apply the federal pollution pricing fuel charge in Alberta, effective January 1, 2020, as a result of Alberta's May 30, 2019 repeal of its carbon levy." This news release also stated a portion of carbon tax would go back to schools in the province.
 - Later, a [2020 federal backgrounder](#) stated that "The Government of Canada does not keep any direct proceeds from pollution pricing. All direct proceeds are returned to the province or territory of origin in the following way:
 - For those jurisdictions that have voluntarily adopted the federal system, direct proceeds are returned to the governments of those jurisdictions.
 - For those provinces that do not meet the federal stringency requirements—Ontario, Manitoba, Saskatchewan and Alberta— approximately 90 percent of direct proceeds are returned to residents of those provinces through Climate Action Incentive payments. The other 10 per cent is used to support small businesses, schools, universities, municipalities, and Indigenous groups."
 - As of today, school authorities in Alberta do not receive a percentage of the federal carbon tax back as per the 2019 and 2020 federal news release and backgrounder.
- The Alberta School Boards Association has a position statement "that school boards be fully rebated the cost of the carbon tax or levy." (see Attachment VII).
- School authorities in Alberta, as well as municipalities, pay carbon tax directly to the federal government and are not currently eligible for a carbon tax rebate similar to that of small businesses or individual households. This change was outlined in the federal budget for 2022 (see article in Attachment VI).
- Deferred maintenance of the Division's existing buildings is currently over \$800 million and expected to reach over one billion dollars by 2027. Some of our older buildings use approximately four times the amount of energy as compared with newer schools.

- There is interest from community members to find climate solutions such as the one proposed in this motion. Melanie Hoffman (PhD) is a member of the City of Edmonton’s [Energy Transition Climate Resilience Committee](#) (ETCRC) which makes recommendations to the City Council on energy transition. She is also a mother of an EPSB student, former Program Director Community Climate Solutions at the Centre for Visualization in Science at King’s University, former Program Manager with EcoSchools and continues to work and volunteer in the environmental and climate change sector. Melanie Hoffman states, “this is an incredibly powerful proposal. It will decrease operating costs for EPSB over the long term, will contribute to EPSB becoming a national leader in school energy retrofits and meaningfully contribute to a livable future for the youth and community who EPSB serves. As a member of the ETCRC, I am happy to bring forward this proposed motion for consideration around ETCRC recommending joint advocacy with the City of Edmonton.”
- There is also interest from some members of Edmonton City Council. City of Edmonton Councillor Ashley Salvador states, "I am proud to support Edmonton Public School Board's emissions reduction efforts. We all have an important role to play in the fight against climate change, and collaboration with all partners will be vital to reaching our climate goals."

RECOMMENDATION

- 1. That the Board of Trustees advocates to the federal government for direct relief and mitigation options for school authorities related to the federal carbon tax. Suggested relief and mitigation options for Edmonton Public Schools include a carbon tax rebate payment that would be directed into a restricted reserve for Edmonton Public Schools to then use to take direct actions that will result in future carbon reduction.**
- 2. That the Board of Trustees invite the Mayor and City Council to an information session to discuss opportunities for collaboration and joint advocacy regarding options for carbon tax rebates for climate change actions.**
- 3. That the Board of Trustees, through our Alberta School Board Association (ASBA) representative, inform ASBA of this advocacy and request that ASBA:**
 - a. write a letter to the Alberta provincial government to support this alternative to school authority payment of carbon tax, supported by the ASBA position statement 8.15 (Attachment VII)**
 - b. connect with Canadian School Boards Association (CSBA) to request direct advocacy by CSBA to the federal government in support of this proposal; and for CSBA to encourage other provincial school boards to do the same.**

OPTIONS

1. Approve the recommendation as presented.
2. Provide feedback and request changes to the recommendations for approval.

CONSIDERATIONS and ANALYSIS

As education is a provincial responsibility, it will be important that the Board keep the province up to date on our advocacy efforts with the federal government.

NEXT STEPS

Upon approval of the motion, a letter, along with the Division's Energy and Environment Strategy Update and Emissions Reductions Target report, will be sent on behalf of the Board to:

1. Federal Minister of Environment and Climate Change Canada, Hon. Steven Guilbaut
2. Federal Minister of Finance, Hon. Chrystia Freeland
3. Edmonton's Mayor, Hon. Amarjeet Sohi

A letter will also be sent on behalf of the Board to ASBA Executive Director Dr. Vivian Aboud and ASBA President Marilyn Dennis, asking ASBA to write a letter to the Alberta provincial government in support of this alternative to payment of carbon tax by school authorities (see recommendation 3a above).

These letters will be shared online using the Board's established process for the posting of correspondence.

ATTACHMENTS and APPENDICES

Attachment I [Division Energy and Environment Strategy Update and Emissions Reduction Targets](#)

Attachment II [Alberta Carbon Tax Repeal Act \(2019\) - Information](#)

Attachment III [Climate Action Incentive Payments 2023-2024 - Information](#)

Attachment IV [Government returning over \\$2.5B in fuel charge proceeds to small- and medium-sized Canadian Businesses](#)

Attachment V [Motion to join the City of Edmonton's Corporate Climate Leaders' Program](#)

Attachment VI [Alberta non-profit "quite appalled" that federal government redirected carbon tax proceeds: Funds allocated to schools and municipalities now going to farmers and businesses \(CBC news article, October 27, 2022\)](#)

Attachment VII [ASBA Position Statement 8.15 on the carbon tax](#)

JK:km