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 Minista Maniliqiyini
 Minister of Finance
 Ministre des Finances

JAN 07 2016

The Honourable Bill Morneau, P.C., M.P.
 Minister of Finance
 Government of Canada
 Ottawa, ON K1A 0G5

Dear Minister Morneau;

I am writing to express the Government of Nunavut's support of your government's plan to increase the residency component of the Northern Residents' Deduction by 33 percent, and to index this benefit so it keeps pace with inflation. We look forward to seeing these election commitments confirmed in your upcoming Budget so they may be in place for the 2016 tax year.

This longstanding tax initiative helps recognize and offset some of the higher costs of living that Northern Canadians face by reducing the federal and territorial income tax they pay. Such support is particularly important in Nunavut, where residents face prices significantly higher than elsewhere in the country, and have few alternatives to reduce what they pay.

Increasing the residency deduction amount will help its value catch up to the actual cost of living increases northerners have experienced since the last change in 2008. It should also make it easier for northern employers to attract and keep skilled workers, another significant challenge in Nunavut and the North. Your government's intention to index this benefit to inflation (like many existing aspects of the tax system) is sensible, and will help the residency amount keep up in the future.

I look forward to learning the specific details of how you and your officials will implement this important initiative. Thank you in advance for your government's worthwhile investments in Nunavut and Nunavummiut.

Sincerely,

Keith Peterson, MLA
 Minister of Finance
 Government of Nunavut

cc. Hon. Hunter Tootoo, MP, Nunavut