The Honourable Peter Harder, P.C.
Government Representative in the Senate
Senate of Canada
Centre Block, Room 275-S
Ottawa ON K1A 0A4

Dear Senator:

We are writing to provide an update in response to questions raised during Senate debate on C-74 concerning the impacts of pricing pollution in northern and remote communities, including questions directly from Senator Patterson.

As you know, Canada's territories are on the front lines of climate change, with temperatures warming at more than twice the global average. Northerners want to see action on climate change and are working hard to be part of the solution.

However, the north also faces particular challenges in reducing greenhouse gas emissions. As a result, Canada's clean growth and climate action plan, the Pan-Canadian Framework on Clean Growth and Climate Change, commits the federal government to work with the territories to find solutions that address their unique circumstances, including the high costs of living and energy, challenges with food security, and emerging economies.

The Government of Canada takes that commitment seriously. It is working closely with its partners in the territories to find pragmatic approaches to pricing carbon pollution while supporting clean growth that work for Canada's north.

We know that Canadians living in the many fly-in communities in the territories rely on aviation for the essentials of life, including medical care and supplies. As a result, we will propose to relieve fuel used for aviation in the territories from the fuel charge component of the federal backstop through the regulations that will be required to implement the backstop. This approach is consistent with the legislative framework outlined in Bill C-74, specifically the Greenhouse Gas Pollution Pricing Act, which was recently passed by the Senate.

We are working with our territorial counterparts on a comprehensive approach to support clean growth and climate action in the territories. That includes helping households and businesses in the territories reduce their reliance on fossil fuels...
while helping communities become more resilient to the inevitable effects of climate change. For example, territorial governments are very interested in reducing reliance on diesel through a transition to cleaner power, supporting energy efficiency programs, and obtaining infrastructure investments to support clean growth – all priorities that the federal government shares and invested in.

We are also convening a discussion on mining operations in the territories and pricing carbon pollution as part of the regulatory development process.

Please do not hesitate to get in touch if we can be of any further assistance.

Sincerely,

The Honourable Catherine McKenna
Minister of Environment and Climate Change

The Honourable Bill Morneau
Minister of Finance

c.c.: The Honourable Dennis Patterson, Senator
The Honourable Grant Mitchell, Senator