

*Government Orders*

That Bill C-20 be amended by deleting Clause 1.

**Ms. McLaughlin:** Mr. Speaker, I have put forth this amendment, and I want to make a few remarks that I think justify the amendment as proposed.

This tax clearly is unfair to northerners. In the north I point out that basic telephone service is not available on a universal and affordable basis.

For example, I cite a study that was done in 1981, which found that telephone users in the Northwest Territories, northern Quebec and northern Ontario spent on average between \$625 and \$650 per year on toll services. This compared with an average of \$206 per year for subscribers in the Bell territory as a whole. Clearly, with the higher cost of living in the north and the per capita income which is generally lower, this is an added burden for people who do live in the north.

In particular, as I have pointed out in other debates, the telecommunications tax hurts small business in rural areas that must do much of their ordering and their other business with southern businesses necessitating that they do this by long distance.

Another element of this that I wanted to point out is that radio phones which are used frequently by residents in rural areas in northern areas are in a sense doubly taxed because every telephone call that is made via a radio phone is in fact a long distance call. People who must rely on radio phones for their communication with their children's school or with doctors—with all of the regular business that most of us have to deal with in our personal lives—are being doubly penalized because those then become taxable long distance calls.

I would also add a comment on the inflationary effect of this kind of tax. The Yukon Government, for example, has estimated that a 1 per cent increase in the telecommunications tax means about \$4 million extra to the taxpayer and of course to the Yukon Government. Obviously the Yukon Government has to get that money from somewhere. All long distance calls are taxed as well as the public mobile telephone systems. This does have an added impact on northern residents.

I would draw the House's attention to a report done in 1988 by the Public Interest Advocacy Centre, which has

done a fairly comprehensive report on northern consumers and telecommunications policy in March of 1989.

In that report both the necessity of telephone communications for northern residents and the added burden that they have is outlined. I quote from that report that indicates that the per capita income, for example, for Inuit in the Northwest Territories was only 53 per cent of the average for the general Canadian population. In northern Quebec it was only 40 per cent of the general average, despite the fact that the average family spends three times more than a southern resident on toll services.

Similarly I would add that this report indicates that most of the calls in the north are ones currently classified and billed as long distance. For northerners toll service is an essential part of basic telephone service. This is a very important difference and one of the basic reasons for this amendment that I am proposing.

Functionally long distance service in northern and remote areas is really equivalent to local service in many southern areas. The result is that southern subscribers get unlimited free calling for most of their telephone calls while northern subscribers are paying toll services for each call.

Therefore, Mr. Speaker, I propose this amendment which I believe would, if accepted, reduce the burden on northerners and make a more equalized and fair system comparable to southern users of the telecommunications system.

[*Translation*]

**Mr. Alex Kindy (Calgary—Northeast):** Mr. Speaker, I welcome this opportunity to support motion No. 1 in the name of the Hon. Member.

I have children who work in the North, a son in Kuujuaq and a daughter in Blanc-Sablon. I have visited these communities in Canada's North, and I have seen how difficult life in the North can be.

Penalizing these people by increasing the tax on telecommunications would be entirely unacceptable.

These people work in very difficult conditions. They make sacrifices, and I think that a Government that has any heart at all should not even consider penalizing them, penalizing Canada's Inuit.