

*Government Orders*

northern communities, often but not always, and it takes into account the cost of living and other costs.

Madam Speaker, you would be interested to know that as a result of this particular study that was done, it showed that people living in northern communities end up in fact with less purchasing power than people living in a southern community. I think this lends to my argument that the government was taking a look at this problem in its rejection of a community-by-community approach. That is in fact a mechanism and a program that we should try to follow.

The report talked about how there were many problems related to the community-by-community administration of the northern tax allowance. Indeed, every member of Parliament who has probably dealt with this issue has had some examples to give and that we have pursued with Revenue Canada and others on this program that have just been absolutely ridiculous. In my riding alone the department confused McBride Lake, which is a lake south of Houston in the western end of my riding, with McBride, B.C. which is in the eastern part of my riding. So there was a great deal of confusion over the program. There were also problems with this program in terms of its administration on simple things like on one side of the road you were eligible, on the other side of the road you were not. This report goes into some of the concerns and problems with that administration. They are acknowledged.

• (1340)

I think it is pretty clear that many of the problems that were identified in fact can be rectified and can be corrected with diligence by the department and with the provision of adequate information from the various agencies and ministries often that have to provide that information.

Perhaps in the rejection of that community-by-community approach by the task force and by the government, the government will eventually set up basically a unilateral line of latitude rejecting most communities that had really legitimately looked at having the northern tax allowance. I suspect they went into that with that in mind to really come up with the report that right off

the top rejected the community-by-community approach in determining the northern tax allowance.

In my travels in my riding and meeting with constituents on this particular issue, I had an opportunity to meet with an accountant friend in Burns Lake who has handled for his clients a large number of the appeals that people were making on this program and he made a very interesting observation.

About a year or so ago, or longer than that, he acknowledged that there were many problems in the administration of the then existing community-by-community approach taken by Revenue Canada, but he said that they were solving the problems and that they were being handled because the department was starting to understand how to administer that program.

I thought that was an interesting observation. I followed it up with the minister and there seemed to be some indication that the number of appeals or difficulties with the program had been reduced.

In the Auditor General's report that was just released, while there are ample pages here to criticize this government for its flagrant abuse of public funds, it is interesting to see the response from the Department of National Revenue on a question that the Auditor General put essentially on determining whether in fact people were eligible for this program or not.

Of course the perspective of the Auditor General is, and of course a very important one, that the department, if you like, is not improperly assessing these claims so that we are providing providing a benefit where none should be provided.

I guess it is not very often you find people congratulating the Department of National Revenue for its work, but if we were to take its word in the report of the Auditor General and my interpretation of its response to the Auditor General, in fact a computer check by the department of 1988 and 1989 returns of people using or applying for this northern tax allowance in fact indicated and I quote "a reduced risk of non-compliance", i.e. you are cheating, in this area in 1989. As a result enforcement resources were deployed to other activities.

I think that gives some weight and some evidence to the comments from my constituents, in particular the