

*Income Tax Act*

the Income Tax Act, rather than the way the government has been doing it?

● (1530)

For instance, I contend that if we applied the most basic principles in the territories, about which I have spoken, only the owners of the mines, people who earn in excess of \$80,000 or \$100,000 a year should be paying income tax. Everyone else who lives on low or medium wages should not have to pay any income tax. This would apply to those who live north of the 60th parallel.

My report suggests the establishment of three tax zones. For the record I would like to establish the perimeters of the zones by identifying northern Canada, which are the two zones I talk about. I say that northern Canada is that area north of the 55th parallel in British Columbia and Alberta, north of the 54th parallel in Saskatchewan, north of the 52nd parallel in Manitoba, and north of the 50th parallel in the other provinces. Naturally, the Queen Charlotte Islands and other small islands off the coast of northern Canada and the provinces would also have to receive special consideration, as would some of the maritime provinces which suffer identifiable and serious regional and economic problems.

If you want to be fair and equitable to all Canadians, to equalize opportunity and charge taxes in accordance with one's ability to pay, there is only one tool which the government has, and that is the Income Tax Act. I cannot sit idly by and watch how this government is treating northerners just because there is no political power there. The attitude is: you can just dump on them.

There are some serious problems in the north. I have said in the House that there is starvation in the north, and I am not exaggerating. Certainly, there is an incredibly poor standard of housing in most northern communities, unless you are a member of middle management or a senior bureaucrat posted to Yellowknife. If you are one of these fortunate people you may have the key to the penthouse in Yellowknife Place, or whatever it is called, where there is a quarter million dollars worth of Eskimo carvings, and all the amenities of large city living. But that is not the standard. The standard is incredibly poor housing, particularly in the small northern communities. In some of the native communities there is no housing at all. There are certainly no opportunities for the younger citizens in this area to grow up and integrate, assimilate into the mainstream of Canada life, and to participate in the immense promise which this country holds out to its citizens.

I have assembled statistics which deal with the way in which Canadians communicate with one another. I have talked about the number of telephones, television sets, and the number of electrical appliances found in an average northern home as compared with an average home in a large city. I have assembled the daily temperatures, since inclement weather has a great deal to do with one's ability to pay.

If you are building a home in the north it costs thousands of dollars more to put in additional insulation. Invariably you build in a more sophisticated and expensive heating system.

Your fuel costs are three times greater than they are in more populated areas. It is true some of our larger cities are not located in the temperate zone along the American border, and heating is much more critical in the north. You get one third of the mileage and one third of the lifespan out of a car than you would get in the city. There is no public transit in the north. You are left to your own devices. Every time you travel a long distance you must do so on a chartered carrier at great expense and, quite often, the facilities are not available to you. As I have said, you use much more gasoline in the north. You need to buy more clothing. Your children must have new boots every year. All these things add up to a monstrous bill.

There exists a myth about the north, which I hear from some of my friends who are critical of my report. They say that all northerners are making big wages. Indeed, I had a call from a member of the Steelworkers Union in Tungsten. He is a shop steward there and he is very much concerned that if my proposal were accepted Tungsten Mines would immediately say to their employees, "We do not have to pay you a northern living allowance. Since you do not have to pay any income tax, we are no longer entitled to deduct from our profits that portion which we pay to you in northern living allowance." The steelworker who called me said that all he would benefit by as a result of my proposal would be \$15,000, since that is what he pays in tax. He is obviously one of those people who the average person thinks of as being so well-off in the north. He does make a good wage, and so he should. In addition to the wage, which requires him to pay \$15,000 in income tax, he receives from his company \$24,000 a year in a northern living allowance. The companies have no other choice. If they want people to work up there in that harsh environment they must pay out the necessary incentives in order to entice people to go there.

The steelworker says that all he would save is \$15,000, the net result being that he would be out to the tune of \$9,000. I sympathize with that particular situation, but it is not the rule. In fact there are a great many people working in Yellowknife, Inuvik, Tuktoyaktuk and in many other small communities who are working for less than the minimum wage which prevails in Canada as a whole, and in the provinces. People do not earn excessive wages in the north. That is simply a myth which must be dispelled. We must come to grips with the reality of northern living before we can look realistically at the proposals I have made.

I must say in fairness to the Minister of National Revenue (Mr. Rompkey) and to the Minister of Finance (Mr. MacEachen) that, as a result of the May election and the actions of the Minister of National Revenue, I discovered that even though persons in the north were not charged income tax for the money they had earned by way of northern living allowances, travel allowances and so on, there was no provision for it in the Income Tax Act. No one has ever pursued that and charged those people. I suppose when the Conservative government was elected that was a good way to get at the government, if you were a bureaucrat who obtained your job from the Liberal government. So they moved in and said, "From now on