

Income Tax Act

National Revenue, the Department of Finance, and the Department of Indian Affairs and Northern Development. I have assembled a number of statistics which demonstrate in very graphic terms the seriousness of the income gap and how it affects the ability of people in northern regions to pay not only their taxes but for the so-called niceties of life which other Canadians take for granted.

In some of the remote native villages north of sixty, and in the northern portions of the provinces, people pay \$5 and \$6 for a gallon of gasoline. One can argue: what is the difference—there are no roads anyway? But the fact remains that people in some of those areas rely on river transportation or boats which run on gasoline. Certainly in the wintertime their only mode of travel is by ski-doo and snow machines which require gasoline. Can one imagine what it would be like if people owning automobiles in Ottawa had to pay \$5 or \$6 per gallon of gasoline?

There are areas of the country which have no other access to the markets of the country than by air; their perishables are flown in by aircraft. We base our standard of living and the consumer price index on the cost of a shopping basket. The cost of shopping baskets in northern communities is two and three times that of the cost in city supermarkets. Is it any wonder that we remind the Prime Minister (Mr. Trudeau), when he travels around the world in his new-found endeavour concerning the North-South relation, of the serious discrepancies which exist in Canada? There are actually people in the north who are starving. Some of them live off the land; some of the inhabitants of native villages fry and cook porcupine because they cannot afford to buy beef, veal, pork, eggs or butter. But when their income tax is charged at the end of February, it does not take account of their inability to pay.

The tax rate which applies in the north is the same as in any other part of the country. It is for that reason I have wrestled with the problem for a couple of years, but I have been unable to get my views across to the majority of members who represent city ridings. They do not readily understand how serious is the problem. It is not only the consumer price index and the cost of essential commodities; it is the cost associated with children who require special care at hospitals or medical institutions. People in northern communities should be so lucky that their young persons complete high school education. If they want to continue their education by attending learning institutions in large cities, an incredible burden is placed on the average northern family. They are faced with transportation costs and costs associated with young people living away from home. Every time one picks up a telephone, one is placing a long distance call.

People in cities have the benefit of a postman delivering mail at their doors five days per week, and they do not even say "thank you". In the north, residents must start up their cars when it is 40 below zero and drive to post offices. They rent post office boxes for \$6 per year, and they say "thank you" three or four times a year to the postmaster.

There are many discrepancies and inequities which seriously affect the ability of the people to pay and their commitment to

the country. We are seeing people throughout Canada today who no longer feel that they are part of the nation as a whole; they feel left out. These people then begin to associate with another community of thought and to pursue actively and aggressively other and sometimes more radical alternatives.

I have made some proposals about which I want to speak this afternoon. It is not adequate to catalogue the problems and list the statistics. As Members of Parliament we should make constructive suggestions, which I have done in my report. Again I recommend it to my friends in the House. It is a non-partisan document, except on the first page in the introduction it refers to the Diefenbaker vision of the north. I think even the most partisan mind on the other side would know today that we were not really building roads from igloo to igloo, that the Dempster highway is now a very important transportation link to the storehouse of resources in the north and the Arctic ocean, and that we are really on the way to discovering the reality of the potential in store for us in the north.

The document is easy reading. It points out what other countries such as Australia and Denmark have done. For instance, in their treatment of taxpayers in Greenland, they have established precisely what I am proposing, namely, different tax zones. These tax zones are established in accordance with existing problems and along the principle of one's ability to pay, as I mentioned before. I have used the Australian model, as well as the criteria which the government uses in compensating its employees. This is what makes the document credible. I have used the example of people who are working for the federal government and are posted in isolated communities in the north, be it in the northern part of the provinces, north of sixty or in the Territories.

I have used the same criteria and have applied them to all Canadians living in the north. I used nothing other than the compensation which bureaucrats receive in the form of housing, travel allowances and northern living allowances and I came up with the staggering figure that Canadians living in the mid-Canada corridor north of sixty pay \$470 million too much in personal income taxes every year. I applied nothing but the basic principles of equity, fairness, and ability to pay.

This is a somewhat staggering statistic, particularly when one considers that I am talking about no more than 5 per cent of our population. Less than one per cent lives north of 60, but a total of 5 per cent of our population live in the northern areas remote from what I have described as the mid-Canada corridor. The document includes a map which readily identifies the different areas. Public servants posted in the north receive between \$1,000 to \$12,000 per year in the form of northern living allowances. It is a straight cash payment because it is costly, difficult and inequitable for federal public servants to cope with the harsh realities of northern living. If it is difficult for federal public servants, obviously it must be equally difficult for the small entrepreneur such as the baker, plumber, shoemaker, and their employees to cope with the same realities. Is it not reasonable to say that the only way to establish any degree of equity and fairness would be through