

*Income Tax Act*

presentation, a presentation that has a failure in it that I want to draw to the minister's attention. The minister said, as recorded at page 2005 of *Hansard* for May 8, 1972:

—I propose to include as a deductible medical expense amounts paid to commercial transport services for transportation of a taxpayer or his spouse, or dependant, and an attendant if necessary, to and from a hospital, clinic or doctor's office to which the individual has travelled a distance in excess of 25 miles to obtain medical services not otherwise available nearer home.

I am not sure whether "in excess of 25 miles" is the round trip, or the one-way distance about which the minister is talking. In other words, if a person is living 13 miles away from where he has to get medical attention, would his going and coming constitute 25 miles or not? The minister shakes his head, so I think it is 25 miles one way.

The minister also talked about paying amounts to "commercial transport services." I think that is a bit too narrow. Let me give a case in point from my own knowledge of the area. In central British Columbia, along the coastal area, there are three communities of relatively equal size, Prince Rupert, Terrace and Kitimat. An attempt is being made to place specialized medical services of a particular nature in all of those communities, with each type different from the other one, so that there will be access to a variety of medical services in the area. Kitimat and Terrace are 38 miles from one another. If a person in the community of Terrace has to travel 38 miles to the hospital at Kitimat, one way, to get specialized medical attention, he would be unable to take advantage of this provision mentioned by the minister because there is no commercial transport available between those two communities. He would have to take a car. If the bill reflects that narrow a concept of commercial transport this is something that I would like the committee to look at, and I will probably expand on it at that stage. I am sure this situation is duplicated in many parts of Canada.

If the principle is recognized that people in smaller communities have to travel some distance in order to get medical attention not available to them in the smaller communities, then this provision should be available to all without confinement, whether or not there is commercial transport available to them. I understand it is government policy, or a least government thinking, to curtail urban growth and concentration of population, facilities and services in metropolitan or urban areas, in order to decentralize these facilities.

• (1450)

I submit that what our tax law is doing as long as it is maintained on the basis that a person is liable to the same percentage of taxation, depending on what income class he falls into, is making him liable to pay the same amount of tax regardless of where he lives or works in this country. In effect, this policy subsidizes urban living and the facilities that exist there at the expense of the facilities that might be available in rural areas. The tax each individual pays, is, in effect, assisting to attract people to the urban areas where the educational facilities are more specialized and varied, the medical services are more specialized, arts, drama and the theatre may be more specialized and more available than in the smaller areas. If you want to hear a good jazz band in Saskatchewan,

you cannot hear it in La Loche or Buffalo Narrows; you to go to Saskatoon and even there you have to go to the university. In British Columbia, the only place you can go to the opera is in Vancouver. I cannot, at times, understand why people would want to go to Vancouver but they do. Nevertheless, this tends to attract people to the urban areas, especially for such purposes as medical attention or the larger number of facilities and services that are available there.

I think we have to recognize that it costs more to live in northern areas than in the urban areas. We have to recognize the fact and reflect it in a discriminatory way in our tax structure, that there are more facilities and services available in urban areas than in northern or rural areas. We also have to compensate for that by providing the person who lives in the northern or rural area with a special tax consideration. In other words, he should pay less income tax than his counterpart in the city.

I think this was recognized in the speech that the minister made on May 8—and he nods his head. He recognized that problem in so far as travelling for medical purposes is concerned. He should also recognize it in terms of the cost of living in northern areas. The government recognizes it in some mid-northern communities in British Columbia by providing a special living allowance to its own employees. The people who do not have the advantage of working for the federal government are left on their own in those areas.

I am not asking the government to say that every employer in every area where the government, by its own edict, has recognized that people have higher and special costs should give a bonus to compensate for that. I do not think that would be possible and it would not take into account collective bargaining and that sort of thing, but surely the government could recognize the advisability of a lower tax rate in those areas. There could be a higher exemption or something of that nature which would say to the employee who lives in a rural or northern area that he does not have to pay as much income tax as his brother in the urban setting because he does not have the same facilities and his costs are higher. This would be a way of recognizing his difficulties. It would be a bonus for living in that part of the country where facilities are not available.

A couple of years ago the Minister of Indian Affairs and Northern Development (Mr. Chrétien) went to New Zealand and Australia to look at the treatment of native people by those governments. He discovered that the Australian government had recognized the thing I am talking about by providing a lower tax rate for people who live in the Northern Territory. Australia is a fine counterpart for Canada. The cost of living is higher in the Northern Territory of Australia and the facilities are fewer. The government recognized this many years ago and said that those people who live and work in the Northern Territory would pay less tax than was demanded of people living in Canberra or other urban areas in the country. That is what I suggest we should do here.

This problem was brought to the attention of the minister while he was in Australia and he sat in on a meeting when the Northern Territory Legislative Council discussed the question of the special tax rate with federal