

homogeneous countries with very few regional disparities. However, Canada is a large country. Even within each of the provinces there are huge economic disparities.

• (1630)

I would like to talk for a minute about how this tax will affect the territories. In particular we spoke with members of the Conservative Government of the Northwest Territories. They talked about their service sector providing 75 per cent to 80 per cent of the employment. It is the service sector that will be hit hardest by this tax.

They talked about the economic characteristics of the north which indicate a high operating cost for building materials and for labour. This will be shown in a cascading effect in the retail price. Those members said that the GST would have a negative impact on the machinery in the resource industry because it is already now exempt.

I think that is something that has not been taken into consideration by the last member who spoke or many of the other members. The resource industry is exempt, as is the farm industry. This puts in another level.

They also told us that increased profits to the resource sector may be a fact in some way. But they said that the money gained will not remain in the Northwest Territories because all corporations which have mines up there are multinationals with their head offices offshore or out of the country. The money will be channelled elsewhere for other development and not left in the Northwest Territories where it would be of benefit.

They said that in the short run there might be some benefit to the resource sector but that over all it will have a very negative impact on the Northwest Territories. It will hurt the tourism business. It will hurt small business.

They pointed out exactly what I pointed out earlier about the regional inequities. They said that the current manufacturer's sales tax is at least the same across Canada at source from the manufacturer, but the goods and services tax creates an inequity in each of the regions.

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They point out that on average the prices are some 44 per cent higher in the Northwest Territories, with some prices going as much as 120 per cent higher. They showed us figures which indicated that in places such as Iqualuit, Baffin Island, those prices were 224 per cent higher. In Pelly Bay in the Arctic Circle those prices were 234 per cent higher.

The people of this country should know that where prices are higher the residents are paying the tax on that higher price. The good that costs \$1 in Montreal costs \$2.34 in Pelly Bay. One pays 7 per cent tax on \$2.34 instead of on \$1.

Is that fair? I suggest that it is not. It is totally inequitable. It is hurting those who already have not. It is increasingly ensuring that the rich get richer and the poor get poorer. It is putting the heel on the poor and those who are trying to develop our regions while struggling to make a living. That is one reason that I as a member of the New Democratic Party suggest to you, Madam Speaker, that this goods and services tax will not and cannot work for Canada.

I spoke to three senators from Australia a couple of months ago. They were astounded that Canada would even be looking at a value-added tax system, given the experience that they saw next door in New Zealand and the problems with economic disparities and inequalities within a country the size of Australia. They pointed out, and needed not to say it, that Canada was certainly much larger than Australia.

In the Northwest Territories they also point out that the costs of fuel, electricity and air transportation, which will all be taxed under the goods and services tax, are much higher. The people in the Northwest and Yukon Territories depend upon air transportation to get back and forth between their communities, and now they will be taxed on that. In many cases it is the only method of transportation.

A member of the Chamber of Commerce from Iqualuit appeared before the finance committee in Yellowknife. He had flown in from Iqualuit the day before. It cost him something in the area of \$1,500 to fly there and back in order to make his submission. This is a small example of the costs.