

Moreover, price increases for commercial parcels pose a serious threat to the future viability of small businesses and thus to the region's already fragile economic development environment. Under the new price structure, it will be particularly difficult for community stores which have benefited from reduced postal rates to compete with larger firms such as the Bay that have the financial resources to construct warehousing facilities for sea lift operations.

We have already registered our support for the elimination of indirect subsidy programs such as the Northern Air Stage subsidy. At the same time, however, we are concerned that no alternative transportation arrangements and/or funding programs have been announced. We are hopeful that the study of the program currently underway within the Department of Indian Affairs and Northern Development will provide alternative suggestions for accommodating the needs of northern residents.

We believe that Canadians in isolated regions of the country should not be subject to hardship arising from yet higher living costs. While certain residents of the North, such as federal and provincial public employees are somewhat protected through northern living allowances and special freight subsidies, native northerners do not enjoy such benefits. We are also interested in promoting economic development among indigenous populations; higher shipping costs will be a hindrance to this objective. The Committee therefore recommends that:

The Government of Canada impose a moratorium on future reductions in the Northern Air Stage postal subsidy until alternative funding and/or shipping arrangements have been finalized and that active consideration be given to the special needs of the indigenous population when formulating alternative arrangements.