

payment of the tax are going to be in an impossible position. I am not sure how that will be resolved if this unfortunate tax should come into force on January 1. Some solution will have to be found, because it leaves those people in between the two levels of government, who are obliged to collect and pay the tax, in an impossible position if someone will not render the tax.

In the example I gave earlier, a colleague in the chamber explained this evening that the resolution of the situation would be by an agreement between the two levels of government, and added that there was no legal solution to it, that it has to be resolved by an accord. I believe it was this government who said it did not do it forever, that it did it for periods of time. It is a good question respecting a very difficult problem, and at this point in time there is no solution on the horizon.

**Senator Austin:** Since Senator Kelly, the sponsor of the bill, is not here, could Senator Murray assist us before the end of the debate on this amendment by telling us what measures the government has taken with the provinces or what it sees as necessary to deal with the lacuna in the application of the GST which has just been discussed by Senator Hays.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I will obtain what information I can on this matter.

**Hon. Paul Lucier:** Honourable senators, this evening I wish to speak on this amendment which could remove heating fuel and electricity from the ravages of the GST.

Honourable senators, the GST is obviously seen as one of the most regressive, unfair treatments that could be imagined. Normally, a tax is designed to be fair to the people who are most needy. In this case, we have the exact opposite effect of that particular rule taking place. Surely we all understand that when the cost of fuel to heat a department store is increased, in a region of Canada that has severe, long winters, the price of all goods in that store will increase and a seven-per-cent tax on one item is more than a seven-per-cent tax on the same item where the cost of doing business is lower. That should be a fairly simple formula.

While the amendment before us deals mainly with heating fuels, it must be noted that significantly increasing the price of heating fuel and electricity has a domino effect that would be destructive enough during good times but would be devastating during the recession in which we presently find ourselves, and much more so in the north than anywhere else. It should not be too difficult to understand that there are parts of Canada, because of climate and extra hours of darkness, where more heating fuel and electricity are used. It will increase the cost of doing business in those regions.

It should be clearly understood at the outset that, while I speak as a senator from the Yukon, my remarks will show that the unfair, callous results of the Mulroney GST will be felt by many people in other provinces such as Newfoundland, Prince Edward Island, Quebec, Manitoba and, in fact, all of the provinces across Canada, because the further you go from the

source of the goods being purchased, the higher the percentage of GST you must pay. Does that unfair formula not register with senators opposite who are hell-bent on shoving this deplorable tax down the throats of the people they are supposed to represent? Does it not scare you to stop and think what you are doing to the people whom you are supposedly here to represent? I heard Senator Chaput-Rolland say something last night about how she deplored the tax on books and reading materials, but that she was going to vote against the amendment in any event, because she owed her allegiance to the Prime Minister. Surely, she owes some allegiance to the people of the province of Quebec who will be adversely affected by this legislation.

● (2040)

It should not be too difficult to understand that the cost of doing business—and I have used Churchill, Manitoba as an example—is higher than doing business in Winnipeg. They are both in the province of Manitoba, but it costs more to do business in one of the areas than it does in the other.

Northerners accept that fact and are prepared to pay the price to live in northern areas. Does it follow, then, that they should be taxed more heavily because they are prepared to reside in the northern areas of their province or territory? In fact, should we not be moving in exactly the opposite direction and encouraging Canadians to inhabit the more remote areas?

Does it not offend your sense of fairness that the citizens of northern Manitoba will pay a higher percentage of tax on a gallon of heating fuel than a person living in Winnipeg?

I wish my friend Senator Everett were here—and I will be bringing this to his attention at a later date. Whatever you want to say about Senator Everett, he has always been a very fair-minded and open person who, I believed, has always been prepared to listen to a reasonable argument that was being made. I would like to ask him how he could justify, just in his province—not even moving from his province to the Northwest Territories or Yukon—the fact that the people in Churchill should be penalized for living in Churchill. That is what this tax does. It penalizes people the farther they live from Toronto. It does not make any sense.

Have we already forgotten that this is the very same incompetent government which promised an icebreaker and some submarines so that we could establish sovereignty in the north? That was not very long ago. We were going to have an ice-breaker and to have some nuclear submarines so that we could establish sovereignty in the north.

Northerners have been saying for years that, if the government wants to show the flag in northern Canada, it should put some people up there; it should make it possible for people in the north to exist. The people would then wave the flag, and the government would not have to do all these other things.

You need not make it easy for people to live in the north. You need only be fair. That is not asking too much.

We need icebreakers in the north, but we need them to break ice, not for sovereignty. We do not need nuclear submarines at all. We need people in the north, and we need fairness