

Adjournment Debate

that the Government is committed to providing a sensible and equitable taxation system for residents of isolated northern communities. The new system is far more generous and equitable than the old remission order system. It gives many more communities and individuals access to the allowance, including owners of small businesses, pensioners, native peoples and employees who did not benefit under the old remission orders because they did not receive an accommodation allowance from their employers.

The new taxation system for northern regions reflects the same community eligibility criteria as the former remission orders, which were based on the Treasury Board directive on isolated posts. The criteria gauge factors such as population, access to road networks, climate and geographical location, and distance from large urban centres, to assess the degree of isolation. They are also used to determine whether a community can finance its own health care services, schools, recreational activities and social and business services, or whether residents must travel long distances to have access to such services.

The Hon. Member suggested making the distance factor part of the points system. This suggestion, which was carefully examined by the Minister of Finance, would increase the number of points required to make a given region eligible, but would give more points to communities located more than 200 kilometres from urban centres with a population of at least 50,000.

Mr. Speaker, this proposal is not a satisfactory answer to the boundary problem, since it merely shifts the emphasis. Furthermore, it ignores concerns raised by communities that are not eligible because they are too close to centres with a population of 10,000 or more. I may add that under the present rules, population and distance factors take precedence over the number of points. We would have to assess carefully the relevance of any proposals to change our approach.

The boundaries problem is not confined to the existing rules. It would arise in any case. Although experts at the Department of Finance have looked at various scenarios, they have been unable to agree on a solution that was immediately and fully satisfactory. We therefore set up a task force to evaluate the relevance of the criteria and make appropriate recommendations. The task force will examine the problems that are specific to each region, so that we can ensure the equity of eligibility criteria for the allowance granted to residents of northern regions.

Mr. Speaker, the existing criteria now form the best basis for setting up the new tax system for northern regions. The task force will hold extensive consultations across Canada with a view to making recommendations for improving the system.

Although we believe our approach meets the expectations of most Northern residents, we share their concerns about the eligibility criteria, and we are convinced that an acceptable solution will be found. We realize it will not be easy and that it

will take a lot of time and resources. The task force is expected to provide an objective response to these complex problems.

• (1815)

[English]

NORTHERN DEVELOPMENT—NEGOTIATION OF ENERGY ACCORD WITH NORTHWEST TERRITORIES

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, on March 1 I asked the Minister of Indian Affairs and Northern Development (Mr. McKnight) what progress has been made with respect to the northern accord. We have to know what the northern accord is all about.

This, Sir, is to be an agreement negotiated between the Government of Canada and the Government of the Northwest Territories, along the lines of the agreements that we have in place in Nova Scotia and Newfoundland dealing with the offshore resources of those provinces, although of course in the territories it would apply equally to the onshore resources.

The accord would deal basically with two things. First, it would deal with the revenue sharing component of the agreement. Second, it would establish a joint management regime.

There is, as I have said before, two distinct parts to this agreement. First, there is the offshore areas in which the resources will continue within the foreseeable future and reside in the ownership of the Government of Canada. Then, there is the land area in which the situation is today that the Government of Canada holds those lands and the resources therein in trust for an eventual province to be established in the North.

It is important that we have a management system that will replace COGLA. COGLA has some good people working in the field but, basically, it is an absentee landlord organization in which the decisions are all made in Ottawa. This has to be replaced with a better system in which there can be a greater component of local control.

Revenue sharing is very important in the North because, as we have gone along the road of devolution, those things which have been devolved, recent examples of which are forest management, health and electrical energy, have all been in the field of expending money. They have all been costs to the Government of the territories. There has not been much in the way of a transfer of those things which will bring in revenue to the Government.

In about 1977 the territories enacted its own Income Tax Act because of the small population and the large area and the expenses of administration. That brings in only a small fraction of the moneys needed to administer that vast area.

We can look at the present day situation in the territories as being analogous to that in the early days of Alberta where it was dependent upon mainly land sales for its revenues in its days before the population built up. The same is in effect in the North now. Thus we need to have access to moneys to meet