

Keewatin residents in Central Arctic communities face living costs ranging between 50 per cent and 79 per cent higher than those of residents in their supply base of Winnipeg. Yet the most recent average income reported for Keewatin residents was only \$11,521.

Kitikmeot residents in the more northern semi-western Arctic region face even higher costs, ranging from a low of 70 per cent more than Edmonton prices for Cambridge Bay residents to a high of 139 per cent more for residents of Pelly Bay. Yet Kitikmeot residents earn an average annual income of only \$8,324.

High transportation costs impact on many other areas of northern living as well. They not only directly affect the cost of living by inflation the costs of goods but also indirectly affect it by forcing employers to pay higher salaries to compensate for higher employee living costs, thereby increasing the costs of local goods and services.

Because few can afford it, intra-regional and North-South travel for pleasure is severely curtailed. Traditional family ties are threatened when family members living in separate locations cannot afford to visit and interact with one another. The affordability factor contributes to the sense of isolation and sometimes imprisonment felt by northerners who have no alternative travel opportunities to air travel.

Tourism and business development are also directly affected by high transportation costs. Substantial capital is required to begin new businesses and to expand existing ones. Most often the supplies and construction materials needed to begin or to expand such businesses are ordered from southern Canada. This is a costly venture creating high operating costs which are generally passed on to consumers in final prices.

The northern tourism industry experiences similar difficulties. An important economic industry in the Territories, it is heavily reliant on the transportation industry for the movement of people to and within the North. In 1983, between the months of June and September, an estimated 44,000 people visited the Northwest Territories. Over 29,000 people visited the Fort Smith region in the western Arctic, while less than 10 per cent of those who visited the North visited communities in my riding. Of that number, 66 per cent were travelling on business and not pleasure-related duties.

A number of factors can be blamed for the lack of tourist traffic throughout my region. It is less well developed as a tourist region than the western Arctic, air fares and travel distances are greater, accommodation costs are high, and travel schedules are often less reliable.

An informal survey of some hotel operators in my riding showed that the bulk of business generated by accommodation facilities comes from Government, business travellers and construction crews working on community projects. Of course, there are exceptions of this, but the majority of operators questioned said that incentives such as cheaper air fares are needed to attract more tourists to the region.

Very few northerners appear to be travelling in the North for pleasure. An informal survey of passenger profiles at

northern airports in the riding showed a high percentage of the travel being generated by Government, business travellers, individuals attending meetings and people travelling to medical facilities. Another survey showed that during the summer months, only 15 per cent of all travellers in the North are local residents. Based on the relatively essential nature of air services to these communities, I find this percentage to be quite low.

Most northern communities with which I have corresponded argue that cheaper air fares and freight rates are necessary if renewed economic vigour is to be realized across the North. Such incentives are needed to stimulate multi-development of the Territories and to allow individuals access to the personal freedom of travel.

Who, therefore, is travelling in the North? My research indicates that one of the biggest financial supporters of northern air services is the Government of the Northwest Territories. It estimates that approximately \$31.5 million will be spent on air transportation alone for business-related travel by all of its Departments in 1985-86. Singular costs include \$800,000 for circuit court travel, \$4.8 million to transport patients from remote communities to regional hospitals in the North, and \$3.1 million to transport patients to facilities outside of the Territories. Last year an additional \$4 million was spent on air charters. Freight costs for all modes of transportation is put at an additional \$20 million. If the Government were to withdraw its use of northern air services, the industry would in all probability be jeopardized.

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Research also indicates that a number of what could be called inequitable or discriminatory factors influence the eligibility of northern travellers. While exact figures are not available, some northerners, especially those employed in the public sector, receive generous northern allowances designed to reduce living costs and to enhance northern living. Approximately 44 per cent of those employed in the North work in the public sector and are eligible for those types of benefits, which include vacation travel assistance, settlement allowance or isolated post allowance, and a non-taxable accommodation allowance.

A number of private businesses, especially southern-based companies, also offer similar incentives to bring employees to the North and to keep them there. However, for many northerners such benefits do not exist. They must shoulder the full burden of northern living costs without any of the special allowances which are accrued by northern public servants.

In light of all the complicated yet inter-related factors, I am proposing that the Standing Committee on Transport be empowered to study northern living and air transportation costs to see if federal subsidies on air passenger and freight transportation would improve the current situation and stimulate northern development. I believe such subsidies are necessary if northerners are to enjoy a standard of living comparable to that of their southern neighbours. They would have the effect of reducing the costs for food and goods, and would