

million to 100,000 residents of northern and isolated communities in Canada. Fifty thousand of those citizens of northern and isolated communities live in 572 communities on the island of Newfoundland. They have lost tax benefits worth thousands of dollars per family.

My question for the Deputy Prime Minister is the following. How can the Government of Canada justify a northern and isolated tax regime that pays benefits to a Newfoundlander employed in Fort McMurray but denies benefits to a Newfoundlander unemployed in an isolated community like Harbour Deep that can only be reached during the winter months by helicopter? What kind of isolated and northern benefit regime is that?

**Hon. John McDermid (Minister of State (Privatization and Regulatory Affairs)):** Mr. Speaker, as the hon. member knows, the task force made a report in late 1989 with a recommendation of a single zone across Canada for tax benefits in northern and isolated communities.

At that time, tremendous consultation went on between the Minister of Finance and the affected communities from coast to coast.

The evidence presented to the task force and to the minister in his consultations which took place with various communities affected, was that the only way in which it was fair to give these benefits was, in fact, to do it in a zone and not community by community. Community by community was completely inequitable. It did not work.

In the case of Newfoundland itself, the only way it could possibly be given isolated benefits is on a community by community basis, which was recommended against by most people who appeared before the commission.

Therefore, the island of Newfoundland itself will not receive those benefits. Labrador will.

**Mr. Brian Tobin (Humber—St. Barbe—Baie Verte):** Mr. Speaker, what the member fails to say is that when the minister set up this commission and review, he said that its recommendations should be revenue neutral.

### *Oral Questions*

What he does not say is that the Government of Canada is saving \$50 million on the backs of some of the poorest, most isolated people who live in this country.

I ask the question again, and I want the minister to consider it in the name of tax fairness. How is it fair to pay a northern tax benefit, supposedly predicated on the notion that it costs more to live in certain areas, to people who live in a low unemployment region like Fort McMurray that has an airport, hospital, educational facilities, regularly scheduled flights in and out, government facilities, and not pay a benefit to isolated communities that can only be reached by helicopter where unemployment is high and where services are non-existent?

How is that tax fairness? Fifty per cent of all the cuts nationally are in one province, the province of Newfoundland and Labrador. Explain that.

**Hon. John McDermid (Minister of State (Privatization and Regulatory Affairs)):** Mr. Speaker, the people who he is talking about do not pay taxes. If you don't pay taxes, you don't get a tax benefit from this system. A person has to be earning money and it has to be taxable income before he or she receives it.

The hon. member is just caterwauling at somebody else. He is not even listening to the answer. He is showboating again.

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### GENERAL AGREEMENT ON TARIFFS AND TRADE

**Mr. Stan J. Hovdebo (Saskatoon—Humboldt):** Mr. Speaker, my question is for the Deputy Prime Minister and Minister of Agriculture.

In the meeting that he referred to in Brussels last week, he promised that he would bring in the third line of defence, cash grants and other income supports since GATT had been suspended.

The prairie pools had indicated at one point that there was a \$1 billion shortfall in grain income for this year on the prairies alone. Does the minister agree with that assessment of income shortfall? Does he plan on an early payout, or will he continue to allow grain farmers to be driven out of business?