

*Adjournment Debate*

I had just returned from a visit to that community, and while I was there I had made a point of going to the grocery store. I paid \$5 for one dozen eggs, over \$9 for a 5-pound bag of potatoes, \$4.29 for a litre of milk, and over \$8 for a dozen apples.

In southern Canada prices for these same items are one-half to one-third lower, yet my constituents have to pay shockingly high prices for the same basic foods every day. Many have to pay these prices on an average income of about \$10,000 a year.

Unemployment rates in the Northwest Territories are high. The over-all unemployment rate of the Northwest Territories is about 16 per cent. The rates in the regions which comprise my constituency are however much higher. In the Baffin and Kewatin regions, the unemployment rate is about 21 per cent. In the Kitikmeot, the rate is 31 per cent. In several communities, the rates are close to 80 per cent. Many people are therefore living on fixed incomes: unemployment insurance, social assistance and pensions.

The point I was making to the minister was that many of my constituents are hard-pressed to make ends meet now. When someone on a fixed income has to pay \$4.29 for a litre of milk and more than \$9 for a 5-pound bag of potatoes, that individual has not much disposable income left once the groceries are bought. Even though basic groceries will not be subject to the goods and services tax, almost everything else my constituents need will be subject to the new tax.

The minister says there will be no GST applied to the transportation of food. That is all very well and good, but the goods and services tax will be charged on virtually every other good transported to the north. I do not think the minister has grasped the fact that there are no roads to the communities or between the communities in my constituency. The government also does not seem to understand that the communities I represent do not have large shopping plazas or even the variety of stores that southern Canada does.

In the small settlements, residents order food and other necessities from stores in southern Canada. Fuel, clothing, and construction materials have to be flown in during the winter months or barged in on the sea-lift in the summer. These items are not cheap; nor are the

freight rates to ship these goods up to the north. Air freight from Ottawa to Iqaluit, for example, is close to \$3 a kilogram for goods between 45 and 200 kilograms.

Fuel, clothing, and construction materials will be subject to the goods and services tax. The transportation of these basic goods will also be subject to the goods and services tax. With the kind of cost increases these goods will bear, people will have to cut back on their purchases. Either people will cut back on the groceries they buy in order to buy other goods such as clothing, or they will cut back on other goods in order to buy the groceries they need.

Last October, I asked the Minister of Finance for the studies he said he had that showed the north would be better off with the goods and services tax. He did not produce them last October and to date he has not produced them. The Minister of Finance is virtually the only person who thinks that this tax will benefit northern Canada.

The minister said in the House in February in reply to my question that the GST is very positive for the industries of the north. The Government of the Northwest Territories does not share his optimism.

I would like to quote from brief of the Government of the Northwest Territories to the House of Commons Standing Committee on Finance last October: "The goods and services tax has the potential to seriously harm our important industries. In so doing, the tax would hamper our efforts to build greater economic self-sufficiency in the Northwest Territories. The long-term benefits to production in the Northwest Territories predicted the federal finance department are very doubtful and, even if positive, will be relatively small. Any such benefits are unlikely to be large enough to offset the short-term costs of the new tax. We expect that any gains from increased output will be enjoyed mainly by owners of large businesses or by temporary employees from the south. Long-term residents of the Northwest Territories, particularly small business owners and those participating in the traditional economy, are unlikely to share those benefits".

Service industry products such as tourism or trade, are more expensive in the north, and higher costs will affect competitiveness. The tourism industry is an especially important and growing industry in the Northwest Terri-