

The Budget—Ms. McLaughlin

First, a simple item to some people, a one cent increase in tax on aviation fuel. The Yukon Government has been working very hard to reduce the cost of fuel in the Territory because it is of vital importance to northerners where we have long distances for commercial transportation as well as for communication between communities. The impact of the one cent a litre increase will be substantial. It will be substantial for those small business enterprises, such as outfitting and trapping, which depend on not just aviation fuel but other fuels as well to which an additional tax has been added.

Tourism is a major industry in the North. Most of Yukon's tourist travel is from the United States and Alaska as well as from southern Canada. In surveys several years ago tourists cited gasoline costs as one of the most prohibitive reasons regarding their ability to travel in the North. When we talk generally about travelling in the North, I want to remind Members that we are not just talking about a Sunday drive, we are talking about the life line to remote villages. Our dependence, for example, on the Alaska Highway for ground transportation of goods into the Yukon as well as to transportation by air.

A second example is that of the telecommunications tax. Last year when the Government imposed a 10 per cent telecommunications tax covering all long distance calls as well all calls made by business, it was devastating for many individuals and businesses in the Yukon. Studies have indicated that Whitehorse residents pay as much as three times more on telephone services than residents of southern Canada. Last year, the first year after the telecommunication tax was imposed, it cost Yukoners, and we are talking about a very small number of people, \$4.5 million in extra costs for essential phone service. This year the projected cost is \$4.75 million. To northerners, long distance phone service is essential in the same way that local service is to southerners.

Such things as the use of mobile and radio phones in many northern and rural areas is very common and necessary for safety reasons, business reasons, as well as for personal reasons for making appointments with the doctor or school teachers. All of the calls made on those phones are taxed because all of them are considered to be long distance calls. It is clearly an unjust and inequitable measure instituted by this Government.

Another area is that of the increased tax on building materials. Building materials in the North and in many rural areas and northern parts of the provinces, both because of the transportation costs to bring those materials to source, are extremely expensive. A tax from 8 per cent to 9 per cent, as provided for in this Budget, is not fair. It is also harmful to the development of the northern economy.

This leads me to make a few comments on the whole aspect of regional development and the philosophy that this Budget embodies about this Government's policy toward development of our country in a national sense beyond central Canada. The Government has broken its promise to the far-flung regions of Canada with its assault on regional development and its cut-backs of over 40 per cent over a period of time.

The other issue which affects all Canadians, not just simply northerners, is the whole question of taxation. This Budget, as I mentioned earlier, has been seen as the biggest tax grab in Canadian history. But it is a tax grab on one particular group, a tax grab on the middle-income to low-income earner. It is a claw-back on senior citizens as well as on families. It is certainly not a tax grab on large profit-making corporations. I will mention several examples of this, particularly in terms of the inability of this Government to institute tax fairness. It is fine to talk about tax reform but the reforms have been very minimal on the high-income earners and profit-making corporations in this country and have been maximized on the individual who is now paying the largest percentage of tax.

The Government, in order to indicate that it was going to tax the wealthy at a greater level, put an additional surtax on Canadians making over \$50,000 a year and an additional one on Canadians making over \$70,000 a year. In principle that may be all right except that we have to look at the facts and see that over 6,000 upper-income Canadians do not pay any tax at all. A surtax on nothing is nothing and 8 per cent of zero is zero. Those wealthy whose tax lawyers are not quite up to scratch can afford to pay a bit more. After all, since the Government came to power in 1984, the richest 1 per cent have had an average tax cut of \$3,500. This is not tax fairness, this is not a policy, this is a tax grab.