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INCREASE THE NORTHERN TAX DEDUCTION Help close the Northern prosperity gap

OTTAWA - Ordinary working families in Canada's North need relief from the high cost of living in the Arctic. Twenty years ago the Northern Residents Tax Deduction (NRTD) was introduced to help Northern working families deal with the high cost of living. Unfortunately, first the Liberals and now the Conservatives have not kept this tax deduction in line with inflation.

"It's absurd that this deduction has not changed in 20 years when inflation has increased 65 per cent since then," said NDP Northern Development Critic Dennis Bevington (Western Arctic). "When the finance minister introduced an increase to the capital gains deduction in this year's budget he said it was overdue as the deduction had not changed in nearly 20 years. Well, it has been 20 years and the working families of the North need tax fairness just as much as the wealthy."

Introduced in 1987, the NRTD provides a deduction based upon the number of days a person lives in the North, the size of the household they live in and whether they traveled for vacation. The maximum available for the residency portion of the deduction is \$5,475.00.

Last Thursday, in response to questions from Bevington, the Minister of Indian Affairs and Northern Development said he was more interested in helping huge multinational companies than the working families of the North.

"Unfortunately this minister feels the only way to develop the North is to give his friends in big business from outside the North all the help, while doing nothing for ordinary people and small businesses in the North," said Bevington.

One of the main barriers to increased development in the North is the high cost of living.

"The high cost of living in the North drives increased costs across the board," said Bevington. "In order to operate in the North, business must have large margins. Small and medium sized businesses, those owned by ordinary Canadians, can't compete."

"Increasing the residency portion of the deduction would put more money in the pockets of Northerners which would in turn speed the development of the North," said Bevington. "It's the ordinary working families of the North who need the help, not the multinational corporations."

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