

Title agreed to.

Bill reported, read the third time and passed.

\* \* \*

## NORTHERN CANADA POWER COMMISSION YUKON ASSETS DISPOSAL AUTHORIZATION ACT

MEASURE TO ENACT

**Hon. Bill McKnight (Minister of Indian Affairs and Northern Development)** moved that Bill C-45, an Act to authorize the disposal of certain assets in the Yukon Territory that are held or used by the Northern Canada Power Commission and to provide for other matters in connection therewith, be read the second time and referred to a legislative committee.

He said: Mr. Speaker, I am pleased to rise at this time to say a few words on Bill C-45, a Bill to transfer the Northern Canada Power Commission's Yukon assets and dispose of them through an Act of Parliament. Before I do, I would like to say how much I appreciated both the co-operation of the Hon. Members who spoke on the previous Bill which transferred forestry to the Northwest Territories and their recognition of its importance. I share in the pleasure that was expressed and I was pleased to be able to hear my colleague, the Hon. Member for Western Arctic (Mr. Nickerson), discuss the matter from a first-hand point of view, something which I would not be able to do.

Under the agreement we are discussing now, all Yukon assets of the Northern Canada Power Commission will be transferred from federal to territorial control. The assets being taken over by Yukon are substantial and include four hydro stations, five diesel generating stations with a total capacity of more than 106 megawatts as well as related transmission and distribution facilities. Yukoners will have full ownership and control of this very important utility.

This is a major step for Yukon and its citizens who are anxiously awaiting the agreement's completion. It is consistent with the philosophy and policy of the Government that government services should be provided as close as possible to those who are directly involved and affected. This policy struck a particularly responsive chord in Yukon and the Northwest Territories. A few moments ago, we spoke about forestry being transferred to the Northwest Territorial Government with provision for transfer to Yukon at a future date. The transfer of NCPC to Yukon is being made and we are now having discussions with the Northwest Territorial Government regarding the transfer of the utility to that Government.

In the past few years, there has been very remarkable progress made in the political development of both Yukon and the Northwest Territories. To a much greater degree, territorial Governments are ready and willing to take over more responsibility in areas such as resource management, utilities

### *Northern Canada Power Commission Yukon Assets Disposal Authorization Act*

and other provincial-type powers. That is as it should be. The transfer of the powers and federal responsibilities to the territorial Governments is at the heart of the process of political development in the North.

The transfer of NCPC to Yukon is an important, positive and very concrete step in achieving not all but some aspirations of northerners. I would like to acknowledge particularly the role of my predecessor, the Hon. Member for Rosedale (Mr. Crombie), the former Hon. Member for Yukon, Erik Nielsen, and representatives of the previous Government of Yukon who worked together to set in motion the negotiations which led to this agreement. I would like to pay tribute to officials both from the federal Government and the Yukon Territorial Government who spent many, many months negotiating to see this agreement completed.

The memorandum establishes certain basic principles which provide a common framework for negotiations on both sides. These principles are that the quality and integrity of the electrical service be maintained, that the legal and financial integrity and mandate of NCPC be maintained during the transition period, that the interests of northern consumers be protected, and that NCPC employees affected be given fair and equitable treatment. Throughout these negotiations, both parties sought to achieve an agreement that would be fair to the Canadian taxpayer, fair to Yukon and its people and fair to NCPC and its employees. We also sought an agreement that would ensure the viability of NCPC's operations under territorial control. We wanted to ensure that the utility would operate on a financially sound basis for the benefit of the people of Yukon in the years ahead.

The agreement was announced in Whitehorse last month and I had the privilege of being there along with the Leader of the Government of Yukon. The agreement meets the objectives I enunciated earlier. It is a good agreement, one that has been achieved through the application of much patience and much persistence. I believe it is one of the best kinds of agreements because it is good for both sides.

• (1640)

Briefly these are the main elements of the agreement. The financial value of NCPC's Yukon assets have been set at \$95 million. The current debt on operations is an estimated \$128 million. In effect, the federal Government is agreeing to the \$95 million price and in doing so we are writing off some \$33 million in debt. Yukon will assume \$39 million in equity in the new utility called Yukon Power Corporation, half of which will represent a cash payment by Yukon and half will be an equity transfer by the federal Government to be provided through conversion of existing NCPC debt to equity. The remaining \$56 million will consist of two bonds to be held by the federal Government, \$16 million on commercial terms and \$40 million on flexible terms, for which the interest cost will decrease or even be eliminated should there be a major decline in power consumption in any given year. This flexible bond was designed to protect Yukon consumers from the adverse effect