

*Supply*

**The Acting Speaker (Mrs. Champagne):** If I understand correctly, the hon. member will have 20 minutes, after which we shall adjourn.

**Some hon. members:** Agreed.

**The Acting Speaker (Mrs. Champagne):** The hon. member for Nunatsiaq.

• (1740)

[*English*]

**Mr. Jack Iyerak Anawak (Nunatsiaq):** Madam Speaker, it is always an honour when the House saves the best for last.

I would like to comment on the remarks of my colleague from Calgary Southwest who was speaking on some northern issues when she had the floor. I would just like to bring back to reality some of the comments she has made.

I am pleased to be here today to speak to the motion of my hon. colleague, the hon. member for Kenora—Rainy River. I would like to congratulate him for putting forward this very important topic of regional development for debate.

The motion refers to the government's failure to protect, support and promote the regional economies of Canada, Atlantic, western, northern Ontario and northern Canada. This motion is appropriate and timely for all these regions, but I will focus specifically on northern Canada.

The northern economy is a developing economy. It is an economy in transition. In the Northwest Territories our economy is moving from a land-based to a wage-based market economy. Our economy is heavily dependent on natural resources, and we export these raw resources.

Ours is also an economy which imports many goods and services, and labour. The economy of the Northwest Territories mirrors in one important aspect the Canadian economy in general. While the economy has been growing, not all regions have benefited from the growth. In fact, there are serious and continuing disparities between regions within the Northwest Territories.

Local efforts to reduce these disparities are constrained by our dependence on federal funding and by our high cost of living. At the present time the Government of the Northwest Territories receives about 85 per

cent of its revenues through direct transfer payments from the federal government.

The Northwest Territories has a small and volatile tax base and cannot strain that base much more than it is doing now. The federal government knows this. It knows the northern economy is a developing economy and that our cost of living is the highest in the country. It knows that some of our regions have the highest unemployment rates in Canada.

Figures released in the budget of the N.W.T. Minister of Finance last month established an employment rate of 16 per cent in the first quarter of 1989, northwest territorial wide. But the three regions in my constituency in the eastern Arctic have unemployment rates above 20 per cent. The Keewatin and Baffin have an unemployment rate of 21 per cent. The Kitikmeot region in my constituency has an unemployment rate of 31 per cent.

This is a tragic situation. The government should be dealing with the situation as a national tragedy, but what is the government doing about it? The government's proposed changes to the unemployment insurance system will make it harder for northern residents to receive unemployment insurance. When they do get it, they will get it for a shorter period of time.

In addition, federal transfer payments to the northwest territorial government have been cut by this government. These transfer payments go to the N.W.T. government through a formula funding arrangement.

Prior to losing office in 1984, the previous Liberal government negotiated a generous formula funding agreement with both the Yukon and the Northwest Territories governments for a five-year period. That five-year period has expired. Negotiations with the current federal government on a new five-year funding arrangement did not prove successful for the northern governments. The federal government unilaterally imposed a new funding arrangement which is detrimental to northern economies.

In his budget speech to the Legislative Assembly of the N.W.T., the N.W.T. Minister of Finance did not mince words about how bad this new arrangement is for the N.W.T. economy. He said the N.W.T. had been dealt a bad hand by the federal government with the imposition of the new formula financing arrangements. The immediate financial impact of the new arrangement is a reduction in this fiscal year of about \$25 million from what the government would have received under the old formula. The reduction in the federal grant represents a