

Northern Pipeline

the Yukon has funded the additional programs required as a result of the project; these are currently estimated to cost in the region of \$70 million up to 1983.

In 1983, the first year of operation, Foothills will pay taxes of \$30 million. In each succeeding year this figure will be escalated by the GNP price deflator. The construction of the Dempster line in the 1980's would expand revenues still further, and, coupled with further mining development, should bring the Yukon close to a position of fiscal independence from the federal government. With fiscal independence would inevitably go a greater ability to Yukoners to manage their own affairs.

In the initial years, if we applied all the new tax revenues against the annual federal deficit grant there would be no net gain to the Yukon. I do not believe this is just, and therefore I accept fully the concept of a heritage fund first proposed in the Lysyk report. I wish to announce that to establish this fund the federal government is prepared to exempt a portion of the pipeline revenues, and all other new territorial taxes, from the calculation of the annual deficit grant. The fund would be capitalized to an eventual total of \$50 million and the moneys used by the territorial government to provide lasting benefits to the Yukon.

I have also informed the territorial government that we wish to negotiate an agreement with them relating to other pipeline matters and, in particular, the provisions of loans to pay for pipeline related expenditures in advance of the funds becoming available from pipeline taxes. I am proposing that the territorial government be free to borrow up to \$200 million from Foothills or from any alternative source it may choose, thereby ensuring the best possible rate. This will be the first time that a territorial government has had the right to undertake independent borrowings. Such borrowings would supplement the very substantial expenditures which the federal government expects to incur on its own account in the Yukon.

I have outlined several major steps which are already being taken, Mr. Speaker. As minister responsible for northern affairs, I stand ready to co-operate with the territorial government in other ways. For example, clause 17 of the bill before you makes specific provision for a representative of the Yukon on the federal-provincial consultative council. I look forward to co-operating with the territorial government in the selection of this representative.

The people of the Yukon and the federal government are looking to the territorial government for leadership in the management of pipeline impacts within its areas of responsibility. I urge the territorial government, and particularly the elected members of council, to take up the challenge. It will require political courage to make the tough decisions that lie ahead. Specifically, they will be called on to commit significant financial resources to meet pipeline needs, particularly in such areas as housing, social programs, and municipal services. In the measures announced today and the action previously taken, the federal government is meeting some of its major responsibilities. In addition, the fiscal measures we have developed will ensure the territorial government has the resources to

play a leadership role in the management of pipeline impacts in the Yukon territory.

It will be clear from what I have said thus far that the interests of native people in relation to this project are very much in my mind. This is true, not only of the Yukon Indians, but of those in Alberta, B.C., and Saskatchewan as well. Pipeline co-ordinators have already been designated in the regional offices of the Indian Affairs program in the three western provinces plus the Yukon. They will be working closely with Indian leaders and the company to ensure that Indian interests are protected, and that Indian people are able to take advantage of the economic opportunities inherent in the project. The results of their work in the next few months will be reflected in the socioeconomic terms and conditions we are preparing. Alberta Gas Trunk, one of the principal members of the Foothills consortium, has established an excellent record in working with native groups, and our discussions with its president, who is also president of Foothills, has left us in no doubt that we can count on full co-operation from the company.

I would now like to look specifically at the Yukon Indian land claim. I have purposely left the most pressing issue to last, and that is this issue of the Yukon land claim relative to the pipeline. The pipeline is a reality which cannot be avoided. It is therefore in the interests of both the government and the Yukon Indian people to ensure that the land claim is settled quickly and fairly, and that both sides do everything possible to avoid prejudicing the negotiations toward the settlement of the claim. We have three full years before construction starts in earnest in the Yukon, and I believe this should be sufficient to achieve a just settlement of the claim and to make a good start on its implementation.

● (1622)

The Yukon Indians presented their paper, "Together Today for our Children Tomorrow", five years ago today. Three years ago the government made an initial offer for the settlement of the claim. A sustained set of negotiation meetings was held during the course of 1977, and by the end of the year there was agreement on both sides that an agreement in principle should be attainable by the spring of 1978.

In the past few weeks the Yukon Indian leaders have informed us that they wish to reassess and consolidate their position, and that they intend to present a new and comprehensive statement of their claim before the end of March, 1978.

I fully recognize that northern claims, including the one in the Yukon, have to do with more than land and cash, important though these may be. The claims reflect the legitimate desire of native people to establish for themselves a more effective role in northern society and northern institutions; they are an attempt by people who have been virtually powerless to gain effective control of their lives. The federal government is in full sympathy with these aspirations.

The government has made clear its willingness to consider modifying existing institutions and systems, and to develop with native people ways of providing special protection for