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Consistent with its approach to financing arrangements, the federal Government has made extensive progress in transferring specific programs to the territorial Governments. The transfer of the Northern Canada Power Commission to the Yukon was completed within the established target date of April 1 of this year. Discussions have also been approved with the Northwest Territories concerning the transfer of the NCPC. Responsibility for forest management in the Northwest Territories has also been transferred involving the transfer of about \$24 million to the territorial Government from the Department of Indian Affairs and Northern Development.

Nursing stations on Baffin Island were transferred to the Territories and similar transfers in the Keewatin, Central Arctic and Mackenzie regions are scheduled to occur early next year. Considerable progress has also been made in discussions concerning the transfer of health services in the Yukon. Discussions are also under way between the Yukon Government and the Department of Fisheries and Oceans on the transfer of responsibility for the management of inland fisheries.

The timing, conditions and nature of such transfers are developed together with territorial Governments and reflect territorial priorities. At the same time, such transfers must take account of the particular concerns of aboriginal groups, especially insofar as such transfers may affect land claims matters. Consultation with aboriginal groups is thus an important requirement in the transfer or devolution process and is fully supported by the federal Government.

The settlement of claims arising from aboriginal title in the Northwest Territories and Yukon is intimately linked to the processes of northern political development. By establishing certainty in relation to the ownership of land and resources, the settlement of comprehensive land claims will create a more favourable climate for investment and development, thus strengthening the economic basis which must provide the foundation for political development and self-government.

Further, the development of a constitutional framework through which aboriginal groups can participate in the management of wildlife and secure a say in environmental management more generally requires the participation of territorial Governments to arrive at arrangements for the participation of claimant groups in institutions of public Government. Thus, one of the greatest challenges for the federal Government, the territorial Governments and claimant groups in the north is the development of institutions and structures of public administration that accommodate the interests of aboriginal people, are accountable to the Legislative Assembly of the Territory and are responsive to the needs of all northerners.

Settlement of comprehensive land claims is a personal priority of the Minister of Indian Affairs and Northern Development (Mr. McKnight) and of the Government. In this regard, last year the Minister secured the approval of Cabinet for a revised comprehensive land claims policy that took

account of many of the concerns over the old policy voiced by aboriginal groups.

Under the revised policy, the old practice of extinguishing in a blanket fashion all aboriginal rights, titles and interests is discontinued. The scope of comprehensive land claims negotiations includes a broader range of self-government matters. There is clear recognition of the aboriginal interest in marine areas, a matter of great concern to the Inuit in particular. Resource revenue-sharing arrangements may be negotiated to provide to claims a percentage of the federal Government's share of resource revenues. The revised policy will, together with other steps taken for the better management of the negotiating process, greatly facilitate comprehensive claims negotiations. We may expect some real progress in northern comprehensive claims over the next two years.

Of course, aboriginal people have insisted that for their aspirations to be fully met, there must be the negotiation of new political arrangements as well as the settlement of their interests in lands and resources. The process of claims settlement and of northern political development are thus intimately related.

In this regard, the Inuit of the central and eastern Arctic have for the past several years advocated the division of the Northwest Territories to create a new eastern territory, Nunavut, in recognition of its distinct linguistic, cultural, geographic and economic status. A plebiscite conducted by the territorial Government in 1982 showed an over-all level of support of 56 per cent of residents of the Northwest Territories for the division of the Territories with the support for this division especially strong in the Inuit communities.

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The Legislative Assembly of the N.W.T. subsequently set up a constitutional alliance, which is organized in two forums—the Nunavut Constitutional Forum and the Western Constitutional Forum—with participation by aboriginal organizations. In February of 1985, the then Minister of Indian Affairs and Northern Development affirmed his support for division, provided that a territorial consensus could be developed on the issues of a boundary, the location of administrative centres and the distribution of powers between local, regional and territorial levels of Government. To assist in the development of this consensus, the Government provided \$4.4 million to the constitutional alliance. A great deal of progress has been made by the two forums that make up the alliance, culminating in the negotiation of a "boundary and constitutional agreement for the implementation of division of the Northwest Territories", signed in Iqaluit on January 15 of this year.

There has been some disappointment that the failure to resolve some claims-related matters related to the boundary proposed in the Iqaluit Agreement has not led to the referendum on division anticipated for the spring of this year. There have also been suggestions the federal Government should intervene directly to settle this matter. But it is northerners