

Northern Canada Power Commission Yukon Assets Disposal Authorization Act

The disposal of the NCPC assets from Canada to Yukon symbolizes another small step in terms of devolution of powers from the federal sector to Yukon, in this case, and in the case of forestry, to NWT. As other Members including the Minister have said, I hope the day is not too far away when Yukon will provide for management and protection of forests and there will be a devolution of control over power production to all of NWT.

The Northern Canada Power Commission was set up in 1948 in the NWT and Yukon basically to provide power to the mines that were opening at that time. Eighty per cent of the power produced in the Yukon is hydro electric from four main hydro stations and 20 per cent is from diesel from five diesel generation stations. Some other power is provided by Yukon Electric, a privately owned Alberta power corporation. It mainly distributes power but also has control of the systems in Watson Lake and Old Crow.

The annual report deals with a number of things but other Members have touched upon it and I will not go into it in any detail. I want to deal with the recommendations from the 1982 standing committee which did the real groundwork to set this transfer in motion. The matter was picked up by the previous Minister responsible for northern development and very effectively continued by the present Minister, and with the new Government of Yukon, including the initialling of the original MOU by Piers McDonald.

● (1700)

The proposed writing off or writing down of the debt is the key to making this proposal operational. After its hearings in 1983-84, the National Energy Board recommended in 1985, principally for fiscal reasons, that NCPC remain as one unit. I believe a rather imaginative approach has been taken to deal with the matter of power. The mine at Faro uses about 45 per cent of the gigawatt hours produced in Yukon. The viability of the system hinges on the amount of power produced and the amount produced per kilowatt hour.

The interest payments in relation to the \$40 million flexible bond is really the key in that entire area. Presently, 394 gigawatt hours are produced. When production goes below 310 gigawatt hours, an interest rate formula kicks in. Once it is down to 200 gigawatt hours of production, all interest payments are forgiven below that point and the principal is frozen. It is a very imaginative way of dealing with that part of the interest payments.

We all know and are too often saddened to see that the mines not only in Yukon and Northwest Territories but in my area of northwestern British Columbia tend to be cyclical in relation to world mineral markets. I think we are all waiting to see what happens with the Red Dog mine in Alaska and what may well happen in relation to Cyprus Anvil.

I addressed the question of liability in relation to Bill C-43. We are now dealing with Bill C-45 and have skipped Bill C-44, that great nightmare for Canada's Parliament. Again, I take

the opportunity to flag it for Ministers who are here and for the Government and Prime Minister (Mr. Mulroney), in reminding them that the Turner matter must be dealt with.

I have pursued this with officials before coming to speak today. I am absolutely assured that there are no major suits pending or hidden and that the liabilities are presently carried until the proclamation of this Bill on April 1 by the federal Government. The liabilities then will be carried by the new owner on April 1, which is effectively the Government of Yukon.

Various exploratory studies have been conducted on ways of preserving power, improving conservation and so on. In Yukon, although the majority of power is produced through hydro turbines, the Yukon Government will now have an opportunity to study seriously such things as coal, wood waste, wind and particularly conservation. Governments and electrical companies, particularly north of 60, must carefully consider conservation in order to make the best use of that high cost power.

Now that this has been transferred to the Government of Yukon, I am sure no future Yukon Government would ever consider placing a dam on, at, near or around Atlin Lake, the largest lake in British Columbia, which happens to be in my constituency. For some time, the Northern Canada Power Commission has been looking at it as an opportunity for more power. I am sure the Minister, the Member for Cochrane-Superior (Mr. Penner) and I will mount a massive battle in Parliament to stop anyone with NCPC—

Mr. Nickerson: So long as you don't go after Liard.

Mr. Fulton: My friend, the Hon. Member for Western Arctic (Mr. Nickerson), says as long as the Liard is not dammed. We are certainly on the same wavelength about damming some of these vital northern water systems.

The employees of the NCPC are principally members of the Public Service Alliance of Canada. The process has begun for them to become members of the Yukon Electric Employees Association. I am advised that PSAC certification ends on March 31, which is a coincidence, and that the certification will then move to Yukon Electric Employees Association on April 1. There has not been a great deal of concern about this.

Let me point out some of the benefits for Yukoners. The concept is good, in terms of devolution. Furthermore, there will be a power rate freeze for at least two years and there will be local control over rates, subsidies, equalization and services. There will be local control over decisions to proceed with capital projects and to use the territorial electrical system to stimulate greater economic development and diversification in Yukon.

There is job security for present employees of NCPC. Another benefit is the reduction of the leakage of funds from the territory for head office charges and so on. There is full equity financing of NCPC-based assets, and the establishment of the flexible debt terms, to which I referred in relation to the largest bond instrument in this proposal. There are reduced