

and further financial arrangements we intend to conclude with the Foothills company.

Under the latter arrangement, the Yukon government will be able to draw on an advance payment from the company against future tax liabilities of up to \$200 million between 1978 and 1982 to provide any additional funds that it may require to meet socioeconomic costs resulting from construction of the pipeline in the Territory. At the same time, however, it will also be open to the Yukon government to borrow from other sources if it considers it more financially advantageous to do so.

Under the terms of the Canada-U.S. agreement Foothills will be required to pay \$35 million in Yukon property taxes prior to the completion of the line by the target date at the end of 1982. After the system goes into operation, it will be required to pay annual property taxes of \$30 million, which would be escalated annually by the increase in the gross national product price deflator. Even if the Yukon government borrowed all of the \$200 million to meet added socioeconomic costs, which seems unlikely, it is estimated that the proposed tax system would still yield more than \$1 billion in net revenue after amortization of principal and interest over the 25-year economic life of the system. That is substantially more than was proposed either by the National Energy Board or the Lysyk inquiry. The result will obviously significantly strengthen the financial position of the Yukon government.

A further long term benefit would be derived by the people of the Yukon from the amount of up to \$5 million that the company will be required to put up to build lateral lines for the distribution of gas to communities along the pipeline route at the Alberta border price.

I want to comment now on another important element of the pipeline project, the timing of construction.

Under the Canada-U.S. agreement, both governments are committed to do everything reasonably possible to ensure the expeditious construction and operation of the pipeline. The timetable established in the agreement provides that the laying of pipe will not begin in the Yukon until January 1, 1981. This starting date, which is just seven months earlier than that proposed by the Lysyk inquiry but later than planned by the company, will enable advantage to be taken of a construction period that is critical for achievement of the completion timetable established in the bilateral agreement. In our judgment this period of nearly three years will still provide time which the members of that inquiry properly considered necessary to allow for a settlement of Yukon Indian land claims and the fair start on the implementation of that agreement. In addition, it will provide ample time for the completion of further studies required to minimize the environmental impact of pipeline construction.

The Lysyk report considered that good progress had been made in moving toward final agreement on a settlement and concluded that deferral of construction of the Yukon pipeline until 1981 would provide the time necessary to complete the process and make a start on implementation of the agreement so that Yukon Indians would be in a favourable position to

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realize the benefits offered by the pipeline project. For our part, we in the federal government will bend every effort to arrive at a fair and just settlement of these claims just as quickly as is reasonably possible. At the same time, however, we remain firmly committed to our obligation to ensure the expeditious construction and operation of the pipeline system in accordance with the timetable laid down in the agreement with the United States.

Against this background, Mr. Speaker, I should like to speak more specifically about the terms of the bill itself.

The central provision of the legislation is that of providing for the establishment of a northern pipeline agency. Working in close conjunction with the National Energy Board, this agency would provide a central regulatory authority or window for the exercise of all federal responsibilities related to planning, monitoring, and controlling the system throughout Canada.

Under the bill the governor in council will be authorized to transfer federal powers now exercised by various departments to the agency to the extent they are required for the purpose of the pipeline in order to maintain central control over the project. This might include the authority to issue land use permits under the Territorial Lands Act for pipeline related activities, for example, or powers under the Fisheries Act for the control of project developments that could affect fish habitats. In addition, the legislation provides for the amendment of a number of other relevant statutes in order to expedite and facilitate the project.

The agency itself will be responsible to a designated minister in the same way as any government department. Acting under authority delegated by the minister is a commissioner who would serve as deputy head of the agency in Ottawa and have prime responsibility for advising the minister on matters of policy.

An administrator will be appointed to assume responsibility for day to day operations of the agency's office in Calgary, which is also the headquarters of the Foothills' parent company.

To provide for close co-ordination with the National Energy Board a member of the board is to be appointed to the agency as the designated officer, serving either as the administrator or a deputy administrator. Under the powers delegated to him by the National Energy Board, the designated officer will have the authority, subject to the concurrence of the responsible minister, to exercise a broad range of powers provided for under the National Energy Board Act. These include approval of detailed pipeline designs, routing and specifications; approval of certain proposed contracts, and the issuance of guidelines, orders, and directives with regard to detailed terms and conditions that must be complied with by Foothills.

Certain responsibilities that bear on the long term operation of the pipeline will continue to be exercised by the Board itself. These include the power to approve, in conjunction with the minister, Foothills financing plans, to make orders with respect to traffic tolls and tariffs, and to grant leave to open the