



NORTHWEST TERRITORIES LEGISLATIVE ASSEMBLY

3rd Session

Day 12

14th Assembly

HANSARD

Thursday, July 6, 2000

Pages 533 – 596

The Honourable Tony Whitford, Speaker

TABLE OF CONTENTS

PRAYER.....	533
MINISTERS' STATEMENTS.....	533
15-14(3): AKAITCHO POLITICAL ACCORD (ANTOINE)	533
16-14(3): NWT STUDENTS SUCCESSFUL AT NATIONAL SKILLS COMPETITION IN QUEBEC CITY (OOTES)	533
MEMBERS' STATEMENTS.....	534
BHP EMPLOYMENT ACHIEVEMENTS (LEE)	534
IMPACT OF LUTSELK'É FOREST FIRE(NITAH)	534
POTENTIAL IMPACT OF GLOBAL BOYCOTT ON SIERRA LEONE DIAMONDS (DENT)	534
ATTRACTING THE OIL AND GAS INDUSTRY (KRUTKO)	535
TRANSPORTATION EMPLOYEE'S VACATION TRAVEL ASSISTANCE CLAIM (ROLAND)	535
TRIBUTE TO CBC REPORTER, DAVE MILLER (BRADEN)	536
EVOLUTION OF POLITICAL STRUCTURES IN THE NORTHWEST TERRITORIES (MILTENBERGER).....	536
CARING FOR AN AGING POPULATION (LAFFERTY)	537
SUCCESSFUL SEARCH FOR ERNEST TAMBOUR (MCLEOD)	537
NEED FOR A PUBLIC SERVICE COMMISSION (BELL)	537
RECOGNIZING THE PASSING OF MIKE PIRO (HANDLEY).....	538
ANNIVERSARIES OF NORTHERN GAMES AND GREAT NORTHERN ARTS FESTIVAL IN INUVIK (ALLEN)	538
SUSPENSION OF CANADA DAY CELEBRATIONS IN TUKTOYAKTUK (STEEN).....	539
RECOGNITION OF VISITORS IN THE GALLERY	539
ORAL QUESTIONS.....	539
WRITTEN QUESTIONS.....	550
RETURNS TO WRITTEN QUESTIONS.....	551
TABLING OF DOCUMENTS	551
CONSIDERATION IN COMMITTEE OF THE WHOLE OF BILLS AND OTHER MATTERS.....	551
REPORT OF COMMITTEE OF THE WHOLE.....	596
ORDERS OF THE DAY	596

YELLOWKNIFE, NORTHWEST TERRITORIES

THURSDAY, JULY 6, 2000

MEMBERS PRESENT

Honourable Roger Allen, Honourable Jim Antoine, Mr. Bell, Mr. Braden, Mr. Delorey, Mr. Dent, Honourable Jane Groenewegen, Honourable Joe Handley, Honourable Stephen Kakfwi, Mr. Krutko, Mr. Lafferty, Ms. Lee, Mr. McLeod, Mr. Miltenberger, Mr. Nitah, Honourable Jake Ootes, Mr. Roland, Honourable Vince Steen, Honourable Tony Whitford.

ITEM 1: PRAYER

-- Prayer

SPEAKER (Hon. Tony Whitford): Good morning, everyone. Item 2, Ministers' statements. The honourable Minister responsible for Aboriginal Affairs, Mr. Antoine.

ITEM 2: MINISTERS' STATEMENTS

Minister's Statement 15-14(3): Akaitcho Political Accord

HON. JIM ANTOINE: Mahsi, Mr. Speaker. Mr. Speaker, I am pleased to announce that on June 13th, the Government of the Northwest Territories and the Akaitcho Dene First Nations signed a political accord in Lutselk'e.

Mr. Speaker, this political accord marks the beginning of a new inter-governmental relationship between the GNWT and the Akaitcho Dene First Nations. The political accord is an important first step in building recognition and respect between both governments. As importantly, the two governments have agreed to work together in order to address important territorial-wide issues that are key to improving the economic and social well being of our residents.

Mr. Speaker, the 14th Legislative Assembly, in developing its strategic framework for the future, Towards a Better Tomorrow, committed to building and enhancing its inter-governmental relationships with aboriginal governments by fostering mutually respectful and cooperative partnerships. The political accord with the Akaitcho Dene First Nation fully supports this commitment.

Mr. Speaker, the political accord commits both governments to work together in partnership on issues that affect the Akaitcho Territory and the NWT as a whole.

Mr. Speaker, two of the specific objectives of the political accord that both governments have agreed to work in partnership on are:

- increasing the capacity of the Akaitcho Dene First Nations in preparation for the implementation of self-government pursuant to the Akaitcho Agreement; and
- the consideration of possible partnership arrangements in the area of natural

resources and the sharing of resource revenues.

Mr. Speaker, it is only through open and regular dialogue with aboriginal governments and through vehicles like this political accord and the intergovernmental forum that we can, in partnership, develop a common vision for our Territory, make progress on the many challenges that face our people and take advantage of the economic opportunities in our own backyard.

Mr. Speaker, at the appropriate time today, I will table the political accord between the Akaitcho Dene First Nations and the GNWT. Mahsi, Mr. Speaker.

-- Applause

MR. SPEAKER: Mahsi, Mr. Antoine. Item 2, Ministers' statements. The honourable Minister responsible for Education, Culture and Employment, Mr. Ootes.

Minister's Statement 16-14(3): NWT Students Successful at National Skills Competition in Quebec City

HON. JAKE OOTES: Thank you, Mr. Speaker. Mr. Speaker, today I would like to speak about our successful partnership with Skills Canada, a non-profit organization of business, government, labour and educational leaders who join forces to develop skilled trades and technology workers.

Skills Canada recognizes the need for young people to find out as early as high school about the opportunities available to them in trades and technology. The program goes beyond simply providing information by giving students hands-on experience in fields of interest to them. It also allows prospective employers an opportunity to participate in evaluating performance and to provide feedback that will ensure training programs meet the real needs of employers.

The success of the organization is evident, in the winning results awarded Team NWT-Nunavut at the 36th World Skills Competition in Quebec City in June. The national competition included 400 competitors in 39 events. Mr. Speaker, in the face of all that competition, our team brought home three bronze medals and a silver medal.

-- Applause

Congratulations to silver medal winners Kelly Laing-Dixon and Brie-Anne Jefferson of Yellowknife. Congratulations also to bronze medal winners Calvin Korchinis, Gord Stephenson and Ryan Byrne, also of Yellowknife.

Mr. Speaker, the Skills Canada partnership provides benefits to each of the secondary and post-secondary students who competed in local skills competitions in Fort Smith and Yellowknife, as well as those who participated in the national competition. NWT employers will reap the benefits of a program

that provides young people an opportunity to try their hand at an occupation that may benefit both them and the NWT in the future.

I am sure you will agree we have much to be proud of, Mr. Speaker. I would ask that my colleagues in the Legislative Assembly join me in applauding the achievements of those students who participated in the Skills Canada competition. Thank you, Mr. Speaker.

-- Applause

MR. SPEAKER: Thank you, Mr. Ootes. Item 2, Ministers' statements. Item 3, Members' statements. The honourable Member for Range Lake, Ms. Lee.

ITEM 3: MEMBERS' STATEMENTS

Member's Statement on BHP Employment Achievements

MS. LEE: Thank you, Mr. Speaker. On the eve of the last day of this Session, I would like to take a few minutes to express my appreciation for the significant role the diamond companies are playing in the North.

Mr. Speaker, there are some members of the public who believe that most of the diamond mine employees do not live in the Northwest Territories. This is not true. I recently attended a public information session held by BHP and learned that as of June 1, 2000, the company employs 440 Northerners, which constitutes 77 percent of their total workforce. Of that, 42 percent are northern aboriginals. As many as 272, or 62 percent, reside in the city of Yellowknife. As well, Mr. Speaker, this year the company has hired 35 summer students, 20 of whom are northern aboriginals, and 13 are northern non-aboriginals.

Mr. Speaker, I am aware that they are here doing what they do because it is profitable. Regardless, I want to say emphatically that we appreciate every single job they create and every single dollar they spend in the North.

I must also say, Mr. Speaker, a good many of the diamond company employees live in my riding of Range Lake, not only employees of BHP, but also of Diavik and Winspear. I know that it is very important to them that we, as a government and as a people, recognize and appreciate the positive contribution they are making to our economy and our social fabric, as the mining industry in general has done over the many decades of history in the North.

This tremendous growth in jobs came at a very opportune time, Mr. Speaker, especially for our city. Perhaps this is why it has not been as noticeable. It absolutely softened the blow of job losses as a result of the Giant Mine shutdown. For that, I am ever so thankful to the industry for enabling us to move from a gold city to the diamond capital of North America with relatively little pain.

I would also like to recognize BHP, Diavik and Winspear for the countless financial sponsorships they provide to an array of community supporting events in

the city and in small communities around the city. I think we will be hard-pressed to attend any major event these days where one or all of these companies are not the major sponsors.

Mr. Speaker, I am aware that as I speak, all three diamond companies are currently navigating through the uncharted waters of our environmental regulatory process, ever so patiently and quietly. I want to express my support and encouragement to their efforts on behalf of the people of my riding. Thank you, Mr. Speaker.

-- Applause

MR. SPEAKER: Thank you, Ms. Lee. Item 3, Members' statements. The honourable Member for Tu Nedhe, Mr. Nitah.

Member's Statement on Impact of Lutselk'e Forest Fire

MR. NITAH: Mahsi, Mr. Speaker. Mr. Speaker, I want to speak about a disturbing fire that is burning 25 kilometres from the community of Lutselk'e. The fire is very close to the community. So far, more than 10,000 hectares have burned around Murphy Lake. The community wanted it fought sooner, but a decision was made only after the fire grew out of control.

Mr. Speaker, forestry says the fire has not grown since they started fighting it, but it is still burning. They say there should be no problems with the control lines if they get some rain. They have to wait for rain. This fire affects the trapping lines, caribou that eat the vegetation in the area, and many other wild animals people depend on.

With the price of fuel these days, people cannot afford to go too far from their communities to hunt. I will be asking the Minister responsible certain questions in question period. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Nitah. Item 3, Members' statements. The honourable Member for Frame Lake, Mr. Dent.

Member's Statement on Potential Impact of Global Boycott on Sierra Leone Diamonds

MR. DENT: Thank you, Mr. Speaker. Mr. Speaker, the UN Security Council just passed a resolution calling for a global boycott on diamonds from Sierra Leone. In June in the Edmonton Journal, there were a couple of editorials on diamonds, one calling for an international boycott of diamonds. Not only those from Sierra Leone, but all diamonds since it is so difficult to tell where diamonds have come from.

Mr. Speaker, unless we do something, there is a danger that Canadian diamonds could become part of a boycott because of the growing demand that something be done to stop the flow of so-called conflict diamonds that fuel the violence in Africa. Let us not forget what impact the fur boycott had on the northern economy and our residents. We cannot be complacent on this issue.

Mr. Speaker, we have an important stake in having a system set up that would prove to the consumer that their diamond is from Canada, and not one from Sierra Leone that has been slipped into the mix. An international system would be best, but there is so much at risk for our economy that we cannot wait for that to be set up.

We should recognize, Mr. Speaker, that our responsibility also goes beyond economics. We have a responsibility to the innocent victims of the brutal warlords in African countries like Angola, the Congo and Sierra Leone. The only way to hurt these criminals is to stop the flow of diamonds from these countries. The only way to do that without a worldwide boycott is to have some way to prove that diamonds being sold to the public are not conflict diamonds.

Mr. Speaker, I know the GNWT has had a preliminary look at a process that will allow certification of Canadian diamonds which would audit a chain of custody to prove that a diamond comes from the Northwest Territories. I believe the government should accelerate its efforts to bring such a system into play. We need to involve players like the Diamond High Council and the mining companies to develop a certification process for rough diamonds that will lead to the highest level of confidence among consumers to stave off a worldwide boycott of diamonds.

Mr. Speaker, we have the highest quality diamonds coming out of the ground in the Northwest Territories. Now we need to be able to demonstrate to the world that we are doing our part to save lives in Africa and to protect our diamond economy by developing a reputable certification process to prove to the buying public that their diamond comes from the Northwest Territories. Thank you, Mr. Speaker.

-- Applause

MR. SPEAKER: Thank you, Mr. Dent. Item 3, Members' statements. The honourable Member for Mackenzie Delta, Mr. Krutko.

Member's Statement on Attracting the Oil and Gas Industry

MR. KRUTKO: Mr. Speaker, at the aboriginal leaders meeting, which was held in Fort Simpson with the oil and gas industry, they came up with an understanding to look at ownership of 51 percent of the proposed Mackenzie Valley pipeline. This is good news. Also, realizing the importance of the oil and gas industry to the Northwest Territories, ensuring that we do not lose sight that we have to continue to lobby industry, making sure that the political environment of the North is stable, and also ensuring that we have a skilled labour workforce. And that we develop a mechanism in infrastructure in the Northwest Territories to be able to take on these developments.

Just a couple of days ago, the Premier of the Yukon was in Calgary to host a luncheon with the oil and gas industry, to meet the industry and promote oil and gas in the Yukon. In light of what the Yukon is doing to lobby the oil industry in Calgary, I would like to ask this government to ensure that we, as a government, continue the lobbying efforts, working along with the aboriginal First Nations and the people of the North to ensure that we do not lose sight of the opportunities we have in front of us.

I, for one, know what it is like to see the boom bust era of the oil and gas industries. During the 1970s and

1980s, the Beaufort Sea area was full of excitement and it looked like there was going to be an industry there forever and a day, but it came and went. It has been a long wait, almost 20 years, to see the industry come back.

I think as a government, we have to do more to ensure that we take advantage of this industry and we do not take for granted that we are the only place in Canada, or in the Northwest Territories. The Yukon is also competing for the same competitors, in regards to the oil and gas industry. Trying to promote their lands, trying to entice a pipeline through the Yukon, through the Dempster corridor, and also down the Alaska Highway.

So I would like to encourage this government to ensure that they do everything they can to continue the lobbying efforts that we have done to date, and that we make more attempts to sit down with industry, answer the questions that are out there, especially regarding the regulatory process, ensuring we have a skilled workforce....

MR. SPEAKER: Mr. Krutko, your time has ended for your Members' statement.

MR. KRUTKO: Thank you, Mr. Speaker. I seek unanimous consent to conclude my statement.

MR. SPEAKER: The Member is seeking unanimous consent to conclude his statement. Are there any nays? There are no nays, Mr. Krutko, you may continue.

MR. KRUTKO: Thank you, Mr. Speaker. It is important that industry know that we have the tools to take on such a venture, that we have developed the infrastructure that is going to be needed to take on such a project. To ensure, as a government, that we will be able to serve the industry, the people that will be coming forth to do the work and also the communities that will be impacted by these developments, because we are talking a large scale development here.

With that, Mr. Speaker, I will be asking the Premier some questions on this matter. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Krutko. Item 3, Members' statements. The honourable Member for Inuvik Boot Lakes, Mr. Roland.

Member's Statement on Transportation Employee's Vacation Travel Assistance Claim

MR. ROLAND: Thank you, Mr. Speaker. Mr. Speaker, I have been working on an issue that is of grave concern to the constituents in my community, one family in particular. I have worked on the issue with Mr. Handley to try to come to a suitable solution, but the doors seem to be closing at every avenue that is taken.

This family, Mr. Speaker, is going to be homeless, come Sunday, partly due to some of the actions of this government, partly to do with actions of a bank and the people they were renting their home from. The short of this, Mr. Speaker, was they tried to work out a solution, because he is an employee of the government, with the Department of Transportation. He tried to work out a solution from within and they had advised us that things seemed to be proceeding okay.

Based on that, they told their renters in their home in Alberta to vacate the premises, because their family would be moving down. The individual would stay up and work. That was closed. Now they have no renters, they have a mortgage and they will be out of a place in Inuvik. A family of four children, plus a mother and a father.

So the avenues seem to be closed. The only avenue that seems to be left, that might be something that can help cure this and fix it, would be the fact that the Transportation employees across the Territories, when transferred from the federal government to the Government of the NWT, had VTAs as part of their transfer. The government of the day cancelled all VTAs so that dropped. They fought that and I believe they have won in arbitration, but now they are waiting for a payout, Mr. Speaker. This payout can save this family from being homeless come this weekend.

I just received a note from the Finance Minister, saying that it is being worked on, but I will have questions for him later because this is a grave concern. Unfortunately, this family was given enough information at the time to make them believe that it was a possible thing that it could be agreed to. Within three days now, they were notified that it is not going to happen. Now they are in a panic situation. The family is in great stress, worried about what to do, and trying to find another location.

With that, Mr. Speaker, I will be questioning the Minister responsible for the Financial Management Board Secretariat on this issue, because it goes back to the accountability of the Financial Administration Act. Thank you.

MR. SPEAKER: Thank you, Mr. Roland. Item 3, Members' statements. The honourable Member for Great Slave, Mr. Braden.

Member's Statement on Tribute to CBC Reporter, Dave Miller

MR. BRADEN: Thank you, Mr. Speaker. The other day there were a few laughs, accent on the word few, when I referred to my illustrious days as a reporter. Today, I would like to acknowledge the role of the fourth estate here in the Northwest Territories, and for this Assembly.

Our relationship with the media, Mr. Speaker, tends to be one of mutual and wary respect. Most days we like each other, some days, well, we might like each other a little less. The media is one of the avenues of communication for us, and indeed, a free and unrestrictive press is one of the most cherished foundations of any democracy.

The North has been a stepping stone for many reporters, Mr. Speaker. Today, I would like to recognize the achievements of another northern scribe, and no stranger to these halls, CBC's Dave Miller.

After studying economics and environmental design and architecture, Dave joined News/North for several years, then served with CBC Radio in Hay River. He got a taste of government life when he served as an

assistant to this government's first elected leader, George Braden, with John Monroe, the federal Minister responsible for Northern Affairs and then with the Housing Corporation. He rejoined the CBC in 1985.

Dave's work has been recognized by the Canadian Institute of Mining, Metallurgy and Petroleum; Canadian Science Writer Awards, and a first prize in the Gabriel Awards. This year, Mr. Speaker, he is adding another feather to his hat, the prestigious Southern Fellowship for Journalists at the University of Toronto. The objective of this fellowship is to encourage improvement in journalism by offering an opportunity to broaden their horizons through study in the university setting.

He is one of five recipients from across Canada this year. This means, Mr. Speaker, that Dave and his family will be moving to Toronto for the year while he goes to school. Now we will have to blame someone else when the CBC gets it wrong.

It is also interesting to note, Mr. Speaker, that outside of on-the-job training, and I believe that is the best kind of training, this will be the first time Dave has gone to school for reporters. I am sure my colleagues will agree that even after 15 years on the job, Dave is showing us that it is never too late to learn.

We congratulate Dave on his fellowship. We look forward to his return next fall, Mr. Speaker, and we wish him and his family all the best in Toronto. Thank you.

-- Applause

MR. SPEAKER: Thank you, Mr. Braden. Item 3, Members' statements. The honourable Member for Thebacha, Mr. Miltenberger.

Member's Statement on Evolution of Political Structures in the Northwest Territories

MR. MILTENBERGER: Thank you, Mr. Speaker. Mr. Speaker, we face a number of great fundamental issues in the Northwest Territories. One of them, we have clearly heard, is the ownership of resources and added revenues. But another equally pressing issue that is very fundamental to the Northwest Territories is the issue of political development.

Mr. Speaker, the political and governance structures in the Northwest Territories continue to evolve. Division has come and gone, there are seven self-government tables currently in action, and as well as a Legislature, we have a sunset motion that makes it incumbent upon us to address, in the life of this Assembly, the role of this Legislature.

Mr. Speaker, the issue is very basic, in my mind. There are two systems of government that we are talking about here: self-government or the aboriginal governments, and the role of the public government. How do the two governments come together?

Mr. Speaker, I have raised this issue repeatedly through the life of the 13th Assembly. I want to raise it again in the 14th Assembly. In my mind, there is a clear role for public government at the territorial level and at the community level, especially in communities like the one I represent, which is a multicultural community. There are Metis members, non-aboriginal members, and Dene members, working and living together. There is a tremendous amount of history and intermarriage. We have to have a system of government that allows aboriginal governments and the public government to come together.

So as we look at these issues, I want to raise the need for a central public government at the territorial and community level. Very clearly, self-government is happening. It is occurring around us. It is a constitutional issue. We have been debating this. We had constitutional issues before us, last time, unresolved, resulting in the sunset clause.

So, Mr. Speaker, it is something that is not just in the purview of this Legislature. It is something that affects every man, woman and child in the Northwest Territories. I know that we can find a way for aboriginal self-government and public government to work together at all levels. Thank you.

-- Applause

MR. SPEAKER: Thank you, Mr. Miltenberger. Item 3, Members' statements. The honourable Member for North Slave, Mr. Lafferty.

Member's Statement on Caring for an Aging Population

MR. LAFFERTY: Thank you, Mr. Speaker. Mr. Speaker, today I would like to highlight a situation that occurs more and more with my constituents which needs to be addressed by the government services. This situation is the aging of our population and the subsequent need for a facility that will provide care for people who are terminally ill.

Right now, there is an elder from Rae who requires around the clock medical care. He is in the Stanton Regional Hospital. People from the outlying communities wish to be near him and must rely on friends in Yellowknife for a place to stay. They also stay in hotels, which quickly gets expensive and, therefore, unaffordable. Alternatively, they have to drive back and forth from Rae. This option is also expensive and inconvenient.

There is a need for long range planning to make sure that there are facilities for long-term care and palliative care for some of the senior constituents of mine in the North Slave region. Thank you, Mr. Speaker.

-- Applause

MR. SPEAKER: Thank you, Mr. Lafferty. Item 3, Members' statements. The honourable Member for Deh Cho, Mr. McLeod.

Member's Statement on Successful Search for Ernest Tambour

MR. MCLEOD: Thank you, Mr. Speaker. Mr. Speaker, I would like to take the time to thank volunteers from the Hay River Reserve. A constituent of mine went missing from the Hay River Reserve last week. On the day that I heard the news, I tried to contact several places on the reserve, including the band office and I could not get a hold of anyone. Everyone was out searching.

Mr. Ernest Tambour went missing from the Judith Fabian Centre on the reserve. This facility provides extended care services to the elderly and the mentally

challenged. A ground, air and water search was conducted by Hay River Royal Canadian Mounted Police; RCMP police dog services from Peace River; Edmonton's RCMP air section; Hay River Coast Guard auxiliary; Hay River Fire Department; the Department of Resources, Wildlife and Economic Development; Evergreen Forest Management; South Mackenzie Correctional Centre, and a number of local area residents.

Mr. Speaker, I am happy to say that Mr. Tambour was found unharmed. He endured six nights alone in the bush. He was taken to the hospital for observation and he suffered only sore feet. Today, he is out of the hospital. He is resting and has been visited by his family and friends, who are grateful for his safe return.

I would like to thank the volunteers who found Ernest and would like to take this opportunity to thank all the rescuers for their continued support in ensuring the safety of the people, and thank the residents who volunteered in the search. Thank you, Mr. Speaker.

-- Applause

MR. SPEAKER: Thank you, Mr. McLeod. Item 3, Members' statements. The honourable Member for Yellowknife South, Mr. Bell.

Member's Statement on Need for a Public Service Commission

MR. BELL: Thank you, Mr. Speaker. Since the Ordinary Members of this House came forward with the unanimous recommendation to urge the government to set up a Public Service Commission, I have had a lot of constituents call me to discuss it, and they were wondering what prompted this.

I think for me, my concerns about personnel issues, I have discussed them in the House before. I have had constituents come to me. One in particular who wanted to grieve a position that she was not included in the competition for but felt, in the end, that it would not be worth it, for fear of reprisal or being blacklisted. That is probably a legitimate concern in some instances.

They were also very concerned about the affirmative action statistics of this government. They just are not getting any better, Mr. Speaker. So we felt it was time to do something. We recommended a Public Service Commission. We have been working on this issue for a little while though, Mr. Speaker, this is not out of the blue. Our Ordinary Members' committee recommended, in April, to the Government House Leader that we do a comprehensive review of this government's human resource function.

Mr. Speaker, he sent our committee a letter. I will just quote from it. He said, "in summary, I do not believe the timing is right for a management audit of human resource management in the government. I suggest we review this idea in about a year's time."

I do not think we were very happy with the response. He also went further to suggest that possibly a working group be established that would take government staff and Ordinary Members' staff, have them review some personnel issues, and get back to us with a report.

Mr. Speaker, to be quite honest, we just feel that we could not represent the public interest effectively that way. We do not have the staff and the resources to do the job on this that it deserves,

so we felt that, basically, any recommendations coming forward from this working group would be government recommendations and we would simply be rubber-stamping them.

Mr. Speaker, I can assure you concerns about personnel have been going on for some time. In the early 1990s, when the department was blown up, we decided to devolve the authority to the community level. Personnel related jobs and functions have been swelling. There are vast numbers of human resource people in government now and we have a smaller government.

In 1989, the SCONE Report, Special Committee on Northern Economy, recommended setting up a Public Service Commission. Yesterday, Mrs. Groenewegen tabled a report on child welfare services, recommending that the comprehensive Northwest Territories human resources development strategy be undertaken in this government. Mr. Speaker, I seek unanimous consent to conclude my statement.

MR. SPEAKER: Thank you, Mr. Bell. The Member for Yellowknife South is seeking unanimous consent to conclude his statement. Are there any nays? There are no nays. You may conclude, Mr. Bell.

MR. BELL: Thank you, Mr. Speaker. This was recognized as an issue in this report. It is not a new concern, Mr. Speaker. I think the Ordinary Members realize that all of the regions in the country except for Nunavut have Public Service Commissions. Our government currently loses one-third of all appeals any time there is a job grievance. Our affirmative action statistics are dismal and are not getting much better. Just in explanation to the public, that is why we felt it was time to take action. We felt we had to do something.

We have recommended a Public Service Commission. Basically, our constituents said to us, "Let us take the politics out of hiring." This was our response. We hope the government will take action. Thank you, Mr. Speaker.

-- Applause

MR. SPEAKER: Thank you, Mr. Bell. Item 3, Members' statements. The honourable Member for Weledeh, Mr. Handley.

Member's Statement on Recognizing the Passing of Mike Piro

HON. JOE HANDLEY: Thank you, Mr. Speaker. Mr. Speaker, today I would like to recognize a well-known member of our community, yet it is with sadness that I deliver this message today. This week, the family members of Mr. Mike Piro mourned the death of their husband, father and grandfather. As well as the family, there are many people in the city of Yellowknife, in the Northwest Territories and elsewhere who have learned of his passing, both with sadness and recollections of their memories of Mike over the more than 50 years he called the North his home.

Mr. Speaker, the contributions of Mr. Piro, his accomplishments and endeavours are almost too numerous to mention, but I will name a few. Mr. Piro was an organizer of the precursor to the Northern Frontier Visitors Association, an organizer of the World Championship Dog Derby, a founding and lifetime member of the Yellowknife Chamber of Commerce. In addition, he was a member of many clubs and organizations, the Rotary, the Legion, the Yellowknife Lions Club, Spirit YK, and the Seniors Society.

Mr. Piro also had many occupations and business interests, from Frame and Perkins, a garage and bus line, to the Prospector, a restaurant and bed and breakfast, where one could recently often find him sitting and enjoying the view.

All of these things would have surely kept a person busy. Mike always found time to fly. Flying was a passion. One of his hobbies was flying to and discovering old mines and artifacts, his goal being not only to locate, but also to preserve these historical sights.

Mr. Piro was surely an interesting and generous man, and the city of Yellowknife was fortunate that he chose here, of all the places he had been, to call home. He will be missed by many. I have asked an old friend of his if he had any special stories or recollections about Mike. He said, "Stories, I have lots. Recollections...what can I say? He was a great guy. A really, really great guy." Thank you, Mr. Speaker.

-- Applause

MR. SPEAKER: Thank you, Mr. Handley. Indeed, the condolences go to the Piro family on their loss. Item 3, Members' statements. The honourable Member for Inuvik Twin Lakes, Mr. Allen.

Member's Statement on Anniversaries of Northern Games and Great Northern Arts Festival in Inuvik

HON. ROGER ALLEN: Thank you, Mr. Speaker. Mr. Speaker, Inuvik is celebrating two major events this summer. The 30th anniversary of the Northern Games and the 12th anniversary of the Great Northern Arts Festival.

The Northern Games are taking place from July 25 through July 30, 2000, in its original birthplace of Inuvik. These games have been part of our community since 1970. The games were headed up by a small group of volunteers who still dedicate their time and efforts every year to make it a success. The founders of the Northern Games include Edward Lennie, Nellie Cournoyea, Billy Day and Reverend Doug Dittrich. The contribution of these outstanding volunteers ensures that the traditional cultures of our people are kept alive.

The events include traditional everyday activities such as muskrat skinning, goose plucking, tea boiling and bannock making. Some of the Arctic sports include the blanket toss, the two-foot high kick, knuckle hop, and the muskox wrestle, amongst other popular events. There is a good-woman and good-man contest. This title is bestowed to the overall male or female winners of all of the events.

The organizing committee is pleased to extend their thanks and appreciation for financial contributions they have received over the years from Heritage Canada, the Governments of the Northwest Territories and Nunavut, as well as numerous corporate contributions from a variety of businesses.

These contributions have allowed the organizers to bring its contingents and special guests from as far away as Labrador, Nunavut and Northern Quebec, Alaska and from the Beaufort Delta region.

Another annual event that takes place in Inuvik is the Great Northern Arts Festival, which is celebrating its 12th anniversary from July 21 through July 30, 2000. This event started in 1989 with co-founders Charlene Alexander and Sue Rose. As a result, the festival has been a major success ever since. The primary purpose of this event is to foster the education and training of northern artists, and to promote northern art and artists worldwide.

This ten-day festival includes a variety of exhibitions, workshops, demonstrations and cultural events. The arts festival is open to all artists from all walks of life, whether professional or amateur. It is the largest gathering of northern artists in Canada. Artists from the Northwest Territories, Nunavut and the Yukon, as well as guests from other parts of Canada continue to participate in this art celebration.

I congratulate both of these special events on their...

MR. SPEAKER: Sorry, Mr. Allen. The time for your Member's statement has expired.

HON. ROGER ALLEN: Mr. Speaker, I seek unanimous consent to conclude my statement.

MR. SPEAKER: Thank you, Mr. Allen. The Member for Inuvik Twin Lakes is seeking unanimous consent to conclude his statement. Are there any nays? There are no nays. You may conclude your statement, Mr. Allen.

HON. ROGER ALLEN: Thank you, Mr. Speaker. I congratulate both of these special events on their anniversaries and all of the people who help make this a success every year. These two special events certainly help promote the town of Inuvik as a prominent tourist destination in the Northwest Territories. Thank you, Mr. Speaker.

-- Applause

MR. SPEAKER: Thank you, Mr. Allen. Item 3, Members' statements. The honourable Member for Nunakput, Mr. Steen.

Member's Statement on Suspension of Canada Day Celebrations in Tuktoyaktuk

HON. VINCE STEEN: Thank you, Mr. Speaker. Good morning, colleagues. Mr. Speaker, on Saturday, July 1, 2000, I returned to Tuktoyaktuk and attended Canada Day celebrations. These activities started at 10:00 a.m., July 1, 2000, but had to be suspended later in the evening due to weather. The wind came up and blew dust and sand all over, then it rained.

Mr. Speaker, the Tuktoyaktuk recreation committee members are very persistent. Canada Day activities continued with the scheduled traditional games being held on the next day, July 2. Again, it rained before

activities could be concluded, and the outdoor games had to be suspended.

Mr. Speaker, the Canada Day committee and the patriotic volunteers and residents of Tuktoyaktuk were bound and determined to complete Canada Day celebrations as planned. I left Tuktoyaktuk on Monday, July 3, 2000, to return to Yellowknife for the Session. However, my constituents inform me that Canada Day activities were finally completed on the evening of Monday, July 3, 2000. Therefore, it could be said that in Tuktoyaktuk, in the land of the midnight sun in the year 2000, Canada Day was 72 hours long. Thank you, Mr. Speaker.

-- Laughter

-- Applause

MR. SPEAKER: Thank you, Mr. Steen. We will have to send an official note to the weatherman. Item 3, Members' statements. Item 4, returns to oral questions. Item 5, recognition of visitors in the gallery. The honourable Member for Weledeh, Mr. Handley.

ITEM 5: RECOGNITION OF VISITORS IN THE GALLERY

HON. JOE HANDLEY: Thank you, Mr. Speaker. Mr. Speaker, I would like to recognize a good friend of mine from Winnipeg, Strinny Reddie, who is in the gallery today, along with his son-in-law Joey, his granddaughter Jasmine, and Romy, a friend from South Africa. I tell you, these people would be very happy to pay a hotel tax to come and visit our beautiful land. Thank you.

-- Laughter

-- Applause

MR. SPEAKER: Thank you, Mr. Handley. Welcome to the Legislative Assembly. Item 5, recognition of visitors in the gallery. Item 6, oral questions. The honourable Member for Frame Lake, Mr. Dent.

ITEM 6: ORAL QUESTIONS

Question 136-14(3): Certification Program for NWT Diamonds

MR. DENT: Thank you, Mr. Speaker. Mr. Speaker, my questions today are to the Minister responsible for the Department of Resources, Wildlife and Economic Development, Mr. Handley. They relate to my statement on diamonds and the UN Security Council resolution that there should be a worldwide boycott on Sierra Leone diamonds.

Mr. Speaker, my first question to the Minister is, what steps has the Government of the Northwest Territories taken to develop a process to certify Northwest Territories diamonds?

MR. SPEAKER: Thank you, Mr. Dent. The honourable Minister responsible for the Department of Resources, Wildlife and Economic Development, Mr. Handley.

Return to Question 136-14(3): Certification Program for NWT Diamonds

HON. JOE HANDLEY: Thank you, Mr. Speaker. Mr. Speaker, we have been working very diligently with the industry on certification of diamonds. We have developed our own certification program. Generally, it seems to have met with acceptance from industry and I expect that we will be implementing it shortly.

As well, Mr. Speaker, we are also working on a program to monitor the trade and exchange of diamonds and the transportation of diamonds in and out of the Territory to make sure the diamonds that are here are truly Canadian Northwest Territories diamonds. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Handley. Supplementary, Mr. Dent.

Supplementary to Question 136-14(3): Certification Program for NWT Diamonds

MR. DENT: Thank you, Mr. Speaker. Mr. Speaker, will the Minister confirm that the process the Government of the Northwest Territories is looking at introducing will include a chain of ownership? In other words, an audit of where the diamonds have come from so we can prove there has been a continuous monitoring of the diamonds and that they are indeed from Canada?

MR. SPEAKER: Thank you, Mr. Dent. The honourable Minister responsible for the Department of Resources, Wildlife and Economic Development, Mr. Handley.

Further Return to Question 136-14(3): Certification Program for NWT Diamonds

HON. JOE HANDLEY: Thank you, Mr. Speaker. Mr. Speaker, yes, the certification program we have and are intending to put in place will certify that the diamonds are actually mined and produced in the Northwest Territories. I must say, Mr. Speaker, that the certification program is voluntary. We cannot force the producers to follow it. If they do not, then their diamonds might be questioned in terms of their origin. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Handley. Supplementary, Mr. Dent.

Supplementary to Question 136-14(3): Certification Program for NWT Diamonds

MR. DENT: Thank you, Mr. Speaker. Mr. Speaker, at the World Diamond Conference later this month, will the Government of the Northwest Territories press other players in the diamond industry to adopt a global certification process?

MR. SPEAKER: Thank you, Mr. Dent. The honourable Minister responsible for the Department of Resources, Wildlife and Economic Development, Mr. Handley.

Further Return to Question 136-14(3): Certification Program for NWT Diamonds

HON. JOE HANDLEY: Thank you, Mr. Speaker. Mr. Speaker, I am not sure what the honourable Member means by a global certification process, but certainly we will, and when I speak at the conference, I intend to underline the importance and the economic benefits from having our own certification program. As well, we will make it very clear that this will differentiate our diamonds from those that are referred to as conflict or blood diamonds. Thank you.

MR. SPEAKER: Thank you, Mr. Handley. Final supplementary, Mr. Dent.

Supplementary to Question 136-14(3): Certification Program for NWT Diamonds

MR. DENT: Thank you, Mr. Speaker. I mean that there has to be a chain of custody globally adopted as one of the standards so that we can prove that diamonds are not conflict diamonds.

Mr. Speaker, the journal's chief editorial writer wrote a column, calling for a global boycott on diamonds. Will the Minister contact her to discuss the importance of the diamond industry to Canada, and our efforts to set up a process for certification?

MR. SPEAKER: Thank you, Mr. Dent. The honourable Minister for the Department of Resources, Wildlife and Economic Development, Mr. Handley.

Further Return to Question 136-14(3): Certification Program for NWT Diamonds

HON. JOE HANDLEY: Mr. Speaker, definitely, we would oppose any move for a global boycott of all diamonds. We are proud of our diamonds. They are important to our economy and we believe that it is a good, viable business, if it is properly monitored and certified.

To answer the question, I have not seen the article but yes, Mr. Speaker, we will contact the writer. Thank you.

MR. SPEAKER: Thank you, Mr. Handley. Item 6, oral questions. The honourable Member for Range Lake, Ms. Lee.

Question 137-14(3): Block Funding Reductions to Tax-Based Municipalities

MS. LEE: Thank you, Mr. Speaker. My question today goes to the Minister responsible for the Department of Municipal and Community Affairs and it is in regard to what happened in the last Session, where the tax-based municipalities had to experience cuts in funding but, moreover, that it was done without any notice to Members or officials.

I know that the Minister made a commitment in Fort Simpson at the Association of Municipalities Annual General Meeting, as well as to the committee. I wonder if the Minister could update us as to what he has done, and how he is planning to address that issue? Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Ms. Lee. The honourable Minister responsible for the Department of Municipal and Community Affairs, Mr. Antoine.

Return to Question 137-14(3): Block Funding Reductions to Tax-Based Municipalities

HON. JIM ANTOINE: Thank you, Mr. Speaker. Mr. Speaker, on June 21st, the senior administration officers of all the tax-based municipalities were invited to Yellowknife to meet with officials in Municipal and Community Affairs to discuss funding municipal financial arrangements, trying to look at different options to do it, and deciding what would be fair and equitable to them.

My understanding is that at the meeting, all of the six tax-based municipalities were there and that it was a very good discussion. There was an agreement that there will be further discussions. In

August, I think there is another meeting set up to continue that discussion.

In the meantime, the deputy minister will be travelling to some of the communities to talk with the director of finance to have a better understanding of how each community is financially. We will be updating the Members here in the House with an official letter as things get more concrete, as the discussions proceed. Thank you.

MR. SPEAKER: Thank you, Mr. Antoine. Supplementary, Ms. Lee.

Supplementary to Question 137-14(3): Block Funding Reductions to Tax-Based Municipalities

MS. LEE: Thank you, Mr. Speaker. I appreciate the Minister's answer but I do not believe that is the question I asked. My question, Mr. Speaker, has to do with the notice, not about formula financing. I understand that is under review.

I think that there was a cut, but the cut was made without notice to the communities or to the Members. Municipalities are suggesting at least a three year notice, but our committee is suggesting a one year notice, which I think is fair. I do believe the basic principle that this government espouses is the principle of partnership, and partnership has to come with respect for other levels of governments. Cutting their major budgets without notice, I think, is contrary to that principle.

I am very interested in knowing where the Minister stands with respect to giving sufficient notice to municipal governments when there are going to be major changes to their funding. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Ms. Lee. The honourable Minister responsible for the Department of Municipal and Community Affairs, Mr. Antoine.

Further Return to Question 137-14(3): Block Funding Reductions to Tax-Based Municipalities

HON. JIM ANTOINE: Thank you, Mr. Speaker. Mr. Speaker, last Thursday during committee of the whole, when the Department of Municipal and Community Affairs was reviewed for about six hours, one of the motions that came out of there was that the committee was to look at a formal way of dealing with the tax-based municipalities when it came to cuts.

We take that motion very seriously and we will be developing a response to that, and see how we can formalize that motion into the process that the Department of Municipal and Community Affairs has with the tax-based municipalities, in terms of notice given to them. Thank you.

MR. SPEAKER: Thank you, Mr. Antoine. Supplementary, Ms. Lee.

Supplementary to Question 137-14(3): Block Funding Reductions to Tax-Based Municipalities

MS. LEE: Thank you, Mr. Speaker. I am fully aware that we dealt with the Department of Municipal and Community Affairs, and every other department, for hours and hours for the last two weeks, but I would like to remind the Minister that this issue came up way back in March. There has been four months in which the Minister should have given this due consideration.

I am still interested in knowing where the Minister stands with respect to giving notice to the municipalities. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Ms. Lee. The honourable Minister responsible for the Department of Municipal and Community Affairs, Mr. Antoine.

Further Return to Question 137-14(3): Block Funding Reductions to Tax-Based Municipalities

HON. JIM ANTOINE: Thank you, Mr. Speaker. Mr. Speaker, in regards to notice of the cuts, and so forth, I just want to go back and say that I am told by the department that the municipal financial review was done with the NWTAM, and the current president was the president during that review and he was very much involved with it.

The review was to look at the tax-based municipalities and their funding arrangement. The funding arrangement is based on a number of different factors, like the operations and maintenance, the capital and so forth. There were implications at that time, because the financial review was not done in time, that it was going to be delayed. The agreement was to roll-over the existing funding that was established in the previous years to allow it to happen for one more year, subject to possible cuts.

I know that the announcement actually came in the House here when I was asked about it. We in the Department of Municipal and Community Affairs are still dealing with how we are going to do it. Perhaps there should be more notice. I said that I will give you more notice, during the committee hearings and in the House. That is what I intend to do. Thank you.

MR. SPEAKER: Thank you, Mr. Antoine. Final supplementary, Ms. Lee.

Supplementary to Question 137-14(3): Block Funding Reductions to Tax-Based Municipalities

MS. LEE: Thank you, Mr. Speaker. I just want to say again that it is not about funding. It is about giving respect to our partners, which the community governments are. I am looking for leadership from all Ministers, in that they are not just waiting for the department to come to them about what the options are, but the Minister is directing his other department.

May I ask the department as to the course of action, and may I have the commitment from the Minister that he will direct the department to find ways to bring in legislation to make sure that there is at least one year of notice? Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Ms. Lee. The honourable Minister responsible for the Department of Municipal and Community Affairs, Mr. Antoine.

Further Return to Question 137-14(3): Block Funding Reductions to Tax-Based Municipalities

HON. JIM ANTOINE: Thank you, Mr. Speaker. Mr. Speaker, yes, we intend to look at the motion that directs the Department of Municipal and Community Affairs to give notice. I agree that the municipal governments are the people at the community level who are providing programs and services to the people who elect them, and we are the funding agency.

I think it is important to keep a good working relationship with them. I think they need plenty of time to adjust their budget. If legislation is required, we will do that. But in the meantime, I have already directed the department that if there are any changes to any type of funding, that I be notified immediately, and the respective communities are notified as soon as possible. So, yes, we will look at the legislation. Thank you.

MR. SPEAKER: Thank you, Mr. Antoine. Item 6, oral questions. The honourable Member for Mackenzie Delta, Mr. Krutko.

Question 138-14(3): Oil and Gas Lobbying Efforts

MR. KRUTKO: Thank you, Mr. Speaker. Mr. Speaker, my question is for the Premier, regarding the television coverage being received by the Yukon Premier in her lobbying effort in Calgary to attract the oil and gas industry to open up the oil and gas areas in the Yukon, the Eton Plains area in the southern part of the Yukon and also pushing for a pipeline down the Dempster corridor.

I know for a fact that we have had several meetings in Calgary and there have been several attempts to meet with industry, but I believe that we have to take it up one notch higher. I believe the Premier should make an effort to continue the lobbying efforts. During the World Petroleum Conference in Calgary, the Premier had other obligations and was not able to meet with industry. There were people within industry who wanted to meet with the Premier and still want to meet with the Premier.

So I would like to ask the Premier, will the Premier be traveling to Calgary in the next short time to meet with industry, to lobby for the people of the Northwest Territories to try to attract the oil and gas industry and the pipeline companies to consider building a pipeline down the valley and opening up oil and gas reserves? Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Krutko. The honourable Premier, Mr. Kakfwi.

Return to Question 138-14(3): Oil and Gas Lobbying Efforts

HON. STEPHEN KAKFWI: Thank you, Mr. Speaker. The World Petroleum Conference in Calgary was a huge event. We did make sure that many of our Ministers and staff were there to take advantage of the opportunities to get our message and agenda out there

to industry. Members should be aware that I have been working for the last two or three years to promote the North as a place for industry to return in pursuit of oil and gas exploration. We are meeting regularly with industry, with oil companies, both in Calgary and here in the Northwest Territories.

It is something that we have worked on relentlessly. I did take, I think, two days off during the time of the World Petroleum Conference as a holiday. I am now ready, as soon as the Session completes, to continue to work with industry to find opportunities to get our message out about our agenda on increasing business with industry, with oil and gas companies, with diamond companies, with promoting the North as a place for tourists to visit, to do that through every possible means we can take advantage of. Thank you.

MR. SPEAKER: Thank you, Mr. Kakfwi. Supplementary, Mr. Krutko.

Supplementary to Question 138-14(3): Oil and Gas Lobbying Efforts

MR. KRUTKO: Thank you, Mr. Speaker. Mr. Speaker, in light of the oil and gas interest, there will be an oil and gas sale lease which will be coming out, I believe, in the middle of August, or early August. So I would like to ask the Premier, can the Premier tell us when he intends to travel to Calgary to continue with these meetings?

MR. SPEAKER: Thank you, Mr. Krutko. The honourable Premier, Mr. Kakfwi.

Further Return to Question 138-14(3): Oil and Gas Lobbying Efforts

HON. STEPHEN KAKFWI: Thank you, Mr. Speaker. We had originally indicated to possibly attending some meetings and discussions with oil and gas companies tomorrow and Saturday. However, because of the uncertainty of how long the Session would continue, we have not made the firm commitments that were required.

So Members should be aware, the intent was to be there tomorrow, but because of the Session and the need to be here to attend to business and Session, we had not made the commitment to attend in Calgary. Thank you.

MR. SPEAKER: Thank you, Mr. Krutko. Supplementary, Mr. Krutko.

Supplementary to Question 138-14(3): Oil and Gas Lobbying Efforts

MR. KRUTKO: Thank you, Mr. Speaker. Mr. Speaker, I would also like to ask the Premier if it is a possibility that Members of the House who will be affected by oil and gas development, will also have an opportunity to work with you, to continue to lobby for their particular regions to ensure that the economic and social conditions are taken into consideration. To try and assist you in your lobbying efforts, because we, as Members affected, would like to be able to partake in these meetings with industry so that we can also promote our different ridings that will be affected by these developments.

So will the Minister consider the possibility of Members who are affected by the oil and gas industry to take part in these meetings?

MR. SPEAKER: Thank you, Mr. Krutko. The honourable Premier, Mr. Kakfwi.

Further Return to Question 138-14(3): Oil and Gas Lobbying Efforts

HON. STEPHEN KAKFWI: Thank you, Mr. Speaker. Yes, we are, as a Cabinet, continuing to be open to that. I believe the message that, as Premier, Ministers and as a Cabinet, we are unveiling on behalf of the people of the Northwest Territories is a message that is supported and continues to be articulated by all Members of this Legislature. Thank you.

MR. SPEAKER: Thank you, Mr. Kakfwi. Final supplementary, Mr. Krutko.

Supplementary to Question 138-14(3): Oil and Gas Lobbying Efforts

MR. KRUTKO: Thank you, Mr. Speaker. Mr. Speaker, the other area that I feel that we have to continue to work side by side in this is with the aboriginal working group that has been formed, to see how they are going to do their work to assist the aboriginal people that directed them to pull together an agreement, to see their participation and what their involvement is going to be in the ownership and development of a pipeline. So I would like to ask the Premier, will you also ensure that those groups are involved and that we work along with them to ensure that we get as much benefit out of the oil and gas industry?

MR. SPEAKER: Thank you, Mr. Krutko. The honourable Premier, Mr. Kakfwi.

Further Return to Question 138-14(3): Oil and Gas Lobbying Efforts

HON. STEPHEN KAKFWI: Thank you, Mr. Speaker. The aboriginal organizations' political leadership have sent a message to industry and to Ottawa, that they are unanimous in their political support of a pipeline down the Mackenzie Valley, and they indicated the conditions. The aboriginal business leaders, following that, have started work and have put together a working group. They now have a mandated working group in place to begin the process to work towards a proposal for a pipeline that would be owned and managed all or in part by a business consortium. Aboriginal leaders will spearhead that.

Members should be aware that when I met with the Prime Minister earlier this year, I had indicated to him this business initiative lead by Nellie Cournoyea, of the Inuvialuit Regional Corporation and Chief Harry Deneron, on behalf of the chiefs and the Metis leaders of the Mackenzie Valley. I had indicated to him at the time that he should be prepared to meet with the leaders should they request a meeting, and I believe they were prepared to do so at the time. So the stage is set for the aboriginal leaders to meet with the Prime Minister at a time and place of mutual convenience. That work has been done.

Of course, all the work that we do with industry and the federal government is shared and the added

information is made available to the aboriginal leaders. Thank you.

MR. SPEAKER: Thank you, Mr. Premier. Item 6, oral questions. the honourable Member for Tu Nedhe, Mr. Nitah.

Question 139-14(3): Forest Fire Near Lutselk'e

MR. NITAH: Mahsi, Mr. Speaker. Mr. Speaker, my question today is for the Minister responsible for Resources, Wildlife and Economic Development. Mr. Speaker, here in Yellowknife we have been inhaling a lot of smoke in the last few days. That smoke is coming from a fire south-east of Lutselk'e near Murphy Lake. From the amount of smoke that we are inhaling in Yellowknife, you can imagine how much smoke there is in Lutselk'e and with knowledge that their traditional territory, hunting and trapping grounds were burning. With the price of food in isolated communities being very high, where you spend up to \$15 for a steak, Mr. Speaker, knowing that your hunting and trapping grounds are burning is not a very good feeling.

The price of fuel in Lutselk'e just went up at the beginning of the year and it will probably go up again in light of all the recent fuel price hikes.

Mr. Speaker the fire was spotted in Lutselk'e on June 28th, and the fire was not actioned until July 3rd, five days later. The fire was 34 miles from the community and it is now 25 km from the community. Who decides to action the fire, Mr. Speaker?

MR. SPEAKER: Thank you, Mr. Nitah. The honourable Minister responsible for Resources, Wildlife and Economic Development, Mr. Handley.

Return to Question 139-14(3): Forest Fire Near Lutselk'e

HON. JOE HANDLEY: Thank you, Mr. Speaker. I understand the frustration of the community given the amount of smoke that it is creating and the fact that it is burning in the caribou area. It is unfortunate that these things happen. On the day that the fire was spotted, I think that it was on the 27th, the fire was relatively small. There were a lot of other fires and extreme conditions right across the southern part of the Northwest Territories. The decision was made, at that time, not to fight the fire. That decision is made by the regional fire people who are responsible for that area.

Since that time the fire has been monitored, and it is true, there was no action taken on the fire besides monitoring it, until July 3rd. Since that time we have continued to have aircraft and crews working on the fire to try to contain it. The fire is presently over 1,600 hectares. It is locked in on the north by an old burn and on the west, I believe, by a number lakes. It is mainly on the south side of the fire that action is being taken today. Thank you.

MR. SPEAKER: Thank you, Minister Handley. Supplementary, Mr. Nitah.

Supplementary to Question 139-14(3): Forest Fire Near Lutselk'e

MR. NITAH: Thank you, Mr. Speaker. The fire, I was told, is now 10,140 hectares, not a little over a thousand. There are six crews fighting it now. Crews from around the lake, as the Minister indicated, there is a bomber and whatnot. It is costing this government big dollars, because it was decided not to take action quickly. Can the Minister ensure that a policy is put in place so that fires are fought once they are within 50 kilometres of a

community? Especially communities that depend on the land for their caribou, for their moose, for all their wild animals and their trapping economies. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Nitah. The honourable Minister responsible for Resources, Wildlife and Economic Development, Mr. Handley.

Further Return to Question 139-14(3): Forest Fire Near Lutselk'e

HON. JOE HANDLEY: Thank you, Mr. Speaker. Yes, I agree with the Member that it is costing us money. It is costing us about \$60,000 a day right now to fight that fire with the aircraft and the crews we have on it.

In terms of a policy to fight all fires within 50 kilometres of a community, that is something we can consider. I think that there are some real problems with us trying to adopt and implement that kind of policy. As we know, on the hot dry days like we have had for the last week, we could have 100 or more fires start up in a region. We have had that happen. We would physically not be able to live up to our policy if we said that we would fight every one of them.

Inevitably, we have to pick and choose which ones we are going to fight and where we are going to keep crews on standby. I think that it would be a policy that would be impossible for us to maintain, because we have had over 100 fires started in any one evening as a lightning storm goes by. We just do not have enough crews for that. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Minister. Supplementary, Mr. Nitah.

Supplementary to Question 139-14(3): Forest Fire Near Lutselk'e

MR. NITAH: Mahsi, Mr. Speaker. The fire was small when it began. The community of Lutselk'e has many, many years of fire fighting experience. I was a fire fighter in that community. I know how to fight fires. A lot of my people know how to fight fires. I think that it should be incumbent this department and this government to go to the communities that know their traditional land to come up with protocol agreements that will set out which fires are to be fought if there were a number of them, so that there are priorities. The decision would be made by the community members, not a regional director who does not understand or know the traditional lands of the people, what area is important to the people. Can the Minister ensure or commit to me today that he will meet with the community of Lutselk'e and come up with a protocol agreement that will set out where and when fires will be fought in and around Lutselk'e? Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Nitah. The honourable Minister responsible for Resources, Wildlife and Economic Development, Mr. Handley.

Further Return to Question 139-14(3): Forest Fire Near Lutselk'e

HON. JOE HANDLEY: Thank you, Mr. Speaker. Certainly I will be willing to meet with the people in Lutselk'e if we can set up a convenient time, I will do it as quickly as I can as soon as we are finished business here.

The department used to have a program whereby we enabled communities. We gave them money to respond to fires within the first 24 hours. They could choose which ones they were going to fight and which ones they were not going to. I would be happy to look at reinstating that kind of program. I agree with the Member the local people know best where the areas at risk are and some of the fire behaviour. So if there is a way of doing that, then I would like to talk to the Member and to the community about it. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Minister Handley. Final supplementary, Mr. Nitah.

Supplementary to Question 139-14(3): Forest Fire Near Lutselk'e

MR. NITAH: Thank you, Mr. Speaker. I am encouraged by that commitment by the Minister and I will arrange a meeting in Lutselk'e as soon as possible, but this should not only be in Lutselk'e. It should be in all communities around the Northwest Territories. Every community understands their traditional territory more so than regional directors. That should be a policy of the territorial government within this department. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you. There was no question there. It was more of a comment. Thank you Mr. Nitah. Item 6, oral questions. The honourable Member for Thebacha, Mr. Miltenberger.

Question 140-14(3): Child Welfare Services Report

MR. MILTENBERGER: Thank you, Mr. Speaker. Mr. Speaker, my question is addressed to the Minister responsible for Health and Social Services. Yesterday she tabled a document entitled It Takes a Community, A Report on Northwest Territories Child Welfare Services. There are three points that I would just like to highlight, Mr. Speaker, if I could.

In summary, the Northwest Territories child welfare services are functioning precariously close to the edge. On the other hand, child welfare services are well positioned to take great strides forward. There is also a state of readiness throughout the Northwest Territories as people are anxious to take charge of their own destiny. Mr. Speaker, there are 58 recommendations under seven key areas. I was wondering if the Minister could elaborate on how she intends to respond to these recommendations. Some are training issues, some are process issues. Many are significant cash issues. Thank you.

MR. SPEAKER: Thank you, Mr. Miltenberger. The honourable Minister responsible for Health and Social Services, Mrs. Groenewegen.

Return to Question 140-14(3): Child Welfare Services Report

HON. JANE GROENEWEGEN: Thank you, Mr. Speaker. Mr. Speaker, I have had a chance to look over the report. Obviously, the department will be formulating an action plan with costing and

looking at the various recommendations, prioritizing them as to which ones are most critical and need to be addressed first. I think the report was very good. It was an excellent investment. This review was not initiated under my tenure as Minister, it was actually initiated by the former Minister, and it is probably one of the best pieces of consultative work and reporting that I have seen during my time in this government. It certainly gives something for our department to sink our teeth into, and for me as a Minister to act upon.

The implementation of the recommendations will be done over a multi-year approach, and we will prioritize recommendations to address the most critical areas first. Thank you.

MR. SPEAKER: Thank you, Madam Minister. Supplementary, Mr. Miltenberger.

Supplementary to Question 140-14(3): Child Welfare Services Report

MR. MILTENBERGER: Thank you, Mr. Speaker. Mr. Speaker, I would like a little more detail from the Minister in terms of the process she has outlined. For example, there is a recommendation for 22 new social workers this year; that is a big money item. Could the Minister indicate whether there will be a plan in place that will be a part of the business plan and process that will take place this fall? Thank you.

MR. SPEAKER: Thank you, Mr. Miltenberger. The honourable Minister responsible for Health and Social Services, Mrs. Groenewegen.

Further Return to Question 140-14(3): Child Welfare Services Report

HON. JANE GROENEWEGEN: Thank you. Yes, there will be evidence of the recommendations of this report in the business plan that is being prepared, and as for things such as the recommendation for increasing the complement of social workers to deal with the case load, as Mr. Miltenberger and everyone in this House knows, we are faced with financial restraints, and this will be phased in on an incremental basis.

Yes, we will be looking at the recommendations, specifically the one that he mentioned of increasing the number of social workers over a period of time. Thank you.

MR. SPEAKER: Thank you, Mrs. Groenewegen. Supplementary, Mr. Miltenberger.

Supplementary to Question 140-14(3): Child Welfare Services Report

MR. MILTENBERGER: Thank you, Mr. Speaker. Mr. Speaker, this is an important piece of work. I was wondering if the Minister could also elaborate on how this report and the recommendations will link into the long awaited forum report; in the Minister's response to the forum with the recommendations they made as a result of their travels across the Northwest Territories? Thank you.

MR. SPEAKER: Thank you, Mr. Miltenberger. The honourable Minister responsible for Health and Social Services, Mrs. Groenewegen.

Further Return to Question 140-14(3): Child Welfare Services Report

HON. JANE GROENEWEGEN: Thank you, Mr. Speaker. Yes, the response to the Minister's Forum on Health will be tabled in the House tomorrow, I believe. There will be sections of that report, input and feedback, which will compliment and coordinate with this particular, more specific report. We will try to ensure that we identify the linkages of that information with our actions that we take as a result of this study. Thank you.

MR. SPEAKER: Thank you, Mrs. Groenewegen. Final supplementary, Mr. Miltenberger.

Supplementary to Question 140-14(3): Child Welfare Services Report

MR. MILTENBERGER: Thank you, Mr. Speaker. Mr. Speaker, a number of these recommendations, as I indicated, relate to process issues. How we do business, how we can improve the existing system by making structural and administrative changes. Those should not take a lot of time. Could the Minister indicate if her staff will be looking at those things that they can address immediately, in addition to the longer term, two to three year phased in issues that she has referenced already? Thank you.

MR. SPEAKER: Thank you, Mr. Miltenberger. The honourable Minister responsible for Health and Social Services, Mrs. Groenewegen.

Further Return to Question 140-14(3): Child Welfare Services Report

HON. JANE GROENEWEGEN: Yes. Thank you, Mr. Speaker. The Member is right. Some of the recommendations that are made will not require any additional significant resources, and some, we can look at right away. Certainly, many of the issues that have been raised are already being addressed and recommendations acted upon. Thank you.

MR. SPEAKER: Thank you, Mrs. Groenewegen. Item 6, oral questions. The honourable Member for Deh Cho, Mr. McLeod.

Question 141-14(3): Land Claim and Self-Government Negotiation Mandates

MR. MCLEOD: Thank you, Mr. Speaker. I would like to pick up along the line of questioning I had with the Minister responsible for Aboriginal Affairs yesterday. In his response to my question, he stated that if negotiations fall within the policies presently in the Ministry of Aboriginal Affairs, there will be no need for Cabinet to be consulted.

I would like to ask the Minister if he could provide me with a copy of the policies from the Ministry's policy manual?

MR. SPEAKER: Thank you, Mr. McLeod. The honourable Minister responsible for Aboriginal Affairs, Mr. Antoine.

Return to Question 141-14(3): Land Claim and Self-Government Negotiation Mandates

HON. JIM ANTOINE: Thank you, Mr. Speaker. Yes, I will provide that information for the honourable Member. Thank you.

MR. SPEAKER: Thank you, Mr. Antoine. Supplementary, Mr. McLeod.

Supplementary to Question 141-14(3): Land Claim and Self-Government Negotiation Mandates

MR. MCLEOD: Thank you. Yesterday, after his statement, we undertook to try to find copies of the policies and it is not on the Internet. Our researchers could not find it. I was wondering if that information could be made public? Thank you.

MR. SPEAKER: Thank you, Mr. McLeod. The honourable Minister responsible for Aboriginal Affairs, Mr. Antoine.

Return to Question 141-14(3): Land Claim and Self-Government Negotiation Mandates

HON. JIM ANTOINE: Thank you, Mr. Speaker. The honourable Member was asking for the guidelines for the negotiators and there are general policies that direct Aboriginal Affairs in being involved in the land claims and self-government negotiations, and they are detailed negotiation instructions to our negotiators.

Those things are confidential and not for the public. The federal negotiators do not share their negotiation instructions and the aboriginal First Nations negotiators do not share their negotiation instructions either. So there are some areas of the policies that are confidential and I do not think that it is there for the Internet or to share with the public. Thank you.

MR. SPEAKER: Thank you, Mr. Antoine. Item 6, oral questions. The honourable Member for Inuvik Boot Lakes, Mr. Roland.

Question 142-14(3): Payment of Outstanding Vacation Travel Assistance

MR. ROLAND: Thank you, Mr. Speaker. Mr. Speaker, as in my Member's statement, I am raising concerns on behalf of a family in my community. This, I believe, goes to the heart of government and how we treat our employees, Mr. Speaker.

Mr. Speaker, yesterday I asked questions about the Financial Administration Act and how this government tends to blend things in from one department to another, or inter-department transfers, but when it comes to dealing with employees, we hold the rules hard and fast.

I know that the Minister responsible for the Financial Management Board Secretariat has worked on this issue along with a couple of the other Ministers, to try to see if some solutions can come out. The only avenue that seems left is in the area, where it comes to employees that were under Transportation and eligible for VTA? When they existed, and were transferred to the Government of the NWT. I am aware that in arbitration, this situation went to arbitration when the government denied that and the government lost on the arbitration. So the only avenue that seems to be left open is if this process is moved along.

My understanding is if the employee shows receipts, actual receipts of the situation, and in some cases, signs statutory declarations, that a payment would be worked on and paid out, and that seems to be the only issue left here.

So I would like to know from the Finance Minister, where does this situation sit when it comes to Transportation employees and the payout? Thank you.

MR. SPEAKER: Thank you, Mr. Roland. The honourable Minister responsible for Finance, Mr. Handley.

Return to Question 142-14(3): Payment of Outstanding Vacation Travel Assistance

HON. JOE HANDLEY: Thank you, Mr. Speaker. I assure the Member that myself and my department certainly take into consideration the family's dilemma and we are sorry that kind of situation happens to people, but we are doing everything we can to try to help. We cannot violate the Financial Administration Act knowingly. We just cannot do that as a government, so we have to live within that Act.

Now, with regard to the employees who were federal employees and who transferred over to the Government of the NWT and were eligible for VTA assistance, that is being looked at as I speak. I will tell you that the family has given our department some receipts, and where we have receipts we are certainly able to take those into account as we determine how much they would be eligible for.

In terms of statutory declarations, the department is working, as we speak, with those as well to try to verify that the claims by the family are true and reasonably accurate. We are looking for anything. It could be just itineraries, boarding passes, anything at all that would verify that their family actually did do some of the traveling that they are claiming.

So we are trying to be compassionate with it and I think the department is working hard to settle this one. Thank you.

MR. SPEAKER: Thank you, Mr. Handley. Supplementary, Mr. Roland.

Supplementary to Question 142-14(3): Payment of Outstanding Vacation Travel Assistance

MR. ROLAND: Thank you, Mr. Speaker. Not to be totally negative, I know that the Minister and his staff have been working hard to try and come up with some solution and I thank him for that, but the other concern here comes from the fact that, and the Minister said himself, knowingly, they cannot go outside the Financial Administration Act. That brings some concern.

How long will this take? This family is going to be out of their place as the banks walk in, knowing that banks do not seem to have hearts when it comes to collections, locking the door as of Sunday. So is there any opportunity or is there a possibility of dealing with this situation before we find them out in a real crisis? Thank you.

MR. SPEAKER: Thank you, Mr. Roland. The honourable Minister responsible for Finance, Mr. Handley.

Further Return to Question 142-14(3): Payment of Outstanding Vacation Travel Assistance

HON. JOE HANDLEY: Mr. Speaker, I referenced knowingly violating the Financial Administration Act because I know there are, inevitably, in an organization the size of the Government of the Northwest Territories, mistakes that are made and some situations happen and we have to correct them later on.

Once we are asked, we know what the situation is and we know what the act says, we just cannot violate it. With regard to the VTA, I got a note this morning saying that the staff are aiming at noon today and my staff upstairs will be bringing me information as they find out. So we are working on this as we speak and we are aiming at getting it done by noon, or as quickly as we can, today. Thank you.

MR. SPEAKER: Thank you, Mr. Handley. Supplementary, Mr. Roland.

Supplementary to Question 142-14(3): Payment of Outstanding Vacation Travel Assistance

MR. ROLAND: Thank you, Mr. Speaker. Here is definitely the opportunity for the Minister and the government to go from villains to heroes, if this can be pulled off and I would encourage the Minister to continue to work on that.

Is someone dealing with the employee, at least informing him of the situation as things are progressing? Thank you.

MR. SPEAKER: Thank you, Mr. Roland. The honourable Minister responsible for Finance, Mr. Handley.

Further Return to Question 142-14(3): Payment of Outstanding Vacation Travel Assistance

HON. JOE HANDLEY: Mr. Speaker. No, I do not think anyone from our department is dealing directly with the family at this point. I think they will be dealing with them through the region as soon as they get what they need. In terms of the options, the department is definitely talking to them about what receipts, what statutory declarations, what evidence they have of travel. So at that level they are but, in terms of counselling them further than that, I do not believe the department is providing that kind of advice, if that is what the Member is asking. As far as getting information, we definitely are talking to them.

MR. SPEAKER: Thank you, Mr. Handley. Final supplementary, Mr. Roland.

Supplementary to Question 142-14(3): Payment of Outstanding Vacation Travel Assistance

MR. ROLAND: Thank you, Mr. Speaker. Here is an opportunity, as one colleague had mentioned, to share the milk and honey from the land of good fortune, in a sense.

Can the Minister confirm with me that somebody will be speaking to them, because on a number of occasions, in dealing with this between myself, the Minister, and his staff, and some of the other Ministers, some of the information did not get to the individual involved here. Can he commit to making sure that they are aware of this situation as things progress? Thank you.

MR. SPEAKER: Thank you, Mr. Roland. The honourable Minister responsible for Finance, Mr. Handley.

Further Return to Question 142-14(3): Payment of Outstanding Vacation Travel Assistance

HON. JOE HANDLEY: Yes, Mr. Speaker. Someone from my department will be in touch with the family as soon as we have the information needed. Thank you.

MR. SPEAKER: Thank you, Mr. Handley. Item 6, oral questions. The honourable Member for Yellowknife South, Mr. Bell.

Question 143-14(3): Comprehensive Human Resource Strategy

MR. BELL: Thank you, Mr. Speaker. My question today is for the Minister responsible for the Financial Management Board Secretariat. In light of the report that Mrs. Groenewegen rolled out in the House, the Review of the Northwest Territories Child Welfare Services, it looks like, as she mentioned, a really great report.

She also prefaced it by saying these folks have done work in every other region in Canada, so obviously, nobody is more qualified to make recommendations in this area than they are.

Obviously, these folks have seen the good, the bad and the ugly of human resources. One of their main recommendations to us was that this government needs a comprehensive Northwest Territories Human Resource Development Strategy. I am wondering how the Minister will act on this recommendation. Thank you.

MR. SPEAKER: Thank you, Mr. Bell. The honourable Minister responsible for the Financial Management Board Secretariat, Mr. Handley.

Return to Question 143-14(3): Comprehensive Human Resource Strategy

HON. JOE HANDLEY: Thank you, Mr. Speaker. There was a motion passed in the House to create a Public Service Commission. In the process of establishing that sort of organization we will, undoubtedly, have to have some policies, some directions, some guidelines, and maybe even a strategy, if we can call all of that a strategy.

We will need some guidelines and direction for this new commission. So I expect that in the process of reviewing the setting of it up, that we will develop what he is referring to as a strategy. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Handley. Supplementary, Mr. Bell.

Supplementary to Question 143-14(3): Comprehensive Human Resource Strategy

MR. BELL: Thank you, Mr. Speaker. I think a strategy is a great idea and I would urge the Minister that we cannot afford to wait. I

hope the Minister will put this to the front burner and really start to push. Will the Minister put this to the highest priority and start to act? Thank you.

MR. SPEAKER: Thank you, Mr. Bell. The honourable Minister responsible for the Financial Management Board Secretariat, Mr. Handley.

Further Return to Question 143-14(3): Comprehensive Human Resource Strategy

HON. JOE HANDLEY: Thank you, Mr. Speaker. We have an awful lot of strategies that we are working on right now, that have been recommended to us in motions, and certainly this one is important.

I really, truly believe the public service is our most important asset. This is important. We will get on with it as quickly as we can. I have talked to my staff about it and we intend to move this along as quickly as we can. Thank you.

MR. SPEAKER: Thank you, Mr. Handley. Supplementary, Mr. Bell.

Supplementary to Question 143-14(3): Comprehensive Human Resource Strategy

MR. BELL: Thank you, Mr. Speaker. Indeed, we have a lot of strategies, but not too many strategies like this, Mr. Speaker. If you follow me, good work costs money. This work costs so much money. It must be great work. Is this issue not too critical to wait? Thank you.

MR. SPEAKER: Thank you, Mr. Bell. The honourable Minister responsible for the Financial Management Board Secretariat, Mr. Handley.

Further Return to Question 143-14(3): Comprehensive Human Resource Strategy

HON. JOE HANDLEY: Mr. Speaker, I did not say we are waiting for anything, except just time to get at it. We are here, we are busy. My staff are busy. There is a holiday period coming up here, but as quickly as we can, within the next few weeks, I can tell you that we will actively be on this. There have been discussions in the department already about it, but in terms of getting right down to it and coming up with a product, it is going to take a few months. Thank you.

MR. SPEAKER: Thank you, Mr. Handley. Final supplementary, Mr. Bell.

Supplementary to Question 143-14(3): Comprehensive Human Resource Strategy

MR. BELL: Thank you, Mr. Speaker. I can live with a couple of weeks, so I am very happy to hear the positive response by the Minister and I look forward to seeing more on the strategy and the Public Service Commission. Thank you.

MR. SPEAKER: Thank you. There was no question there. It was just a compliment. Thank you.

Item 6, oral questions. The honourable Member for North Slave, Mr. Lafferty.

Question 144-14(3): Long-Term Care Facilities in Communities

MR. LAFFERTY: Thank you, Mr. Speaker. My question is for the Minister responsible for Health and Social Services, the Honourable Jane Groenewegen.

As I pointed out in my Member's statement, when my constituents have a sick family member they must come to Yellowknife to the Stanton Regional Hospital to be near their loved ones.

Can the Minister tell me if and when they will start putting facilities in the smaller regions for patients with long-term illnesses? Thank you.

MR. SPEAKER: Thank you, Mr. Lafferty. The honourable Minister responsible for Health and Social Services, Mrs. Groenewegen.

Return to Question 144-14(3): Long-Term Care Facilities in Communities

HON. JANE GROENEWEGEN: Thank you, Mr. Speaker. In his Member's statement, Mr. Lafferty alluded to the fact that we do have a significantly growing aging population in the Northwest Territories and it is going to be necessary and incumbent upon this government and this department to plan for the eventuality of those people passing on and requiring a significantly higher level of care during that time.

At the present time, in the Dogrib region and the communities which the Member represents, the people who do the home care programs support clients and patients with the provision of palliative care in the home with the support of the nurses from the health centre.

That is the way palliative care in those communities is delivered right now. Certainly, with varying cases and different types of illnesses, it is necessary in some instances to hospitalize people. At the request of the family or the patient, these services for people who are seriously ill are provided in Yellowknife.

As to when we might have increased or enhanced services available at the community level, Mr. Speaker, I could not project a time where that may be in place. Thank you.

MR. SPEAKER: Thank you, Madam Minister. Supplementary, Mr. Lafferty.

Supplementary to Question 144-14(3): Long-Term Care Facilities in Communities

MR. LAFFERTY: Thank you, Mr. Speaker. Mr. Speaker, as you know, travelling in the North is mostly done by air. Family members have to continually return to their homes to other family members. I would like to ask the Minister if her department, along with other departments, can make accommodations available in the larger centres where they have hospitals for family members to stay and be near their loved ones. Thank you.

MR. SPEAKER: Thank you, Mr. Lafferty. The honourable Minister responsible for the Department of Health and Social Services, Mrs. Groenewegen.

Further Return to Question 144-14(3): Long-Term Care Facilities in Communities

HON. JANE GROENEWEGEN: Thank you, Mr. Speaker. Mr. Speaker, I believe there used to be something called

compassionate travel that was available for family members when they had a loved one who was sick and they had to travel to where they were. This is not something that is available under the medical travel policy anymore.

In fact, there may be a need to have accommodation services for people other than the patient. I know we have boarding homes and facilities available for patients here in Yellowknife. I am not sure a patient in the hospital could have family members residing there, but I will look into the feasibility of having either some form of assistance or an actual physical location where family members could stay.

Certainly, Mr. Speaker, it is also our responsibility to ensure we live within our financial constraints. I do know among the communities in the North there are people who have family members, relatives, and friends in varying communities. We always appreciate when these people open their homes and have people stay with them during a time of sickness or crisis. Thank you.

MR. SPEAKER: Thank you, Mrs. Groenewegen. Supplementary, Mr. Lafferty.

Supplementary to Question 144-14(3): Long-Term Care Facilities in Communities

MR. LAFFERTY: Thank you, Mr. Speaker. Mr. Speaker, I was asking the Minister if she could work with other departments. Yesterday, it was mentioned by one of my colleagues that the Minister responsible for Housing could make available some units that are free and are not being used in Yellowknife for family members of sick people in the hospital. Could she assure me she will look into that? Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Lafferty. The honourable Minister responsible for the Department of Health and Social Services, Mrs. Groenewegen.

Further Return to Question 144-14(3): Long-Term Care in Facilities in Communities

HON. JANE GROENEWEGEN: Thank you, Mr. Speaker. Mr. Speaker, I am not aware of whether there are any surplus housing units owned by the Housing Corporation in Yellowknife at this time. I could undertake to investigate that for the Member. Thank you.

MR. SPEAKER: Thank you, Mrs. Groenewegen. Item 6, oral questions. The honourable Member for Range Lake, Ms. Lee.

Question 145-14(3): Payment of Hotel Tax

MS. LEE: Thank you, Mr. Speaker. Mr. Speaker, I would like to ask a question to the Minister responsible for Finance. It arises from what he said when he introduced his special guest in the gallery. My question is, Mr. Speaker, is that his normal practice, to give the hospitality and thank the visitors from overseas by taxing them? Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Ms. Lee. I just want to remind Members of the rules of questioning. They must not be hypothetical or trivial, vague, meaningless or frivolous, seek opinions or be argumentative. I am going to rule that question out of order. Item 6, oral questions. The honourable Member for Mackenzie Delta, Mr. Krutko.

Question 146-14(3): Inuvik Hospital Project

MR. KRUTKO: Thank you, Mr. Speaker. Mr. Speaker, my question is for the Minister responsible for the Department of Health and Social Services. It is regarding the construction of a new hospital in Inuvik. I spoke to the chairman of the health board in Inuvik, and she is wondering what is really happening with the decision to go from a P3 to now going back out to Public Works and Services to look at a contract for this facility. I would like to ask the Minister where exactly is this project and how soon will we see a contract for this project come forth?

MR. SPEAKER: Thank you, Mr. Krutko. The honourable Minister responsible for the Department of Health and Social Services, Mrs. Groenewegen.

Return to Question 146-14(3): Inuvik Hospital Project

HON. JANE GROENEWEGEN: Thank you, Mr. Speaker. Mr. Speaker, as I have stated before in this House, the replacement of the Inuvik Hospital is a very high priority of this government to which we are strongly committed. The P3 submission, as everyone knows, was deemed to be unresponsive and non-compliant. It was turned back.

It was then the responsibility of my department to resubmit a plan and a proposal to the Financial Management Board for approval, so it could become part of the Public Works and Services agenda. They would, in turn, put the project out for procurement. At this time, we are still in the final stages of developing this submission for the Financial Management Board. I want to assure the Member we are in communication with the Inuvik Regional Health Board and are keeping them apprised of where things are. Thank you.

MR. SPEAKER: Thank you, Mrs. Groenewegen. Supplementary, Mr. Krutko.

Supplementary to Question 146-14(3): Inuvik Hospital Project

MR. KRUTKO: Thank you, Mr. Speaker. Mr. Speaker, regarding the P3 project, I know the aboriginal groups were considering it as part of the partnership arrangements they had with other groups to put a submission in, yet the project is no longer valid.

Has the Minister considered the possibility of continuing this work that has been started with the aboriginal groups within the Inuvik region to look at it either through a negotiated contract or because we are not talking about a P3 project now? Will she consider the possibility of using those avenues for the construction of this facility?

MR. SPEAKER: Thank you, Mr. Krutko. The honourable Minister responsible for the Department of Health and Social Services, Mrs. Groenewegen.

Further Return to Question 146-14(3): Inuvik Hospital Project

HON. JANE GROENEWEGEN: Thank you, Mr. Speaker. Mr. Speaker, there is a process whereby people can, on capital

projects, propose a negotiated contract situation, collaboration, or consortium. That process can be followed. The decision would not be made by my department alone. It would be a decision of the Cabinet. Certainly that is a process that could be followed. We would receive and consider a proposal for a negotiated contract. Thank you.

MR. SPEAKER: Thank you, Mrs. Groenewegen. Supplementary, Mr. Krutko.

Supplementary to Question 146-14(3): Inuvik Hospital Project

MR. KRUTKO: Thank you, Mr. Speaker. Mr. Speaker, can the Minister follow up by making an attempt to reach out to the aboriginal organizations, the Inuvialuit and the Gwich'in, who are presently in that area to pass on this information, that she is open for the consideration of a negotiated contract on this project?

MR. SPEAKER: Thank you, Mr. Krutko. The honourable Minister responsible for the Department of Health and Social Services, Mrs. Groenewegen.

Further Return to Question 146-14(3): Inuvik Hospital Project

HON. JANE GROENEWEGEN: Thank you, Mr. Speaker. Mr. Speaker, we are not only, I suppose as a government, open to a proposal for a negotiated contract on this project. That is a standing process, which is available on any capital project. If the aboriginal organizations and corporations to which the Member refers are not aware of that, the availability of that option or that process, certainly in a general sense, we could make them aware of that.

MR. SPEAKER: Thank you, Mrs. Groenewegen. Final supplementary, Mr. Krutko.

Supplementary to Question 146-14(3): Inuvik Hospital Project

MR. KRUTKO: Thank you, Mr. Speaker. Mr. Speaker, regarding the negotiated contract process, as the Member who is going to be affected by this project, under the policy for negotiated contracts, if a support letter is received from a Member, that will also be taken into consideration. Will the Minister consider input by us as Members as we consider a negotiated contract?

MR. SPEAKER: Thank you, Mr. Krutko. Mrs. Groenewegen.

Further Return to Question 146-14(3): Inuvik Hospital Project

HON. JANE GROENEWEGEN: Thank you, Mr. Speaker. Mr. Speaker, there are many criteria which are applied in the consideration of whether a contract will be negotiated or not. Certainly political support and support of the MLAs from the area and region that will be serviced by the project is a key part of that and would form part of the consideration. Thank you.

MR. SPEAKER: Thank you, Madam Minister. The time for question period is over. Item 7, written questions. The honourable Member for Frame Lake, Mr. Dent.

ITEM 7: WRITTEN QUESTIONS

Written Question 9-14(3): Ownership of Treatment Facilities

MR. DENT: Thank you, Mr. Speaker. I have a written question for the Minister responsible for the Housing Corporation, Mr. Allen.

1. Who holds the mortgage for the facility known as the Detox Centre on Franklin Avenue and on the Dettah road facility known as the Sombe Ke Healing Lodge?
2. Does this government have guarantees on the mortgages for these facilities?
3. Who owns these facilities?
4. Since April 1, 1999, how much has the Northwest Territories Housing Corporation paid in rent, lease, mortgage and/or utility payments on these two facilities?
5. Is the Northwest Territories Housing Corporation owed any money by NAS for these two facilities? If so, how much?

Mr. Speaker, I also have a written question for the Minister responsible for Health and Social Services.

Written Question 10-14(3): Departmental Expenditures Related to Treatment Facilities

Mr. Speaker,

1. After the contract with NAS was cancelled, did Health and Social Services make any payments relating to the contract? If so, for how much?
2. Did the Department of Health and Social Services pay any rent, lease or mortgage payments and/or utility costs for the Franklin Avenue Detox Centre or the Dettah road facility known as Sombe Ke Healing Lodge since April 1, 1999? If so, how much?
3. How much did Health and Social Services pay in salaries and training for staff from these facilities after April 1, 1999?
4. Under the terms of the contribution agreement, ownership of the furnishings should have passed to the GNWT when NAS ceased operating the facilities. Did the GNWT take possession of all furnishings? If not, what is the value of the furnishings taken over?
5. If furnishings were missing, what was the value based on original purchase price? Has any effort been made to recover any missing assets?

Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Dent. Item 7, written questions. Item 8, returns to written questions. Mr. Clerk.

ITEM 8: RETURNS TO WRITTEN QUESTIONS**Return to Written Question 2-14(3): Alaska Housing Agreement**

CLERK OF THE HOUSE (Mr. Hamilton): Thank you, Mr. Speaker. Mr. Speaker, I have a return to a written question asked by Mr. Krutko on June 22, 2000, regarding which NWT businesses and manufacturers are involved in housing projects in Alaska.

The NWT Housing Corporation is involved in two projects in Alaska, the sale of seven housing packages to the Inupiat of Alaska's North Slope and the construction of a senior citizens' five-plex in Stebbins.

For the seven housing packages sold to the Inupiat, none of the material supply contracts were awarded to southern firms. The NWT businesses involved in this project were: Igloo Building Supplies Limited; Bartle and Gibson Limited; Zelinski Holdings Limited; Arctic Front Windows; United Group; Sunrise Cabinets; Northern Transportation Company Limited; Gibbs Expediting; and Hay River Crating and Woodwork.

For the Senior Citizens' five-plex in Stebbins, the NWT Housing Corporation used an invitational tender sent to the only two NWT construction firms licensed to operate in Alaska. The contract was awarded to Dowlands Construction, who in turn purchased materials from the following NWT businesses: Igloo Building Supplies; Arctic Front Windows; and Sunrise Cabinets. In addition, Aurora College was contracted to provide construction training in Fort Smith to four residents from Stebbins. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Clerk. Item 8, returns to written questions. Item 9, replies to opening address. Item 10, petitions. Item 11, reports of standing and special committees. Item 12, reports of committees on the review of bills. Item 13, tabling of documents. The honourable Member for Nahendeh, Mr. Antoine.

ITEM 13: TABLING OF DOCUMENTS**Tabled Document 33-14(3): Political Accord Between the Akaitcho Territory First Nations and the Government of the Northwest Territories**

HON. JIM ANTOINE: Mr. Speaker, I would like to table the following document entitled Political Accord Between the Akaitcho Territory First Nations and the Government of the Northwest Territories. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Antoine. Item 13, tabling of documents. The honourable Member for Great Slave, Mr. Braden.

Tabled Document 34-14(3): Letter From John Manley Regarding Upcoming Review of the Federal Bankruptcy and Insolvency Act

MR. BRADEN: Thank you, Mr. Speaker. The issue of federal legislation and its impact on Giant miners has been an issue in this House. I would like to table a letter

to me from the Honourable John Manley, Minister responsible for Industry Canada, regarding an upcoming review of the Federal Bankruptcy and Insolvency Act. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Braden. Item 13, tabling of documents. The honourable Member for Mackenzie Delta, Mr. Krutko.

Tabled Document 35-14(3): Package of Letters Supporting Aboriginal Day as a Statutory Holiday

MR. KRUTKO: Thank you, Mr. Speaker. Mr. Speaker, I would like to table five letters, one from the band council in Fort McPherson, in support of Aboriginal Day as a statutory holiday. A letter from the Yellowknives Dene First Nation declaring National Aboriginal Day as a statutory holiday. A letter from the Town of Inuvik declaring National Aboriginal Day as a statutory holiday. A letter from the Metis Nation Local 52, Fort Simpson, declaring National Aboriginal Day as a statutory holiday. A letter from the Hamlet of Paulatuk supporting the declaration of National Aboriginal Day as a statutory holiday. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Krutko. Item 13, tabling of documents. Item 14, notices of motion. Item 15, notices of motion for first reading of bills. Item 16, motions. Item 17, first reading of bills. Item 18, second reading of bills. Item 19, consideration in committee of the whole of bills and other matters.

Bill 1, Bill 4, Bill 5, Bill 6, Committee Report 1-14(3), Committee Report 2-14(3), Committee Report 3-14(3). By the authority given the Speaker by Motion 4-14(3), the House is resolved into committee of the whole to sit beyond the time of adjournment until the committee is prepared to report, with Mr. Delorey in the Chair.

ITEM 19: CONSIDERATION IN COMMITTEE OF THE WHOLE OF BILLS AND OTHER MATTERS

CHAIRMAN (Mr. Delorey): I would like to call the committee to order. We have a number of items to deal with. What is the wish of the committee? Mr. Dent.

MR. DENT: Thank you, Mr. Chairman. I would like to recommend the committee resume consideration of Bill 1 and concurrently Committee Report 1-14(3), Committee Report 2-14(3), Committee Report 3-14(3), and specifically to start by considering the budget for the Department of Public Works and Services, followed by the Department of Finance, and then the Financial Management Board Secretariat.

CHAIRMAN (Mr. Delorey): Thank you. Does the committee agree?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Delorey): Mr. Minister, do you have any opening comments?

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, I am pleased to present the Department of Public Works and Services main estimates for the fiscal year 2000-2001.

The estimates propose an operations and maintenance budget for 2000/2001 of \$39.1 million and a capital acquisition plan of \$5.5 million. The department will have 193 positions funded within the appropriation.

These resources will be used to provide critical support services

to departments and communities including:

- the operation and maintenance of infrastructure;
- management of capital construction projects;
- safety and inspection services leasing of government offices;
- provisions of records management services; and
- monitoring and intervention in northern and national telecommunication proceedings.

As other departments work to achieve government objectives by delivering direct services to our residents, Public Works and Services provides necessary technical and professional support to those departments.

Mr. Chairman, there are many examples of the kind of support Public Works and Services has given and continues to give as departments attempt to achieve an appropriate balance between the expectations of our residents for high quality services, the practical constraints of operating in our difficult northern environment and the limitations of our current budgets.

The many successful building and infrastructure projects are often taken for granted, but I would like to mention today the extensive renovations to Sir John Franklin High School in Yellowknife which are being completed this year, the renovation of the Fort Liard and Fort Resolution schools which will begin this summer, the retrofit of Trail Cross Centre in Fort Smith, and the water supply projects underway in Tulita and Fort McPherson. These are all critical community projects that will contribute in a positive way to achieving the government's long-term objectives.

PWS does not work alone. Its ability to contribute to achieving government objectives is dependent upon its ability to work in partnership with its clients, communities, suppliers and the NWT construction industry.

Recently the department published a guidebook called Good Building Practice for Northern Facilities, which collects experience and knowledge about the design and construction of quality, cost-effective buildings in the North. Everyone in the NWT will benefit from the co-operation and mutual support that contributed to this publication.

There is another important role of this department, which is the basic provision of essential fuel services. Through the Petroleum Products Revolving Fund, Public Works and Services funds the provision of essential heating fuel and gasoline in 17 communities where a commercial operation does not exist. This includes providing safe tank farms in these remote locations as well as hiring and training local contractors to deliver fuel services. These small businesses have an important function in these small communities, and PWS works with its contractors to carry out this

essential service.

Finally, Public Works and Services provides information systems and communication services for use by the government. More and more the ability of the government to provide services to northern residents is dependent upon the availability of these systems. These services are funded through charge back to client departments.

Mr. Chairman, the proposed budget is comparable to last year's budget. Public Works and Services expects to continue to provide a high level of support services to departments within the same budget. No major changes have been proposed for the new fiscal year.

Mr. Chairman, that concludes my opening remarks. I would be happy to answer any questions Members may have. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. I call on the Standing Committee on Governance and Economic Development for its report. Ms. Lee.

MS. LEE: Thank you, Mr. Chairman.

General

The establishment policy for the department states, "The mandate of the Minister and the Department of Public Works and Services is to design, construct, acquire, operate and maintain buildings, works and equipment and implement energy efficient projects in Government of the Northwest Territories buildings and works required for the Government of the Northwest Territories to deliver its programs and services, provide a system of specialist services that enhance the efficiency of government departments and make essential petroleum products available for sale to the public where these are not provided by the private sector".

The Standing Committee on Governance and Economic Development met with the Minister and department officials on May 30 and 31, 2000 to review the 2000-2003 business plans and the 2000/2001 main estimates. The committee noted a \$415,000 or four percent increase in total operations or operations and maintenance expenditures between their 1999/2000 main estimates and the 2000/2001 draft main estimates. The projected increase is due to the inclusion of capital assets under \$50,000 within operation expenses as required under the new tangible capital assets reporting process. Previously, all capital assets were reported under capital expenditures. The committee also noted that there was \$34,176,000 for work in progress, an increase of \$2,057,000 or 80 percent increase from the 1999-2000 revised main estimates. Committee members also noted the decrease of nine positions (-4 percent) in the department.

Performance Measures

During the review, the department expressed that it had difficulty in quantifying performance indicators. The committee is chagrined by this comment. The department is a service provider and should design its outcome measures accordingly.

It is noted that many of the tasks performed by Public Works and Services are on behalf of others and clients may change what they want. The changes affect the time for completion and the costs. The department stated that in many cases, it assumed the blame for cost overruns caused by other departments and things outside their control. It is felt that the department could develop

outcome measures that addressed client satisfaction for services provided and not necessarily for a physical product.

Cost Overruns

Presently, with government contracts, there is no process for the public to see cost overruns and broken timeframes. The department added that it is sometimes mistakenly saddled with the blame for cost overruns on projects managed on behalf of other departments. The department explained that these overruns arise from last minute change orders from the other departments. The committee sees this as an issue to be pursued in the future.

Service Delivery

The committee encourages the government to proceed with care when it comes to privatization of services; services that include the delivery of electrical power and petroleum products to northern communities. The committee supports industry but believes there must be a means of preventing companies from picking only profitable ventures and leaving high cost areas behind resulting in a higher cost to government.

Telecommunications

The department indicated that it would be taking part in the Canadian Radio-Television and Telecommunications Commission (CRTC) hearing in June. The department is supportive of CRTC establishing high cost areas and implementing a subsidy plan but felt that the company could do more in some areas. Some members of the committee expressed support for NorthwesTel's proposal to provide basic telecommunication services to all communities. A concern was also expressed for the future of the basic service to small communities should the telecommunication competition be wide open in the North to southern firms who may be interested in serving only the large profitable centres and ignore the services to the small communities. The committee is supportive of other service providers taking a more active role in the provision of telecommunication services in the NWT, but committee members added that whoever does it must agree to provide basic services to all communities.

In addition, the number of NorthwesTel staff located in the NWT do not reflect the amount of business generated in the Northwest Territories. The greatest amount of the company's revenue is generated in the Northwest Territories, however, the majority of the staff, specifically senior positions, has been moved out of the Territory. NorthwesTel is aware of this concern but has not made any recommendations to reconcile this issue.

Petroleum Products

The privatization of petroleum products delivery was discussed during the review. The department was unaware that the Government of the Northwest Territories had received payment for petroleum products that were included in Nunavut assets when the two new territories were formed. The committee

also learned that Cabinet has set criteria to guide the privatization of petroleum products and the department is exploring all options. Committee members have noted that several groups have expressed interest and encourage the department that this will be a public process. The government, at the request of the committee during the recent review of the 2000/2001 interim appropriation agreed that "if the petroleum products division was to be considered for sale, a call for proposals is publicly advertised, and the division be sold as a single entity", page 10, Review of the 2000/2001 Interim Appropriations, Standing Committee on Governance and Economic Development.

The committee requested further information on who presently has fuel contracts, the terms of the fuel contracts and the amount of the contracts. The committee looks forward to further consultation as this process evolves.

Public Works and Services Downsizing

The department indicated that over the past five years Public Works and Services had diminished in size by approximately 60 percent. The committee is aware there is a functional review being performed government-wide and may affect the final number of departments.

Municipal governments and the Housing Corporation duplicate many of the maintenance functions performed by the Department of Public Works and Services. The committee had expected that the long-awaited program and functional review would supply direction in regard to this duplication of functions. However, indications are that the government's Senior Management Task Team, which was responsible for this review, has made little progress. Should this task team not make progress in the near future, the committee will recommend that a functional audit be performed on the department.

Information Technology

The government is presently undergoing an informatics strategy exercise. Each department is carrying out their own review of informatics in addition to a government-wide review. The committee expressed trepidation in respect to the methodology employed. Individual and government-wide reviews require a great deal of resources. Perhaps it is time for a more efficient approach for the management of informatics within government to be explored.

Human Resources

Much to the committee's chagrin, the department informally performs exit interviews but does not keep records. The department indicated that it would look at more formal reporting of exit interviews but only if there were sufficient value to warrant the resources to do so. Members are of the opinion that exit interviews are an integral tool of human resource management and should be used consistently throughout government.

Discussion occurred about human resource staff located throughout the different regions. It was indicated that human resource management duties were often combined with other functions performed by an individual staff member. The committee requested the department to supply them with the number of individuals involved in the human resource field and the portion of time spent on human resources.

Records Management

Members are concerned that the implementation of the Records Information Management System (RIMS) is taking more time than it should. It is hoped that the department addresses this issue before it becomes another costly and unwieldy government management system.

The Standing Committee on Governance and Economic Development recommends that the Department of Public Works and Services implement a revised overall government-wide records management plan that all government departments can adhere to and incorporate by March 2001. That concludes the committee's report, Mr. Chairman.

CHAIRMAN (Mr. Delorey): Thank you, Ms. Lee. Would the Minister like to bring in any witnesses?

HON. VINCE STEEN: Yes I would, Mr. Chairman.

CHAIRMAN (Mr. Delorey): Does the committee agree?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Delorey): Sergeant-at-Arms, would you please escort the witnesses in?

Mr. Steen, could you introduce your witnesses for the record?

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, on my right is the deputy minister of the Department of Public Works and Services, Bruce Rattray. On my left is the director of petroleum products, Brian Austin.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Good afternoon. We are reviewing the Department of Public Works and Services. General comments? Mr. Roland.

MR. ROLAND: Thank you, Mr. Chairman. Mr. Chairman, some concerns were raised in the committee report with the telecommunications industry in the Northwest Territories and where the department had planned to do a submission to the CRTC hearings in support of the general idea of a high cost subsidy area. The committee agreed with that intent. As well, I would like to raise my own concerns here. The fact that in the Northwest Territories, we have some smaller companies who have proven where NorthwesTel said it could not be done. For example, in Inuvik, New North Networks installed a cell-phone system when NorthwesTel said it could not be done. We were too small of a community. It was not cost-effective. A small company has come in and been able to do it. It is operating and functional.

The concern is that yes, I agree with the idea of a high-cost serving area, but it should be open to all businesses that are providing a service in the communities, not only tied to NorthwesTel. Hopefully, that was the message that got through.

I think communications is a growing area. Services can be provided by small companies in a superior way. Hopefully, that message came through and the Minister can confirm that or speak to it.

Overall, in the Department of Public Works and Services, there has not been significant change from the interim appropriation to the main estimates. It has basically carried forward with what is there. A number of issues were raised from the report as to some of the concerns we had and Public Works and Services being seen as a service provider and having to carry its business in that sense. In fact, although it is a government department, it is providing services to all the other departments and needs to line up in that way to sell its services to other departments.

We know there are some problems in the area of information management. That needs to be improved on. We know the department was huge at one time, and has been downsized over a number of initiatives, from privatization to user-say/user-pay and so on. We know the department continues to struggle internally with the changes that continue to come its way, but I think it is something we need to see happen in the sense of the department is a service provider. That needs to be very clear. They need to be clear in what it can do and how it can assist other departments.

One thing that continually comes up is the area of cost overruns on projects. The department explained in committee that in fact, many times changes to projects that are already in the books come along late and require additional funds from departments. It seems to be the Department of Public Works and Services is laid with the brunt of blame when it comes to not meeting the targets. We suggested that it be laid out quite clearly that it is the departments that come forward with submissions and changes to the programs or capital that is initially put into the main estimates. Sometimes those main estimates are of a lower class than what they would be if they were further refined. That is another area of impact.

We always find costs go up as details are clarified between a client department and Public Works and Services. With that, I will end my general comments and wait until we get into detail. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Roland. Mr. Steen, do you have any remarks to those comments?

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, I thank the Member for his comments. In reference to the high-cost serving area, the presentation the department made in that respect, our suggestion was the high-cost serving area benefits would apply to all players, not just be specific to NorthwesTel. At least, that was the message we were trying to send out. I am not sure exactly how it was received, but that was the message we were trying to send out.

I must say that I did not have the opportunity to represent the department or the government at the hearings, as I was tied up with meetings with my other ministerial duties. Mr. Rattray was present and he could expand on that, if necessary.

With the other comments put forward by the Member referencing the cost overruns by the department on projects, I suppose you could say the reflection on the department when there are cost overruns on projects, we are very sensitive to the suggestions that the department is to blame for these cost overruns. We tried to clarify to the committee how these cost overruns take place

and what the process is for approving cost overruns. To me, as a Minister, it is very important that we as a department make every effort to keep costs within budget.

However, as we said to the committee, we do not always control all of the contributing factors to the cost overruns. With that, Mr. Chairman, I would like to emphasize that the department does its best to keep these projects in budget and we will continue to do that in the future. As the Minister, I have already made it clear to my department that we have to make not only the effort, but we have to make it visible that we take our best initiatives to keep projects within budget.

I think it would be beneficial, Mr. Chairman, if Mr. Rattray spoke to what is involved in cost overruns, as we did with the standing committee. Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Rattray.

MR. RATTRAY: Thank you, Mr. Chairman. Mr. Chairman, first of all, the Minister mentioned I might have a couple of remarks with respect to the high cost serving area proceeding. The Member is correct. The department does support the type of initiative that the service provider in Inuvik has undertaken to provide services in that community that NorthwesTel has not been able to provide. We are certainly open to those types of initiatives. I believe that service provider did actually participate in the hearings in Whitehorse and made a strong case. My understanding is that he presented a very strong case for support of those types of initiatives.

The only concern I would have is that such initiatives, opening up the basic services to providers in individual communities, cannot degrade the level of services provided in other communities that are too small to attract the interest of service providers on their own. We need to make sure that the basic services are available in all communities. CRTC now has to wrestle with whether or not that can be done while still allowing some competition for basic services in some of the larger communities. The concern has been raised within the community and elsewhere about the problems with cherry picking with larger communities such as Yellowknife, Hay River, Fort Smith and so on. Providing competition in those services may in fact be able to reduce costs and provide a wider range of services.

There is a concern that it would degrade the availability of services in some of those other smaller, higher cost centres. That is the only provision and the only concern that I would have with respect to wholehearted support of local competition for services in communities. With respect to project management and the cost of capital projects, the department does play a key role in managing those costs. It does not do it on its own. It does it in cooperation and with the support of its clients and also in cooperation and support of the consulting industry and the rest of the construction industry. With some of those items we have a greater degree of control over than others. We spend a great deal of time

reviewing design drawings that are provided by our consultants to ensure that, in fact, mistakes are not made to ensure that they adequately address program needs, and to look at identifying lower cost solutions to particular design problems. A great deal of our effort is put into those areas.

We also put a great deal of effort into managing the individual contracts when they are awarded for the construction, to ensure that the contractor is building the project as it was specified, and that they are making cost-effective decisions when they are determining the approach that they are going to take on the construction. There are areas where we do not have control over, for example, the significant cost increases that have resulted from the boom in construction that has taken place in Alberta. There is a very significant drain of trade resources out of the Territories and into projects in Alberta. That does cause us to have to pay higher costs for the trade services that we require in order to attract them up here. We have also suffered from some material and equipment cost increases, a result again of the higher volumes of work going on in other areas. We do not have the ability to address those issues directly. As they occur, we make our clients aware of them and encourage them to take that into account when they are building the budgets for those various projects.

We also work closely with our clients in terms of establishing those budgets at the beginning of projects. We have different relationships with our various clients. In some cases they have internal resources that they use to develop projects, project budgets and project scopes. In other cases, we provide those services to them. The level of communication back and forth has a direct impact on the accuracy of the initial budgets that have been established.

Finally, I point out that projects do change and evolve as they develop. As project programs are developed early on, the client departments work with Public Works in order to define their requirements, their needs, as accurately as they can. However, as the project then moves into the design stage, other opportunities arise, other requirements. We become aware of how the project will look in the end, how the facility will look in the end. It becomes much easier for them to identify which areas are deficient, which areas need to be changed, which areas they need to invest further in. Some of those changes actually occur during the design stage. That is just the natural course of a project as more information gets put on paper in a form that is easier to understand. It becomes an exercise of making some individual decisions as to whether or not the budget or the program needs will take precedence. Those are a number of areas that we find the department has to work with its clients closely to ensure that the projects are defined accurately at the beginning and are managed throughout. Various players have different roles to play in it, and ultimately, the success of the project depends on all the players working together.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Rattray. Mr. Miltenberger.

MR. MILTENBERGER: Thank you, Mr. Chairman. I just have a few general comments I would like to make and I will reserve my questions until we get into detail. I recognize that a lot of the broader government process issues seem to be endemic across all departments. Specific to Public Works and Services, the issue of cost overruns has been one that has been of concern to myself as well. Estimating is an issue, but the key for me is not trying to paint Public Works and Services as the culprit or the bad guy or

the whipping boy. This is a process that has flaws in it that often contribute to overruns, starting right at the community level with the groups that are involved in the project, community officers, community advisory groups, and decisions are made, costs committed to, those kinds of things contribute to cost overruns. The issue for me is that Public Works and Services should be playing a lead role, as they provide services to all departments, to look at that overall process and try to find out how do we improve it.

I will have some questions, as well, in regard to the energy strategy, specific to petroleum products. I am interested to know what is happening in regard to fuel storage and NCP. There is discussion within the communities for eliminating duplication on the question of fuel storage. I am interested to know how much fuel is shipped north by barge. It is my understanding, for example, that routinely seven to ten percent of the fuel is left in the barge. It is also my understanding that it is a matter of practice that the boats pulling the barges north routinely use the client's fuel to fuel their barges. It is a standard practice. It has been there for some time. As we are looking at dollars, energy strategies, those kinds of issues are of significant concern. I will give you some time to look at specifics, but those are the questions I will be asking in that regard.

The concerns I had were addressed in the committee report. My colleague, Mr. Roland, has raised some of them. Those are some specific issues that I just want to give notice at this point to the Minister and his staff, what I will be asking questions about when it comes to detail.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Miltenberger. Any comments? Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. The Member's comments are noted and we will prepare to respond at the time that we reach the activities.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. There is a full Caucus meeting planned for 12:30 p.m. Lunch will be provided. So before we get into anyone else's comments we will call a break right now and we will come back at 1:30 p.m. Thank you, Mr. Minister.

-- Break

CHAIRMAN (Mr. Delorey): I will call the committee back to order. We are reviewing the Department of Public Works and Services. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. Mr. Chairman, my concern has to do with the Business Incentive Policy. The experience that we have seen in other areas, with the Housing Corporation and also in the business community, especially in the Inuvik region where we have had a lot of problems, especially with different contracts from the different types of negotiated contracts that were in place. The problems we see with having people going back after they have concluded a contract. It is signed off and then they are called back in by Public Works on work that was approved and they had to go back and redo it.

I feel that in some cases, the people who are interpreting the policy from the department have their version of exactly how the policy should be in place or the different directives. I, for one, have dealt with a lot of different companies because of what happened. There is a real bad taste in the mouth of contractors towards the department and vice versa. It does no good for the regions, communities or even the relationship between the business community and the government.

I know for a fact that the deputy minister went up to Inuvik last year. He met with the different people within the contracting community in regard to their concerns and also within the department. So I would like to ask the Minister, has anything changed in the last year in regard to how we deal with the contracting community, our relationship with the contractors, in the Inuvik region?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, as a Minister I am not aware of any major issues being put forward from the region, but the deputy minister was involved, both before and after his visit to Inuvik, on a continuous basis. So he could probably better respond as to whether or not there were any significant changes or whether there are still problems in the Inuvik region. Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Rattray.

MR. RATTRAY: Thank you, Mr. Chairman. Yes, I did meet with a number of the contractors about a year ago and I would say that we have probably had less concerns expressed recently than we had previously. I do not think that it is necessarily from anything that the department has specifically changed in the way it does business.

I think some of those issues that were raised at that time could probably be classified as personality type issues. I know that there has been a significant change, both in our staff and also in the contractors. There have been a number of contractors where the individuals have changed.

I think, and I can stand corrected by the individuals themselves, that the working relationship is better than it was. That does not mean that we do not disagree on issues. In fact, we have a number of issues that we continue to deal with, where we simply do not agree with the contractors.

That is fairly typical of most of the projects that we deal with. There are always issues that come up that have dollars attached to them and we make unpopular decisions. The decisions, where they are determined to be incorrect, we will go back and correct them and there are processes available to do that. But there seems to have been fewer of those in the last 12 months than perhaps there were in the previous 12 months.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Rattray. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. The other question I had was, what is the department doing through the Business Incentive Policy and its related directives, in regard to northern manufacturers? This department does do a lot of contract service work, either through managing different contracts or specifically ensuring that there are leases of buildings and maintenance that has taken place.

So I would like to ask the Minister, what is the process that they use to ensure that the policies and directives are being followed?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Mr. Chairman, the department management officials are all familiar with the BIP policy and they know that they have to abide by the terms of the policy. Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. Mr. Chairman, could the Minister state exactly what the process is to ensure that the policy is being adhered to? Is there some way of monitoring to ensure that they are carrying out the responsibility of and adherence to this policy?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, I could be wrong, but in the past, I have been advised that the Department of Resources, Wildlife and Economic Development is responsible for monitoring the BIP policies.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. I am referring to his department. Ensuring that people within the department allow for certain provisions through the Manufacturers Directive or the Business Incentive Policy, in regard to local hires, or different percentages that are given on different contracts.

So I am just asking him from his department's view, how do they, as a department, ensure that their people in the field are carrying out the directives in these policies?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, I believe that the department, as I said, every official that is involved in implementing the BIP or the Manufacturers' Directive in the contracts and whether the contractors are familiar or abiding by the contract, is up to the management staff.

However, just for clarification purposes, I could ask the deputy minister to briefly explain exactly how he ensures that the staff follow the process. Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Rattray.

MR. RATTRAY: Mr. Chairman, we do review the design work and specifications that consultants prepare for us. We look for opportunities to make use of

northern manufactured products and we work with our consultants to take advantage of those opportunities.

So at the first level, in the first instance, our consultants are aware that they need to include northern manufactured goods where it is appropriate. In the second instance, our project management staff and our technical review staff are aware, as well, that they need to review the design documents to ensure that those provisions are made.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Rattray. Mr. Krutko.

MR. KRUTKO: Thank you. There was a situation with the Fort McPherson water treatment upgrade. There was a tender, I believe, to build two large tanks at the water treatment facility. The only bidder was NTCL, which has been in the North for a number of years. After receiving word that they got the contract, they were told, well sorry, your bid does not count because you are not covered under BIP.

This company has been here for 110 years and I think that everybody knows who NTCL is. It is owned by the Inuvialuit, people from Nunasi Corporation. So I would like to ask the Minister, what is the process to ensure that we allow companies such as NTCL, for these bids to be allowed on the basis of basic understanding?

This company is a northern company. They are based in Hay River. Everybody knows that. They are an aboriginal-owned company, 100 percent, but yet, these types of decisions are made. So I would like to ask the Minister exactly what happens in that case and what is there to remedy the situation?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, I find this question similar to the situation that was put to me as the Minister responsible for Transportation yesterday and how the department responds to certain situations, where contractors have put forward bids and they were not qualified.

So, as I said yesterday, I leave it to the department to handle the situation, because it is not really a political situation at this point. It is simply a matter of following policies and, as I said yesterday, I do not bend policies to suit the occasion. The policies are there, we follow them. If we bend them, we will be questioned as to why we bent them. So we do not bend them. It does not really matter if the company has been here 100 years, the policy is there. So that is what we do. We follow the policies. Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. General comments. Mr. Krutko

MR. KRUTKO: Thank you, Mr. Chairman. I have a concern about that because this, as far as I am concerned, is an emergency situation in Fort McPherson and another reason to hold up the project. For myself, knowing that the subcontractor for this particular contract is Dowland, which is an Inuvik-based company in the region, who is going to be doing the majority of the work installing these tanks in the treatment facility.

So it kind of boggles my mind that you are scared to bend the rules, but you are there, as a Minister, to ensure that your department moves as smoothly as it can that it does not continue to stall projects because they either did not like the wording in the agreement or somebody forgot to dot the 'i's and cross the 't's. How detailed do you have to get as a department before you give

some leverage, knowing that there is short season to get these tanks, which have to be barged in from Hay River, and then be installed.

It is July and we are talking about a barging season that concludes in September. So you have two and a half months to try to go back out for another tendering process.

That is my concern. As a Member, this project directly affects me. We have to, as a government, the Premier and Cabinet, make it clear in this House that this is a priority of this government, and yet another stumbling block that has been put in the way of this project.

So, as the Minister, I would like to ask again, why is it that you could not take into consideration, knowing as a personal matter that NTCL is a northern aboriginal corporation, that the subcontractor is northern BIP type, in regards to Dowland out of Inuvik, as a regional operation? Myself, as a Member, I caught wind of this through a telephone call I got from NTCL. There was no consultation whatsoever with myself.

So I would like to ask the Minister again, as the Minister, you are responsible to ensure that the activities within this government are being carried out in a timely manner, that we do not continue to put roadblocks up by disallowing contracts on the basis that someone forgot a particular aspect. For some reason or another, they did not fill in the application for BIP. Will the Minister tell me when does he have the ability to move on specific things or are his hands tied so that he cannot do anything?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, I believe that we are on general comments here. We have not reached activities where this particular situation would arise. I am prepared to respond to it at this point in time but it is getting quite specific to an activity and a project within the activity. However, in an effort to keep moving things along here, I can respond here.

I just repeat myself. We follow the policies set by the government in regards to BIP and the Manufacturers' Directive. It is clear that there is a requirement for the company to meet certain terms in the bid. I do not believe that we are slowing down the project. As a matter of fact, we were quite safe in that the time requirements were still there to meet the deadlines. The project will still go ahead on time when the bids do come in.

As a matter of fact, on this particular project, I believe that the bids closed July 4th. There is still time for the contractor to fulfill the work of the contract. We are not trying to slow the project down, but we are making an effort to abide by the policies set in BIP and in the Manufacturers' Directive. All I can say, Mr. Chairman, is that if I get direction from Cabinet or from the Legislative Assembly to disregard the policies, then that is what we will do. But until we get that, we are going to abide by the policy. Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. I find it hard to believe that this was the only bid that did come in. So technically, that was the only group that showed an interest in taking a hold of this project. I find it hard to believe that this government has now extended a contract that was already subsequently closed, in which there was only one bidder. What you are doing is setting up a total monopoly or jeopardizing a corporation's ability to build a trusting relationship with this government, knowing that every time they put a bid in, and if you are the only bidder, if somebody said, "Well, I do not have enough time to put a bid in," it will allow another bidder an opportunity to know what the price is, go back, put another bid a week later -- which does not lead much to building trust between ourselves and contractors who took the time and the risk to put the proposal in, knowing that was the price that they put in the bid.

If you are going to continue to open up these bids and say, "Sorry we opened up your bid. You are the only bidder." It is a public process where people can know what is in these bids when they are opened, and go out the door and put another bid in the following week. They know that this government will automatically re-apply this process of bidding until finally the group that suits the department is the one that gets the bid that meets what they want.

I do not think it is fair to contractors, especially northern contractors and northern-based companies, to have to go through this process of having to continue to have their bids rejected on the basis that they were the only one. I find it kind of hard to believe that this was the only company that bid on this project. Is it the only bid that went into the department? Now they are being told, "Sorry, we cannot accept it so we are going to put it out to bid for another week." I would like to ask the Minister, is that the practice of this government?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, I tried to avoid discussing this particular issue in detail as we are going through the budget here, but the Member has brought up so much of the issue already it is almost a requirement now that we try to clarify our position on this. I am going to have to ask the deputy minister to clarify what happened with this situation and where it sits right now. As I said before, we are simply following policies, Mr. Chairman.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Rattray.

MR. RATTRAY: Mr. Chairman, this was an unfortunate tender call. There were two things that went awry in it. The first one was that when NTCL bid on the project they were not a designated northern manufacturer. At the time the tender closed, they did not have approval as a northern manufacturer of steel tanks. Otherwise, they were a legitimate northern contractor under BIP. It is the responsibility of the company to become registered as a northern manufacturer of tanks in order to qualify for this particular tender call. Unfortunately, it did not happen at the time of the tender call and that was the reason for rejecting the tender. The other thing that went wrong on this particular tender call was that there was another bidder and the other bidder did not get their bid in on time. The decision then was how to deal with that.

We determined that it would be faster for us to retender the project, and get a contractor in place that way. That is the approach we took on it.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Rattray. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. Mr. Chairman, I would hate to be in the contracting industry knowing that if you get your bid in on time, and if somebody else is late, your bid does not count. It makes it awfully hard to run a business. I think a good example is that yesterday, in regard to another issue, a bid price had been published. The department chose to go back on the tender. It was already published in regard to knowing what the bid was, so you go back out to public tender. There is definitely something wrong with the process of allowing a fair and equitable process.

There are timeframes that people have to meet. There are bids out there that set exactly the time and hour that these bids are going to close. If you miss the boat, you miss the boat. I think that as a government we either stick to the criteria that we put out in the public tender documents saying that there is a deadline, this is what it is.

The thing that gets me is that is exactly why we cannot attract industry to the North. That is why a lot of businesses will not bid on government contracts, because they have been burned so many times that they do not trust the system that is in place for public tenders. Like you say, you have to be fair. There is a point of being fair but there is a point of being clear on how you put out these bids and how people understand the bid documents that are out there. There is a specific time that is listed on all tender documents. If you do not meet that requirement within that timeframe, someone must have a heck of a lot of influence where they can come in the next day and say, "Hey, I did not get my bid in so I missed the boat. I want you to put it back out to public tender," so you do. I do not know who is dealing with what here, but that to me, should send shock waves out there to the business community that this is how this government is operating. I feel that this government has to take more accountability for the tender documents that they do post, that they follow the timeframe, and that we allow contractors, people from the industry making tanks, to have the same opportunity to build these tanks in the North. They did not.

The point that I am trying to make is that this is an essential element of concluding the water treatment facility in Fort McPherson. They have to get these tanks built in the treatment centre this year in order to access water that is going to be delivered to it, hopefully by next spring. If this is the process that we are going to go through, there is definitely a lack of communication. I think, as a government, we definitely have to establish a clearer role, in these tender documents that we do put out, that we do stick to the timeframes and deadlines that are in place. We do not allow for them to be continued open. We have seen it in the Department of Transportation, now we are seeing it again here in Public Works and Services. I would like to ask the Minister, when will you ensure that the department follows the direction on the timeframes set out in these tender documents?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, the Member pointed out some very important facts, in particular, in regard to contractors' bids being put in on time and the department's position on whether they be considered or not. In the Member's own words, on whether or not they missed the boat. In this situation everybody missed the boat, including NTCL. They did not have registration in time when the bids closed. They were not registered as a manufacturer. They made an effort to, but it was not in time. The other person that did not put their bid in time we treated the same way. It was not accepted. What we did was we put invitational tenders to three companies that could respond. We closed the bids for July 4th. This would allow for the project to still go forward in time.

It is unfortunate that NTCL's bid was opened, but that is part of the game. They get opened the minute we open the bids. They are posted. They are public knowledge. I think what the Member did here, he very clearly identified the problem the department faces in trying to be fair with everybody. That is why we try to stay within the policy because that is the only backup we have on whether we are treating contractors fairly. We must abide as closely by the policy as possible, within reason. So far we have not had to go outside of reason. All I can offer as a response to the Member and the committee, Mr. Chairman, is that the department is making its best efforts to abide by the rules and keep projects on time. That is what we are trying to do, Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. General comments. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. Mr. Chairman, another area that I have concerns about is in regard to the specific amounts that can be let go for different types of contracts or to do work on spec. Is there a specific amount set in either guideline that does not have to go to public tender?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. I will ask Mr. Rattray to respond to that. Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Rattray.

MR. RATTRAY: Mr. Chairman, the only contracts value that comes into play are contracts under \$1,000. The government's contract regulations specify that if the value of the contract is under \$1,000 or if it is an architectural or engineering contract under \$25,000, those can be dealt with as sole-source contracts. There are no other dollar guidelines.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Rattray. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. Who has the ability to establish these sole-source contracts for \$25,000 without having to go to public tender?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: I will defer the question to the deputy minister. Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Rattray.

MR. RATTRAY: Mr. Chairman, we have delegated that authority to the regional project staff and the regional superintendent.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Rattray. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. Is there any way that the department can monitor the number of these sole-source contracts being used by one particular individual within the department, whether it is regional staff or the superintendent? Do you guys monitor how many of these contracts are being used, how many companies are accessing it? There was a concern in the last Assembly in regard to the misuse of a lot of these powers by different people. It avoids them having to go to public tender but also they do use specific firms and other firms who may have the ability to compete, do not have the opportunity to bid on these contracts. Is there a way of monitoring how these contracts are let go and how many of these contracts have been used by individuals within the department to other companies?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Rattray.

MR. RATTRAY: Mr. Chairman, the department does maintain a listing of all contracts that are issued. I review those on a regular basis. The Member did raise that issue about a year, a year and a half ago, if I recall correctly. We looked into it at the time. I believe it was specifically with respect to architectural and engineering contracts. I believe the interest was in making sure the local firm was receiving a reasonable amount of business. We continue to do that, taking into account that there must be the actual skills within that firm to do the particular type of work we require. If that company does not have the particular skills, we can and do go further into the field in order to acquire those skills.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Rattray. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. Mr. Chairman, the reason I raise the concern is because I have heard, especially from different people within the Inuvik region, that there has been some patronage towards specific operators who seem to get a lot of these government contracts. People do not have an opportunity to bid on a lot of them. How closely do you monitor these to ensure there is not one company getting 90 percent of the contracts and there are only ten percent of the contracts going out to the rest of the community?

Do you have the ability to have these documents reviewed? I was going to suggest you do an audit to see if this activity is taking place. You may not notice it because you get different reports. I think through a specific audit to see if this is happening and if it is happening, I think we have some serious problems. How in-depth do you get in the evaluations? Do you do an actual audit to see if these people have made an attempt to go to public tenders or if they are just using this process as a front for getting specific dollars out to different areas?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Rattray.

MR. RATTRAY: Mr. Chairman, we have not done an audit per se. Again, we have the knowledge of the type of work various companies can do. We have knowledge of the type of work we require to be done. The actual decisions are typically made in the region. Unless something in the routine reports indicate there is something out of whack, you are quite correct. We do not pursue it further than that. The number of contracts we are talking about is relatively small in that region. Again, we have a pretty good idea as to who is capable of doing the work.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Rattray. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. That is the concern. If there is only one person you classify as being capable getting all of the work, it does not really open up the door for other operators to get into that specific field. That is the whole intention of contracts and whatnot, so people can build that expertise and entice people to the region, develop their management skills and also their service contracts.

By doing that sort of methodology that you are not qualified so you do not count, you can buy that expertise to get it in the area. I feel we have to get away from this practice. We have to ensure that it is an open, public process. I would like to ask the Minister if he is willing to consider doing a review of this particular area in the Inuvik region?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, I am willing to do a review to see if everybody is being treated fairly. I believe my department has been making an effort to treat everybody fairly. We will take the Member's concerns under consideration and I will do a review of the Inuvik area again.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. Regarding the water treatment project in Fort McPherson that this department seems to be overseeing, I would like to ask the Minister, this has been a very strenuous effort for the people in the community to ensure we get something done fast to improve the water situation in Fort McPherson. The concern I raised earlier about the contract and having to go back out, I would like to ask the Minister how soon can we see this contract get underway because of these delays?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, I am sure the deputy has been directly involved with this, so I will ask Mr. Rattray to respond on where the project is at right now.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Rattray.

MR. RATTRAY: Thank you, Mr. Chairman. Mr. Chairman, the re-tender for the manufacturing of the tanks closed yesterday. That is three weeks later than the original date. My understanding is that it has not changed the ability to meet the barge deadlines. Therefore, the project is still on its original schedule. This is a fast-tracked project and there are a number of things that have to occur at specific times. There is still the potential that problems will occur prior to completion, but at this point in time, the project is on schedule.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Rattray. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. When is the completion date for this project? When will we see water flowing into Fort McPherson?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Rattray.

MR. RATTRAY: Thank you, Mr. Chairman. Mr. Chairman, I believe we are working towards a spring 2001 completion date. Timing on that, I will caution the Member, is very tight. That is the date we are working towards. I am afraid I do not have a more specific date with me at the moment.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Rattray. Mr. Lafferty.

MR. LAFFERTY: Thank you, Mr. Chairman. I have a question on the procedures for the Minister's staff and how they operate in the communities when they come in. For example, with the water treatment plant in Rae-Edzo, staff came in a few years ago. They told the community they have to use certain chemicals without consultation with the communities. I just wanted to know if this is the right way to do things, without any consultation with the communities. Are they continuing to do these things for the future?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Lafferty. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, this is again an operational situation. I will ask Mr. Rattray to respond.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Rattray.

MR. RATTRAY: Thank you, Mr. Chairman. Mr. Chairman, as Mr. Lafferty knows, the operation of water treatment plants is a highly technical business these days. It is becoming an increasingly difficult one as technologies change and our knowledge of the water chemistry changes and develops.

For the operation of these plants, we have been working with the community for a number of years to teach them how the plants are to be operated, what is required in order to ensure water is safe. In fact, a couple of years ago, we turned the plant over to the community. The community is actually operating the plant on its own. We provide advice and assistance as requested. At this point in time, the community is managing it on their own.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Rattray. Mr. Lafferty.

MR. LAFFERTY: Thank you, Mr. Chairman. After the department makes decisions like these, do they monitor the water to make sure they made the right decision? Thank you, Mr. Chairman.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Lafferty. Mr. Rattray.

MR. RATTRAY: Thank you, Mr. Chairman. Mr. Chairman, the department does not do a great deal of monitoring. The routine water quality monitoring is carried out by the various respective health boards. The community is required to deal directly with the health board on that. We are available to provide support and assistance to the community as required and we have done so on occasion.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Rattray. General comments?

SOME HON. MEMBERS: Detail.

CHAIRMAN (Mr. Delorey): Page 5-9, Public Works and Services, directorate, operations expense, total operations expense, \$5,945,000. Mr. Dent.

MR. DENT: Thank you, Mr. Chairman. I was not a member of the committee doing the review process and this question may have been answered there, but I notice under other expenses, there is no detail for other expenses. The amount expended went from \$1.3 million in the main estimates to \$2 million in the revised estimates. It is back down to \$1.2 million in this year's mains. What is causing that fluctuation? What is included in other expenses? Why is it going up and down like that?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Dent. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, I will ask the deputy to clarify that for the Member.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Rattray.

MR. RATTRAY: Thank you, Mr. Chairman. Mr. Chairman, there were two major components to that. The first was we were requested, as all departments were, to achieve certain savings in budgets last year. What we did in order to facilitate that was reduce budgets in the various other categories, consolidate them into the directorate, then lapsed that money at the end of the year. That was approximately \$450,000 to \$500,000 that was included there.

One other area was we have been attempting to deal with revised charge-back structures as well. What we have done, the charge-back for communication services, rather than prorating that amongst all the different department activities, we consolidated that into the directorate activity. We were charging it out of there for the last year.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Rattray. Mr. Dent.

MR. DENT: Thank you, Mr. Chairman. So if I understand that right, we should at some point be seeing a supplementary appropriation for a negative \$450,000 or \$500,000 on the lapsed funds? Is that the process we will eventually see for 1999-2000?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Dent. Mr. Rattray.

MR. RATTRAY: Mr. Chairman, I do not believe a supplementary appropriation is required on that. I believe it was simply lapsed at the end of the year. It was not expended.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Rattray. Directorate, operations expense, total operations expense, \$5,945,000. Mr. Roland.

Committee Motion 25-14(3): Recommendation for a Revised Government-Wide Record Management Plan For Incorporation by March 2001 (Carried)

MR. ROLAND: Thank you, Mr. Chairman. I have a motion. Mr. Chairman,

I MOVE that this committee recommends that the Department of Public Works and Services implement a revised overall government-wide records management plan that all government departments can adhere to and incorporate by March 2001. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Roland. The motion has been distributed. The motion is in order. To the motion. Question has been called. All those in favour? All those opposed? The motion is carried.

We are on page 5-9, directorate operations expense, total operations expense, \$5,945,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Delorey): We are on to page 5-11, asset management, operations expense, total operations expense, \$32,025,000. Mr. Miltenberger.

MR. MILTENBERGER: Thank you, Mr. Chairman. I just have one question for the Minister, in regard to the issue that was discussed earlier by myself and Mr. Roland, in relation to the construction process and cost overruns and recognizing the fact that there are a number of players at the table. While not wanting to recognize Public Works and Services as the sole whipping boy in this, is there any plan to look at the process so that it is tighter, so that there is less chance of cost overruns? That commitments are not made at the community level that headquarters does not know about? Ways to try to better integrate the various pieces so that it is a more efficient, effective, and economical process? Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Miltenberger. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, for the Member's information, we have been working on a process here where we can address the specific issue that the Member has brought up, and just to make matters short, I could ask Mr. Rattray to respond to that question. Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Rattray.

MR. RATTRAY: Mr. Chairman, the department has been looking at this issue quite seriously over the last year and, partly, in response to some of the discussions we had with the Member in his former portfolio of Education, Culture and Employment. That department is one of our larger clients and a number of those projects were of significant concern to us.

The discussions with the department have gone very well. We have restructured our working relationship with

them. We have consolidated some of the program financial management components within our own operation and provided a direct link back to the Department of Education, Culture and Employment. That exercise seems to be working quite well. We have looked at a number of other areas where we expect that we can make some improvements in operations. Some of that relates to the front-end planning on the projects to ensure that we are involved in an early stage and developing project budgets, to ensure that we have a clear idea of the scope of work of the project early on and can provide some feedback on how the budget should be established. We have also been able to discuss with the department the potential for including effective planning years in the project schedule so that some preliminary work can be done on a more timely basis.

There is a significant amount of evaluation and assessment work that is required at the front-end of a project to thoroughly establish what the scope and the project budget should be, and providing some additional time at the front-end in the planning cycle will assist there.

I believe we have improved the working relationship with the regional project staff as well and tied them more tightly into the headquarters planning functions that Education, Culture and Employment has provided.

Some of those same types of activities that we are doing with Education, Culture and Employment will carry over into our relations with other departments as well.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Rattray. Asset management, operations expense, total operations expense, \$32,025,000. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. In regard to contracting services that this government is in, getting back to the matter that I raised earlier, about the field contract that went out to build two tanks in Fort McPherson.

The reason that was given was because they did not fill out the particular application to fall within the Manufacturers' Directive. Could the Minister state exactly how long does it take to fill out an application and have it processed to receive your certification?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. I am sure I do not know. I will ask the deputy if he might know.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Rattray.

MR. RATTRAY: Mr. Chairman, we do not process those applications. The Department of Resources, Wildlife and Economic Development processes applications related to the BIP and the Northern Manufacturers' Directive.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Rattray. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. Mr. Chairman, my understanding of it, it usually takes one day, but in the case of the NTCL, when they found out they did not have this application, they did file an application with the department in which it took them 14 days to get approval, but that was after the bids were open. So they did make an attempt to do it, but yet, they were still refused a contract.

So I would like to ask the Minister, are you willing to take into account that there is a requirement there and there is a process that people can follow, in regard to allowing contracts and contracting services to be conducted in a manner that is within reason, that you do sit down with the contractor, make them aware of the situation, and allow for some timeframe to take place, so that they can get the required documentation and be able to have the ability to do it? Knowing that these are northern based companies and especially that they are aboriginal owned. The aboriginal people, this is their homeland and they should not have to go through the stringent requirements of having to prove who they are. It should be the other way around. The government should prove to them who they are, if they were here first.

So I think that this government should seriously consider looking at allowing for that time and flexibility of that time to take place, so that the contractors could have the opportunity to conclude those required documentations, so they can meet the BIP and the Manufacturers' Directive.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, as the deputy indicated earlier, it is not the department's responsibility, in particular, to process these applications or even to register these people as manufacturers. It is the Department of Resources, Wildlife and Economic Development. All I can respond to the Member is that we will pass the Member's concerns and comments on to the Department of Resources, Wildlife and Economic Development for their consideration because it does interfere with the process as to how fast the project would proceed if, in fact, there was nobody qualified to respond to this particular tender. Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. Mr. Chairman, I would like to ask the Minister, what role do the MLAs play in regards to contracts that are going on in their riding that will impact their communities? Especially in this case, this situation, where I got a phone call from NTCL telling me that this happened and it was too late to do anything about it.

So I would like to ask the department, is there a process in place that we, as MLAs, will be consulted in regard to what contracts are going on in our areas and which contracts have been cancelled or delayed because of tendering processes?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Mr. Chairman, I am not aware of any requirement for the department to contact the MLAs on whether or not we issue contracts, or how we respond to a tender or a bid.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen, Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. Maybe the Minister could check, but I believe under the Financial Administration Act, it says anything over \$250,000 has to be referred to an MLA, especially if there is a change in the scope of the project, or what not. So I think that there is a notification process that is there and has to take place.

Maybe the Minister could check on it, because I know for a fact that there is a consultation process. That is there, that is why I asked the question.

CHAIRMAN (Mr. Delorey): Mr. Krutko, your microphone was not on. Did you want to add anything further?

MR. KRUTKO: Thank you, Mr. Chairman. Can the Minister clarify that?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, the department is aware that the Financial Administration Act, in regard to the \$250,000 change in project and whether or not that money is moved somewhere else, but at this point of the discussion, I do not think we are talking about whether the project gets changed. We are just talking about whether or not, my understanding anyway, MLAs are involved when bids are accepted or not. That is what I thought the subject was. Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. In regard to the Business Incentive Policy and also the directive, it references MLAs in there, in which we, as MLAs, either will be consulted or be there to support or reject a specific project if we do not feel that it really benefits our constituents.

So there again there are processes that allow for MLAs to be involved and consulted and also have input in regard to how these projects are going to go. If they are going to go sole-source or negotiated contracts, if there is a need for Manufacturers' Directive, that we, as MLAs, should be able to say we do support a specific contractor based on the fact that they will leave economic or social benefits in our riding through training or employment.

There is that opportunity for us to follow through the Manufacturers' Directive. So these policies are there, in which it clearly states the MLAs will be involved and also they will have opportunity to write to the specific departments stating their preference in regard to a specific project.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. I did not hear a question in there. Did you want to make any comments on that, Mr. Steen?

HON. VINCE STEEN: Mr. Chairman, we certainly will take into consideration the comments of the Member and review the policies to see how they affect us. Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Krutko.

MR. KRUTKO: In regard to this specific project, myself, as an MLA, if I wrote a letter to the Minister saying that I support NTCL getting this contract, will that be taken into consideration?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Mr. Chairman, along with everything else, it will be taken into consideration.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Roland.

MR. ROLAND: Thank you, Mr. Chairman. In the area of contracts and cost overruns, there was quite an explanation earlier, but just on one question, and I will try to be brief with this one.

The areas that seem to drive the cost was the activity, the boom, in Alberta, and so on. That has been said to be going for some time now. How long does it usually take the department to adjust their prices and estimates to be able to adjust to the increase and the higher cost? Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Roland. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, I think the question would be better responded to by the deputy. It is more in his field. Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Rattray.

MR. RATTRAY: Mr. Chairman, the department became aware of this essentially two years ago, that this had started and that is when it first became noticeable. The impacts of it, we are really, at this stage, only beginning to be able to deal with that in our planning processes.

For example, last year, many of the projects that we had difficulty with were ones that were actually tendered the previous year and construction had started the previous year and that was when we first began to notice it. We seem to be into another construction cycle now where we have a number of new projects coming on line.

The information that we gathered two years ago is now being used in the development of designs for the program work that is currently in design and out to tender. Some of those projects are now able to take advantage of the information that we were able to obtain about the change in the construction trends in the south, but there is a time lag there.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Rattray. Mr. Roland.

MR. ROLAND: Thank you, Mr. Chairman. You mentioned two years. Is that a fair time to say that is the turnaround when we know that there are some changes because some projects are issued and work is going on from the previous year's capital, and the costs go up in between the completion of that project? When do we get new information to issue the new work that is going out? Is it two years? Eight months? Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Roland. Mr. Rattray.

MR. RATTRAY: Mr. Chairman, no, I would not say that in all cases it takes that long. In fact, some of the information we made use of immediately. It depends on what stage the projects are at and whether or not you can actually go back and start to restructure and redesign a project to reflect the fact that the market conditions have changed. It depends on how far advanced it is. In some of the projects that we are dealing with now, the design work is just starting. We have the information available that allows us to build it in right at the beginning of the design process. That is obviously the best time to be dealing with it. We obtained some of the information too late in the process to be effective, and as a result, we took a beating on some of the tenders and had to make some last minute adjustments in projects to address that.

The information was made available to departments for their budgeting purposes within the first six months of it actually starting to appear to us. That was being taken into account in some of their planning. How seriously they took it when the initial spike hit depends on department to department and individual to individual, but it has become more widely known and is being better handled, I believe, by client departments, ourselves and our consultants.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Rattray. Asset management, operations expense, total operations expense, \$32,025,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Delorey): Asset management, grants and contributions, total grants, \$260,000. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. In regard to the Rockhill Apartments, where are those apartments located and is this for a particular lease or do we own the building?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. I defer that to the deputy.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Rattray.

MR. RATTRAY: Mr. Chairman, it is located in Yellowknife and it is to provide low income housing. That housing was formerly in the Northern United Place apartments which were converted over for use by Aurora College. In order to replace the space, we made available a building that the government owned. Consequently we have to declare a grant-in-kind to reflect that in the government's accounts.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Rattray. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. Why has this responsibility not been given to the Department of Education which leases and occupies that facility or the Northwest Territories Housing Corporation that is responsible for housing? Why do you continue manage this specific area which is more catered towards housing or education, because they are the occupants or the users of those facilities?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Rattray.

MR. RATTRAY: Mr. Chairman, I do not have a really good answer for that one. We worked this arrangement out about three years ago, I believe, when the project first came up, which I admit was a bit before my time. I admit I am a little sketchy on it, but my understanding is that we worked it out with those other agencies. The facility was on our books as a surplus facility. Consequently, we were the ones identified as dealing with the grant-in-kind. The major portion of the funding that was used in this project was education funding. They were the prime movers on this project or this activity.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Rattray. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. Has the department sat down with the Department of Education or the Housing Corporation and asked them if they were willing to take over this responsibility because it does not fit within the criteria of this department any more? The whole thing about housing and asset management now seems to fall within the departments that have taken over their own responsibility to maintain their own buildings, taking care of their power payments, telephones, everything. That was basically devolved to the different departments to manage on their own. I am just wondering why this specific thing continues to remain on your books when it could be better managed within the Department of Education's budget. It ties in with them as they maintain and operate that facility that they are using.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, I will commit to having the department reassess whether we should be involved in this particular asset management or, as the Member says, pass it on to one of the other departments, whichever would be more appropriate. Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Krutko.

MR. KRUTKO: I was not too clear on what the Minister said. Did he say that he will consider removing this from his main estimates next year and give it to another department so it is more reflective of the agency or group that is using that facility?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. That is basically what I said, yes.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Asset management, grants, \$260,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Delorey): Systems and communications, total operations expense, \$612,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Delorey): Petroleum products, operations expense, total operations expense, \$566,000. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. Mr. Chairman, I have a concern with the petroleum products, especially now that there is a new player at the table, the Northwest Territories Power Corporation, in the talks of privatization of petroleum products. I know for a fact that it has been a couple of years now that the community I represent, Fort McPherson, has been working on trying to take over that operation through the Development Corporation in the community. Now they are in discussions with Gruben Transport, out of Tuktoyaktuk, of possibly taking over that operation because of what has happened with the Northwest Territories Power Corporation stepping up to the batter's box and they are now a big player. It seems to me that we could lose this opportunity for the community to benefit from running such a project in the community and delivering fuel products in the community rather than having it done in Hay River by a company that is already big enough. They have better things to do than take over petroleum products. I would like to ask the Minister, what is the opportunity for a company in Fort McPherson to take over this project versus the Northwest Territories Power Corporation? Will they be seriously considered and have an opportunity to submit a proposal to this government to possibly take over the transfer of petroleum products in Fort McPherson?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. I will try to be brief in describing where this situation is right now. We in the department were instructed to consider working with NTPC to see whether or not it would be feasible for them to take on petroleum products as a whole, not just community by community, but all the petroleum product responsibilities of the department. We were instructed to come back to the Financial Management Board Secretariat with some form of recommendation. We have reached the stage now where we are in the process of doing that. It will be in the next little while, I would say in the next month, that we will be making a recommendation to the Financial Management Board Secretariat in regards to NTPC taking on all the activities of petroleum products. At that time, we would be better be able to respond at what we are going to do from that stage on, whether we get direction to proceed with NTPC privatization or privatization through individual companies or corporations. I cannot respond to the Member, but in another month's time we will have a decision on the matter. Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. Mr. Chairman, I feel that if anything the groups that have put in a lot of effort and energy into looking at this from the community level should have had first opportunity to take on this venture versus a new company that has just shown up in the last month, as far as I know. I have never heard of the Northwest Territories Power Corporation looking at this until just recently. I have been working on this with the band in Fort McPherson for almost four years with no success whatsoever. We kept getting delayed. Now we are told that the contract does not run out for another year, you have to wait for the co-op to relinquish the contract before we consider it. So we have been waiting and now you put another road block in front of the community in being able to take it over. We cannot compete against the Northwest Territories Power Corporation because they have deep pockets and the band corporations in the communities do not. I think that the chance of success of the community being able to do this has been totally eliminated by

this idea that you put forth to the Financial Management Board Secretariat. I would like to ask the Minister again, how much of a chance does a community have of seriously taking over the petroleum products services in their communities?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, it would not be appropriate for me to respond to that at this point in time. I am required as the Minister to respond to something that has been requested of the department by the Financial Management Board Secretariat. It would not be appropriate to say what chance a private company would have competing with NTPC for the privatization initiative. I cannot respond to the Member in any way at this point in time, Mr. Chairman.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. Mr. Chairman, I am not too sure if the Minister is aware of the Gwich'in Land Claim Agreement. Under the economic measures chapter, it clearly states that if government will be privatized or looking at any services, they have to give the aboriginal organization first dibs on any public programs in the region through economics. Have you considered that agreement to see if you are infringing on it?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, I am well aware of the terms of the economic clause in the Gwich'in Agreement. I would like to make the Member aware that all of these specific points, including his comments, will be considered when we present this to the Financial Management Board Secretariat. All of these points will be taken into consideration. I would say they will play a very important part in whether or not NTPC takes on the privatization initiative or whether we go to a public tender with it or whether we go to an invitation to tender. All of these points will be taken into consideration at the Financial Management Board Secretariat because we are bringing them forward. Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Roland.

MR. ROLAND: Thank you, Mr. Chairman. Mr. Chairman, on this issue of petroleum products, I have a couple of questions. The committee has stated that if anything were to proceed on this matter, that it be a public process. All people are aware of potential groups that want to be involved in this, they would have an opportunity. This is not a deal that will be done and we hear about it in a press release.

The Minister, in committee, seemed to agree with that. For the record, is that message still being sent and being used as part of the whole review? Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Roland. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, the recommendations from the committee will also be included in what Public Works and Services brings to the Financial Management Board Secretariat.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Roland.

MR. ROLAND: Thank you, Mr. Chairman. Mr. Chairman, on the other side of petroleum products, and I threw this question out to the department when we were going through reviews, the news that we had a one-time windfall from the Government of Nunavut that included assets of some of the latest examples of fuel and POL products. At that time, the department said they would have to get back to us. I would like to know if there is more information on this. It was a substantial amount of dollars that were identified. In later questions, it was not all from petroleum products, the fuel and so on in tanks. That was still one of the things. For the record, how much of that actually came in through POL? If anybody were to know, you would figure it was POL, it would be advising the Financial Management Board Secretariat or Finance that this was a potential that was owed to us, especially when we hear a number of times that the west was being subsidized by the volume of the east. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Roland. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, I have been advised that the question should be directed to the Financial Management Board Secretariat when they come up for that department's estimates.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Roland.

MR. ROLAND: Thank you, Mr. Chairman. I was unable to hear the response from the Minister. Can he repeat it? I had colleagues disturbing my ability to hear.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Roland. Mr. Steen, could you repeat that please?

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, for clarification purposes, we have been advised that the question should be directed to the Financial Management Board Secretariat when you are reviewing their estimates.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Petroleum products, operations expense, total operations expense, \$566,000. Mr. Miltenberger.

MR. MILTENBERGER: Thank you, Mr. Chairman. I was wondering if the Minister could indicate how much fuel is barged up annually to the communities? Do they have a ballpark figure? Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Miltenberger. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, I have the director of petroleum products, Mr. Austin, here, so he would be best to respond to that question. Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Austin.

MR. AUSTIN: Thank you, Mr. Chairman. Roughly ten million litres are barged.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Austin. Mr. Miltenberger.

MR. MILTENBERGER: Thank you, Mr. Chairman. Is it a standard practice that roughly seven to ten percent of the contents of the barges gets left in there and is not pumped out for whatever reason? Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Miltenberger. Mr. Austin.

MR. AUSTIN: I really have no idea. We receive the volume of the fuel we order. We measure it. We do the quality control checks on it. We take the volumes on for each community that we had ordered for that community. They may have residual volumes of fuel on the barge, but it certainly has nothing to do with us. We only pay for what we get.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Austin. Mr. Miltenberger.

MR. MILTENBERGER: I was also interested in fuel storage. I recall at one point there was some discussion between NTPC and POL in terms of how to coordinate their fuel storage efforts. I was wondering if the Minister could just elaborate on the status of those discussions. Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Miltenberger. Mr. Austin.

MR. AUSTIN: Thank you, Mr. Chairman. Yes, we have regular discussions with the Power Corporation on the fuel storage requirements. There are a number of issues that have come into play lately that complicate the matter. The primary one being that the fuel specification for our requirements, for the public's requirement, is different than the fuel specification for the diesel fuel the Power Corporation utilizes in electrical generation.

We still have four of the 15 communities where we both have fuel facilities. In four of those 15, the Power Corporation is actually a customer of ours. In the balance of communities, we help them out from time to time, but they have their own infrastructure. The fuel we purchase for public consumption has to meet a low sulphur specification for environmental reasons.

This is in particular to motor vehicle applications for diesel. The Power Corporation is not subject to that low-sulphur specification requirement and are able to purchase their fuel for a lower cost, a wholesale cost.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Austin. Mr. Miltenberger.

MR. MILTENBERGER: Thank you, Mr. Chairman. If both businesses purchase the same fuel with the same sulphur content, would that compatibility resolve the issue? I would assume there is going to be increasing pressure on the Power Corporation. As I understand it, they are talking about using the low sulphur content fuel because of Kyoto and greenhouse gas emissions and all that good stuff. Is there some coming together that will eventually be reached?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Miltenberger. Mr. Austin.

MR. AUSTIN: Yes, Mr. Chairman. The Environment Canada specifications on the recent legislation changing the low sulphur requirement for applications seems to be driven by California standards, which tend to be the most stringent.

Those seem to be moving everyone towards that same low sulphur requirement, regardless of application.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Austin. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. With the review of the process that is presently before the Financial Management Board Secretariat, will the Minister commit that before anything is done, we will do a thorough public review on the possibility of privatizing POL, especially to the Northwest Territories Power Corporation?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. I am sorry, Mr. Chairman, I am not clear on the question.

CHAIRMAN (Mr. Delorey): Mr. Krutko, could you repeat the question please?

MR. KRUTKO: Thank you, Mr. Chairman. Mr. Chairman, my question to the Minister is, knowing there will be a decision coming down in August sometime on the privatization of petroleum products, if it does happen, will we do a thorough review in regard to public consultations and we allow for input from all communities that are affected by this, so they could at least have a say on how it is going to affect us? Also, the opportunities for communities such as Fort McPherson to state their case, so they could at least be heard.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, I am sure the Member's comments will be on record. We will take those along with us for consideration by the Financial Management Board Secretariat.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. Mr. Chairman, I am not talking about myself. I am talking about the public out there, especially the communities that are currently being supplied with petroleum products by this government. If we are talking about privatization, I feel there will be effects felt by communities, like we see with our power bills and everything else. When the Power Corporation starts offloading on communities, we end up paying more in the long run.

I feel that because of what is happening here, there was no public consultation or involvement, no consideration of other communities. Before anything happens, this government should do a thorough, public consultation with all the affected communities on the privatization.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, as I said, I will pass the Member's comments on. I am sure they will be recorded and brought forward to the Financial Management Board Secretariat for consideration when we discuss the privatization. We should keep in mind here that the

more public consultation we have before anything happens, it is going to be that much longer before we are able to privatize. For every day we keep it on under Public Works and Services, petroleum products, it does cost the government money through the subsidies.

I can assure the Member the comments regarding consultation will be brought forward to the Financial Management Board Secretariat. Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. Mr. Chairman, is there a possibility that the Minister can refer the question to the Minister responsible for the Financial Management Board Secretariat, who is here in the House?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen, you would have the option of passing it on to another Minister or you can choose to answer it yourself.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, I appreciate the opportunity, but what we are talking about here is the privatization aspect and what we are going to do with it. What I am saying to the Member is that all the comments and suggestions that have been brought forward here will be put before the Financial Management Board Secretariat for consideration when we bring forward our proposals and our response to the Financial Management Board Secretariat's direction to us.

I do not know if you can expect anything more from the chairman of the Financial Management Board Secretariat than what I have already said, so I am not going to request that it be directed to that Minister. Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. Mr. Chairman, I believe this is the only time where we have a chance to question the department on what they are doing and what they will be doing for the next year. This initiative, like he says, is costing this government money. The Minister clearly stated that they have been ordered by the Financial Management Board Secretariat that they allow the Northwest Territories Power Corporation to privatize it to that organization. Those are the Minister's words.

So I ask the Minister again, because the Minister of the Financial Management Board Secretariat is present. There have been practices in this House where if the Minister has not been able to answer and if the Member is trying to get information and if he does not have that knowledge present and where other Ministers do have that knowledge, that they do try to reveal it in this committee, so that we can get a better feel and understanding of where we are going with the issue that is at hand. For me, by simply saying, "Well, I am going to pass it on," does me no justice. We do not come back to this committee of the whole until next year and I

would like these answers today so that I know that between now and next year I am not going to see the Northwest Territories Power Corporation running fuel products in Fort McPherson with no consultation or involvement of the community or no consideration of other companies or organizations who feel they can take over this operation. That is why I am directing the Minister, asking him if he can do that, but again, how sure is he that I will get this information? Will I get it before we adjourn, before tomorrow?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Krutko, we are dealing with Financial Management Board Secretariat later on today, hopefully later on today. There might be an opportunity to address the Financial Management Board Secretariat at that time. It is entirely the Minister's call on whether he wants to redirect it or not.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, I am getting confused here. I thought that we were dealing with a recommendation from the Member that there be no privatization unless there is public consultation first. I agreed to take this recommendation that the Member has put forward to the Financial Management Board Secretariat along with the other information that we have. I will pass that on to the Financial Management Board Secretariat to take into consideration during the discussion of privatization of POL. That is what I committed to do and I thought that was all I was requested to do. Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. Mr. Chairman, say we do decide to privatize petroleum products to the Northwest Territories Power Corporation, I would like to know what role Public Works and Services would have in this government? Right now you operate on a pretty wimpy budget of approximately \$30 million and taking \$10 million out of it, realistically, what role does this department still have after you take out petroleum products? Maybe we should put you in the Northwest Territories Housing Corporation or Municipal and Community Affairs since you do not seem to want to take on this responsibility. I would like to know, once this is gone in regard to petroleum products, what role does this department have in this government since we gave up the management of infrastructure and whatnot to all the other departments? It seems that you are downgrading yourself to a point of non-existence.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, the Member brings up a good question. I thought that the question was fairly well responded to in my opening remarks. It describes in there the roles of the department. It includes the fact that a portion of our duties is petroleum products, but it is only a portion. The rest of our duties and responsibilities are outlined through the main estimates, our systems and communications, our asset management, those types of things that we do as a department. There is still going to be a fair amount of activities and responsibilities that the department is going to have to carry out. Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Petroleum products, operations expense, total operations expense, \$566,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Delorey): Mr. Dent.

MR. DENT: Mr. Chairman, just a question to you on procedure. I have some questions on the Petroleum Products Revolving Fund, which I could ask on the information page 5-23. Will that page be coming up in discussion or because it is an information item should I ask my questions now?

CHAIRMAN (Mr. Delorey): Page 5-23 will be opening up and coming up for discussion. We are on page 5-17, petroleum products, operations expense, total operations expense, \$566,000. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. I see there has been a \$400,000 increase in the cost of assets and services. Could the Minister tell us what that increase is?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Mr. Chairman, could you redirect that question to Mr. Austin?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Austin.

MR. AUSTIN: Thank you, Mr. Chairman. The increase is represented by work in progress and assets put into service through the year.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Austin. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. In regard to the net book value of assets and services, there has been an increase of about \$1 million or \$900,000. Could you explain what that increase is?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Austin.

MR. AUSTIN: Thank you, Mr. Chairman. That is simply the total of new assets that were put into service through the fiscal year, or will be put into service through the fiscal year, less the depreciation from the previous year. It is just new assets going into operation, or in the process of being put into operation.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Austin. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. Mr. Chairman, how can you have an asset on the books if it is not even on the ground yet? An asset is real, it is a physical gain versus a number on a book.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Austin.

MR. AUSTIN: Thank you, Mr. Chairman. If you look in the heading changes and budget year, there is a heading that says assets are put into services during the year. You will notice that the majority of the increase is under that column. It is physical, on the ground assets that are put on the ground through the year.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Austin. Mr. Krutko.

MR. KRUTKO: Thank you. In regard to the assets that this department has regarding fuel tanks, pipelines and things like that, is that the \$10 million? Do you have a list of those assets? Where they are located and how much they are worth?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Austin.

MR. AUSTIN: Yes, we do, Mr. Chairman.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Austin. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. Can I get a copy of that?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Austin.

MR. AUSTIN: I do not see why not. I can give a depreciation schedule by community, if you wish, that shows the assets and the depreciated values.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Austin. Operations expense, petroleum products, total operations expense, \$566,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Delorey): Page 5-18, active position, information item. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. Mr. Chairman. I have a question regarding affirmative action. I would like to know how many aboriginal people we have in regards to P1s in this department. How many of them are in senior management areas?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, the deputy minister can respond to that as it falls under the administration of the department. Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Rattray.

MR. RATTRAY: Mr. Chairman, the department has approximately 62 indigenous aboriginal employees out of a total complement of approximately 200. It has, out of a total management including senior managers and middle managers, approximately 32, four are aboriginal employees. Mr. Chairman, as for senior management, one out of eight is an indigenous aboriginal.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Rattray. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. Could I get a total number of the people within senior management? You mentioned 32, but could you give me actual positions versus those of P1s?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Rattray.

MR. RATTRAY: Mr. Chairman, there are eight senior managers, which represents myself as a deputy minister, four directors, and three regional superintendents.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Rattray. Mr. Krutko.

MR. KRUTKO: Out of the eight, how many of them are P1s?

CHAIRMAN (Mr. Delorey): Mr. Krutko. Mr. Rattray.

MR. RATTRAY: Mr. Chairman, one.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Rattray. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. I would like to ask the Minister what they are doing? Are they trying any initiatives to entice people into the senior management area or increasing the numbers of P1 positions within this department?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Rattray.

MR. RATTRAY: Mr. Chairman, we continue to look within the organization for affirmative action candidates who have the potential to take on senior management roles and to develop those for senior management positions. Right now, we are probably having more success with the women in management positions than we are in the aboriginal affirmative action category. That is predominantly what we are doing. We take advantage when we can of transfer assignments in order to enhance the capabilities of staff and other training initiatives.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Rattray. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. Does the department give quarterly updates on where they are with these statistics? How often do you publish this information?

CHAIRMAN (Mr. Delorey): Thank you Mr. Krutko. Mr. Rattray.

MR. RATTRAY: Mr. Chairman, we prepare this information as required.

CHAIRMAN (Mr. Delorey): Thank you Mr. Rattray. On page 5-18, active positions, information item.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Delorey): On to page 5-19, lease commitments, infrastructure, information item.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Delorey): On page 5-20, systems and communication, information item.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Delorey): Page 5-21, systems and communications, active positions.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Delorey): Page 5-22, information item, Public Stores Revolving Fund. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. In regard to systems and communication active positions, the 17 positions at headquarters, how many of those are P1s?

CHAIRMAN (Mr. Delorey): Mr. Krutko wants to go back to page 5-21, active positions. Is this the wish of the committee?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Delorey): We are on page 5-21. Mr. Rattray.

MR. RATTRAY: Mr. Chairman, I am just trying to check my memory here. I believe there are a couple, but I do not have the actual figures.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Rattray. Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. Mr. Chairman, can Mr. Rattray tell me if there have been any increases of P1 positions or people in this department in the last year?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Rattray.

MR. RATTRAY: Mr. Chairman, we have been quite stable in the department since we completed the privatization of a significant portion of our trades staff. That was a large component of our aboriginal staff. We dropped down somewhat at the time the privatization occurred, in terms of our overall numbers. We have been relatively stable since then.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Rattray, Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. Could the Minister's department get that information to myself? Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Yes, Mr. Chairman, we can supply the Member with the information.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Before we go on, on behalf of Mr. Lafferty I would like to recognize Fred Behrens, mayor of Rae-Edzo and Graham Dargo, acting SAO. Welcome to the Legislative Assembly.

-- Applause

Okay we are on page 5-21, systems and communications active positions.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Delorey): Page 5-22, information item public stores revolving fund.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Delorey): Page 5-23, information item. Mr. Dent.

MR. DENT: Thank you, Mr. Chairman. Mr. Chairman, in this information I notice that at the top of the page, it says that operating expenses are recovered through the price structure to achieve a break-even operation. Yet I notice that there has been a deficit for three years in a row. Is this deficit allowed for in the legislation?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Dent. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, could I have the question directed to Mr. Austin?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Austin.

MR. AUSTIN: Thank you, Mr. Chairman. Under the Revolving Fund Act, our mandate is to break even on operating costs versus revenue. There is a special legislation attached to the Revolving Fund Act, the petroleum products division, which provides for a price stabilization fund. The price stabilization fund sits off to the side and the intent of that fund is to collect small losses or gains on a year-to-year basis, to a maximum of \$5 million. So we are allowed to carry a deficit to a maximum of positive or negative \$5 million. At the point it reaches that maximum, any shortage must be made up through an appropriation through the department. Any excess flows to general revenues.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Austin. Mr. Dent.

MR. DENT: Thank you, Mr. Chairman. I would note that today we are asked to approve figures that will take the closing balance from that stabilization fund to \$5.25 million. Does the department have any plans to come forward with a proposal to balance the revenue to the expenses?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Dent. Mr. Austin.

MR. AUSTIN: Thank you, Mr. Chairman. Mr. Chairman, retail pricing within the petroleum products revolving fund is authorized through the Financial Management Board Secretariat. We are in the process now of developing a submission, requesting a price increase to allow us to avoid exceeding the fund. It will be the Financial Management Board Secretariat's decision to authorize that increase or otherwise.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Austin. Mr. Dent.

MR. DENT: Thank you, Mr. Chairman. Since it would appear that this stabilization fund will be hitting the so-called debt wall of \$5 million, does the department have the ability within to find the extra \$255,000 if the Financial Management Board does not approve the retail price increase?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Dent. Mr. Austin.

MR. AUSTIN: Mr. Chairman, I defer the question to the Minister.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Austin. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, within the whole petroleum product division's mandates, we have to stay within that specified \$5 million. Whether we have the ability to cover would directly relate to whether we put forward a petition proposal to the Financial Management Board Secretariat to raise the price to stay within that debt wall. If we need money to stay within, we are going to have to come forward with a proposal to raise the price. We have already done that once last year. We put forward a proposal to the Financial Management Board Secretariat to raise the price and we raised the price of

fuel petroleum products by ten cents in the communities in order to avoid going over the \$5 million. If we in fact have to do that again, well we are going to have to put forward a proposal to the Financial Management Board Secretariat.

What we also have to take into consideration here is that the price of oil, as everybody knows, has increased, so we are going to have to come forward with a proposal to the Financial Management Board Secretariat to offset that as well. Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Dent.

MR. DENT: Thank you, Mr. Chairman. I think that given the potential, it may come down or it may go up. When we are running this close to the limit on the stabilization fund, I would encourage the Minister and the department to move quickly to try and bring forward a plan to bring things into better balance. I am just slightly troubled that we are being asked here to approve something that shows us exceeding what is allowed in legislation and wonder whether or not that is actually the proper way to do it. I will have to trust the Minister to make sure that things are done as they should be, to bring things back into order. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Dent. Did you want to respond to those Mr. Steen?

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, the Member has a very good point in that there is some sense of urgency here. That is what I tried to bring out earlier when discussing with the Member for Mackenzie Delta, Mr. Krutko, and how quickly we respond and make a decision as whether we are going to privatize POL and what we do if we do not privatize. Also, what do we do in order to wipe off the debt.

So all those things have to be taken to the Financial Management Board Secretariat and will be taken into consideration when we are discussing privatization and that is coming up in the very near future. Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. On page 5-23, petroleum products revolving fund.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Delorey): Page 5-24, information item, petroleum products revolving fund, active positions.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Delorey): Page 5-25, details of work performed on behalf of others.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Delorey): Page 5-28, revenues recoveries and transfer payments.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Delorey): Going back to page 5-7, Public Works and Services, department summary, operations expense, total operations expense, \$39,148,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Delorey): Mr. Krutko.

MR. KRUTKO: Thank you, Mr. Chairman. Mr. Chairman, my concern is in regard to what has happened the last couple of years with the downsizing of the different departments and also the responsibilities being allocated to other departments. Such is the case with the Department of Public Works and Services, who are at a point now where a lot of the responsibilities that they have fall within other departments. A lot of people take care of their own maintenance of buildings, that used to be a key role of the Department of Public Works and Services.

So I am just wondering again if, because of the possibility of doing away with the rate of petroleum products, it will really decrease the role of this department. I am wondering what role the department is going to play if they do decide to privatize POL to, say, the Northwest Territories Power Corporation? What will it do to the ability of this department to really be productive, in regard to saying that every time there is a change that takes place, it has an impact on this department either through human resources or through the ability to do what they used to do? It seems like it has diminished to a point now where they are not as active as they used to be.

So I would like to ask the Minister, knowing that these things are taking place, and we are talking about regional capacity and all this other stuff, have we looked at what the impact of all these things have had on this department and how productive is the department to continue on doing what they originally were intended for?

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Mr. Steen.

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, I believe that the department still has a major role to play in this government and, in particular, the asset management aspects. We still have a need, as a government, for somebody to carry out the projects. I think that although the department is considering privatization of POL, this is nothing new. This has been a proposal or initiative that has been put forward by the previous government and this government is following through with it but it plays only a minor part in the department's overall responsibilities. I think that if we take into consideration what we just passed here, there is only \$566,000 that we are directing toward POL activities. So that is a small portion of the \$39 million that the department is requesting here. To summarize, Mr. Chairman, I would say the department still has a very definite role to play in government. Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen. Mr. Krutko.

MR. KRUTKO: Thank you Mr. Chairman. In regard to the financial situation of this government, I do not think we are out of the woods yet and I think that we have to look at possibly making some big decisions. We have major cuts in place regarding the costs of the negotiations with the UNW. There is a court case

regarding pay equity, which has not been really resolved. There are still a lot of problems out there.

In the 13th Assembly, positions were being thrown around, amalgamating the Department of Public Works and Services, either in with Municipal and Community Affairs or the Housing Corporation. The Minister stated that they still have a role to play in asset management, but a large portion of that role has been devolved to a lot of the different departments. Personally, I think that what I see happening once we get rid of that POL and you do anything more in regard to where the government is going with regional capacity, is the role of this department being diminished to a point that we have to take a serious look? Is it really economical to have the department on its own with such a small budget or administration operation? The same thing goes with the Housing Corporation.

We have to seriously look at the economics of how viable it is to have all these departments, with just a small, key core unit, the staff and also the dealings particularly with different small areas of reasonability.

So I think, as a government, we will seriously have to consider it. I am not saying this in spite of this department, I am seeing it in other departments too, like the Housing Corporation and other areas that we have to seriously see what the role of those departments are, and if we are getting the value for money in regard to having to compete in different areas. With public works, you have community institutions. You have the Department of Municipal and Community Affairs doing their thing, then you have the Housing Corporation doing their thing. Sooner or later, we are going to have to say is there more need of considering looking at the reallocation of some of these responsibilities to agencies or groups within this government that are already doing these things, instead of duplicating these services. I think that that still has to be considered.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Krutko. Did you want to respond to those comments, Mr. Steen?

HON. VINCE STEEN: Thank you, Mr. Chairman. Mr. Chairman, the department will take into consideration the suggestions and comments put forward by the Member. We will do this and look, at the same time we have our management meetings, as to what is the role and mandate of the department and how we carry out those roles and duties of the department. Thank you.

CHAIRMAN (Mr. Delorey): Thank you, Mr. Steen.

We are on page 5-7, Public Works and Services, department summary, operations expense, total operations expense, \$39,148,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Delorey): We move on to page 5-9, Public Works and Services, capital acquisition plan, directorate asset management, \$80,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Delorey): Directorate asset management, \$4,178,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Delorey): Petroleum products, \$1,199,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Delorey): Total department, \$5,457,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Delorey): Does committee agree that the Department of Public Works and Services is concluded?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Delorey): I would like to thank the Minister and his witnesses for appearing. Thank you, Mr. Steen.

At this time I will call a short break and then come back to the Department of Finance.

-- Break

CHAIRMAN (Mr. Krutko): I would like to call the committee to order. We will continue with the Department of Finance. At this time, I would like to ask the Minister if he has any opening comments?

HON. JOE HANDLEY: Thank you, Mr. Chairman. Mr. Chairman, I am pleased to present the Department of Finance's 2000-2001 main estimates to the committee. The Department of Finance, for the most part, provides support to the executive branch and to program departments, rather than delivering programs and services directly to the public. However, the department, through its responsibilities for revenue generation and management and information gathering and dissemination, plays an important part in ensuring the government is able to deliver the programs and to make the informed decisions necessary to achieve its broader goals.

In 2000-2001, Mr. Chairman, the Department of Finance will continue to focus on three key goals, goals which are consistent with the vision laid out by the 14th Assembly in Towards A Better Tomorrow.

The first goal is that the fiscal regime of the Northwest Territories supports a stable political regime and a strong economy. Therefore, this fiscal year, the department will be addressing key issues such as:

- the adequacy of federal-territorial funding under both the formula financing agreement and other intergovernmental transfer arrangements;
- resource revenue sharing and devolution;
- the fiscal and economic impacts of non-renewable resource development;
- the financing of aboriginal self-government; and
- tax policy options and tax collection.

In addition, the department will be working to ensure that the government is able to secure appropriate and affordable debt financing and that government assets are appropriately insured.

The department's second goal is that the government has the fiscal and statistical information and analysis needed to support policy development and decision-making, particularly for key social and economic initiatives. Mr. Chairman, information is among an organization's most important resources. In order to properly address some of our largest challenges, we need information about our people, our social conditions, our economy, our fiscal situation and so on. We need to know where we are and whether we are making progress toward our goals.

The focus of the Department of Finance will be on ensuring that, as a government, we have good quality information that can shed light on our decision-making.

The third goal of the department is to be more responsive to client needs. The Department of Finance has many clients and endeavours to be responsive to all needs. In fact, in establishing its goals and strategies, the department has focused on the requirements of the government, including other departments, to achieve the vision of the Legislative Assembly. With respect to this particular goal, the department has focused on strategies to support efforts to promote the responsible use of liquor products.

In order to achieve these goals, the Department of Finance is requesting approval for a budget of \$9,797,000 for the fiscal year 2000-2001. With five exceptions, the department's overall budget will remain unchanged from 1999-2000.

The major area of growth is that of interest costs. This budget includes an increase of \$2,454,000 to cover the interest costs associated with increased borrowing. The budget also includes increases of \$138,000 to fund increased property and liability insurance premiums and \$167,000 to cover the additional cost of the federal government's changes to the Public Service Superannuation Act.

In total, the department has identified growth requirements of \$2,759,000.

Offsetting these increases was a decrease of \$1,120,000, reflecting the expiry of the 1999-2000 supplementary appropriation for interest costs and a decrease of \$75,000 reflecting the end of the funding for the 1999 NWT labour force survey.

As I mentioned in the Budget Address, I am proposing a five percent tax on occupancy charges in commercial accommodation facilities with four or more rooms, effective April 1, 2001. If this tax is approved, the Department of Finance will be coming forward in the next business plan to implement the tax for inclusion in the 2001-2002 budget.

The Department of Finance has no capital budget, so is requesting no capital funding.

Mr. Chairman, I would be pleased to respond to any questions the committee may have.

CHAIRMAN (Mr. Krutko): Thank you, Mr. Handley. Does the committee responsible for reviewing this department have any comments? Mr. Delorey.

MR. DELOREY: Thank you, Mr. Chairman.

General

The Department of Finance and its Minister have the mandate for

obtaining the necessary financial resources required to implement the Government of the Northwest Territories' policies and programs, negotiating major financial arrangements with the federal government, regulating the insurance industry and controlling the sale of alcohol products in the Northwest Territories.

The Standing Committee on Governance and Economic Development reviewed the Department of Finance's 2000-2003 business plan and draft main estimates on Friday, May 26th, 2000. The committee noted that operations expenses or operations and maintenance expenditures increased by \$1,564,000 or 19 percent over the 1999-2000 main estimates. There have been no changes in the number of positions in the department since the presentation of the 1999-2000 main estimates.

The department administers the grants from Canada, which accounts for most of our revenues, territorial taxes and other revenues. Committee members concluded that unless significant revenues are procured and substantially better management of existing resources developed, the government's ability to maintain and deliver programs and services may be severely compromised. Furthermore, this government is facing increasing interest costs on our debt.

Regional Capacity Building

The government continues its community empowerment initiative under the guise of regional capacity building. Committee members reminded the government that adequate funding, training and facilities must accompany the downloading of programs and services. Public safety should always be the primary concern.

An effective, accountable, and auditable third party accountability framework must be a required component of any downloading. Committee members pointed out that this was also suggested by the Auditor General of Canada in his Report on Other Matters for 1998-1999. The government needs to know if communities are managing and administering their programs and services in a safe, effective, economical and efficient manner.

Human Resources

The committee commented that this department is doing better than other departments in the area of affirmative action. The committee also encouraged the department to continue to improve upon its efforts and for other departments to follow suit. That concludes the committee's review on the Department of Finance.

CHAIRMAN (Mr. Krutko): Thank you, Mr. Delorey. At this time, I would like to ask the Minister if he would like to bring in any witnesses.

HON. JOE HANDLEY: Mr. Chairman, yes, I would.

CHAIRMAN (Mr. Krutko): Does the committee agree?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Sergeant-at-Arms, would you please escort the witnesses in?

Mr. Handley, for the record, could you introduce your witnesses, please?

HON. JOE HANDLEY: Thank you, Mr. Chairman. On my right, Margaret Melhorn, deputy minister for the Department of Finance. On my left, Bill Setchell, director of finance and administration. Thank you.

CHAIRMAN (Mr. Krutko): Thank you, Mr. Handley. General comments? Mr. Miltenberger.

MR. MILTENBERGER: Thank you, Mr. Chairman. I have a question for the Minister. Yesterday, in the House, the Minister committed to table the calculations used to arrive at the \$1.25 million projected revenue for the hotel tax. I noticed in his statement he has made a point of mentioning the tax. I was wondering if he has that information available today. It would certainly aid the discussion if we could see how they arrived at that calculation. Thank you.

CHAIRMAN (Mr. Krutko): Thank you, Mr. Miltenberger. Mr. Handley.

HON. JOE HANDLEY: Thank you, Mr. Chairman. Mr. Chairman, I have a draft of it. I would be willing to table that. I have not had a chance, since the question, to really go over it carefully, but it does outline the two methods that were used for estimating the hotel tax revenues. I would be happy to table that, if you would like, as it is. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Miltenberger.

MR. MILTENBERGER: Thank you, Mr. Chairman. Would it be possible to have one of the pages or the Clerk's copy so that we could circulate it to the Members?

It should have been in general comments, but by the time we get to detail, there may be some questions. Thank you.

CHAIRMAN (Mr. Krutko): Thank you, Mr. Miltenberger. The Minister is circulating that information. General comments. Mr. Roland.

MR. ROLAND: Thank you, Mr. Chairman. Mr. Chairman, as in the committee report, we are very concerned that if the work that is being done to secure more funding with Ottawa, in the form of royalty revenue sharing, does not come through in the very near future, we are going to be facing some drastic situations when it comes to budgets and reductions.

I know the Finance Minister is very positive and upbeat regarding the discussions that are going on and I think it is a good thing in that sense. I think that we need to have a bit of shoulders when it comes to reality to really look at the situation.

I am aware departments will once again start working on budgets come late summer, in preparation for fall and work again in committees. If we do not have any new funding by that time, as the Minister stated in his opening comments, there is a further increase that includes over \$2 million to cover the interest costs associated with increased borrowing needs.

Overall, this budget that is being put forward is one that leaves us in a cash deficit of over \$28 million, and throwing that to our

accumulated debt, we are running rather close to what is at times called the debt wall.

I do not like to be all that negative, but the fact is we are going to have one situation to deal with if new funding is not found.

The Minister has introduced the hotel tax to try to help on the tourism side, but the Northwest Territories on its own, our people in the North, is over 40,000. We do not have much room when it comes to taxes. The cost of living alone is eating away at people's budgets in the North, faster than increases can come along to offset those when it comes to employees.

I have used examples of my community, the cost of living that is going up, and I know the Minister and this department have to look at taxing options. Hopefully, that is a last resort. The funding we have received from that would have its own spin-off effects if taxes were to be increased.

Right now, even though there is talk of a lot of business, I know in my community, there is one group that owns the major hotels and they are fighting to stay alive. A loss of business would not help them right now. I have yet to have a real, in-depth discussion with him. It is something I will do over the summer.

With that, Mr. Chairman, I will leave some questions to detail as we go through it. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Handley.

HON. JOE HANDLEY: Yes, Mr. Chairman, I do not think there was really a question there. If there was, I am sorry if I lost it. Thank you.

CHAIRMAN (Mr. Krutko): General comments. Mr. Dent.

MR. DENT: Thank you, Mr. Chairman. I have a few questions for the Minister.

Towards the end of his opening comments, he talks about the proposed five percent sales tax on hotel rooms. He says in here, "If this tax is approved, the Department of Finance will be coming forward in the next business plan to implement the tax."

How does the Minister see this tax being approved?

CHAIRMAN (Mr. Krutko): Minister of Finance, Mr. Handley.

HON. JOE HANDLEY: Mr. Chairman, my intention would be, as I have said before, to do consultation over the next few months to introduce legislation in our sitting in November. Assuming that the legislation is passed, the tax would come into effect the next fiscal year. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Dent.

MR. DENT: Thank you, Mr. Chairman. So I am to take it then, that the Minister's consultation with whomever he chooses to consult, if he happens to get a majority of those people he consults with to approve the tax, he will

implement it? Is that the approval he is talking about here?

In his comments, Mr. Chairman, he said that if this tax is approved, he will come forward with it in the fall business plans, which we should see in October.

I am just wondering how we are going to assess whether or not this tax has been approved?

CHAIRMAN (Mr. Krutko): Mr. Handley.

HON. JOE HANDLEY: Mr. Chairman, the business plans being prepared for the next fiscal year will include the hotel tax in it, based on the assumption that it is going to be approved. But the House will have the opportunity to approve or reject the legislation when it comes forward. If that legislation is approved, then we will proceed with the preparations for the tax. If the legislation is rejected, then that is the end of it.

We intend to consult pretty extensively on this over the next few months. Certainly, the consultations have some bearing on what we do following that consultation period. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Dent.

MR. DENT: Thank you, Mr. Chairman. Can I assume from the responses so far, that part of the sentence should probably not have been there? If this tax is approved, then, because, in fact, what I hear the Minister saying is that the Department of Finance will be coming forward in the next business plan to implement the tax for inclusion in the 2001-2002 budget.

CHAIRMAN (Mr. Krutko): Mr. Handley.

HON. JOE HANDLEY: Mr. Chairman, if you are reading it to mean that I am suggesting I want approval with this budget here right now, then I suppose that part of the sentence should not be there because my intention is to seek approval for the legislation in November. I am not asking for approval in it as part of this budget package here.

The purpose in announcing it now is simply to give everyone a heads up to allow us time for consultation and have the best input possible before we implement something. Thank you.

CHAIRMAN (Mr. Krutko): Maybe we could circulate this information so it will make it easier for the discussion. Mr. Dent.

MR. DENT: Mr. Chairman, just carrying on with this specific sales tax, I am just wondering how the Minister decided that a sales tax, specifically on hotel rooms, would be better than a sales tax on, say, fishing licenses or anything else, like groceries or other things that we could charge a sales tax on? How did he happen to choose the hotel tax?

CHAIRMAN (Mr. Krutko): Mr. Handley.

HON. JOE HANDLEY: Mr. Chairman, I chose the hotel tax because I wanted to have a tax that is paid largely by tourists, visitors to our territory rather than local residents. I do not want to add another tax onto local northern people, Northwest Territories residents, anymore than we have to.

I realize there is some impact on Northwest Territories residents, but this seemed to be the one that would tax the industry itself. This, I have to emphasize, is not meant as a way of generating revenue to balance our books. It is a tax that is there to be reinvested back into the tourism industry. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Dent.

MR. DENT: Thank you, Mr. Chairman. That does not answer the question. Why not a tax on airline seats that would impact the same number of tourists? It would probably have the same sort of impact on northern residents that hotel taxes already have as well.

CHAIRMAN (Mr. Krutko): Mr. Handley.

HON. JOE HANDLEY: My information was that a tax on airlines or an airport tax is going to have a bigger impact on all Northerners than does a hotel tax. Many Northerners have to use airlines as the only way of travelling and I think it would have a much bigger impact on our own residents. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Dent.

MR. DENT: Thank you, Mr. Chairman. Mr. Chairman, a sales tax does not impact people according to their ability to pay. That is one of the biggest problems of a sales tax. Earlier today the Member for North Slave talked about the impact on people from the smaller communities having to accompany people who are going to larger communities for medical treatment and the cost that they were facing. So we are impacting, with this hotel tax, people from those smaller communities without the ability to pay. I know that the Minister has characterized the typical five dollars increase on hotel rooms as not being of importance to some people.

From what the Member for North Slave was saying earlier today, I am not sure that his constituents who would have to travel to a larger centre with a relative and perhaps stay in a hotel, would consider that extra five dollars a day a reasonable expense. That is really the concern. No matter how you look at this, it is a sales tax. It does not tax people according to their ability to pay. In fact there are a significant number of Northerners who will be impacted.

I think it will also cut down on the amount of travel that municipalities will be able to undertake for training sessions, the number of training and regional capacity building sessions that aboriginal governments will be able to undertake, because of the impact. After all it may only be five dollars a night per person but over the course of a year, for the amount of travel that northern organizations undertake, it can add up to be a significant amount.

I really think that this tax needs an awful lot more thought because I do see the potential here for a significant impact on Northerners. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Krutko): Mr. Handley.

HON. JOE HANDLEY: Thank you, Mr. Chairman. Just two comments. One is that the reason why it was introduced early, before it being implemented, was to make sure that we have full consultation and everybody has an opportunity to have input into it.

The second comment is that a representative of the Northwest Territories Tourism Association came to see me and told me that he has a report from a consultant who does work in this area who has concluded across the country that a five percent tax makes no noticeable difference at all in trade or in the amount of use of hotels and so on, across the country and anywhere else. The impact begins to be felt when the tax starts to approach 20 percent, as it is in some countries. But at five percent, the consultant's report says that there is no noticeable difference at all. Mr. Chairman, I might add I do not have the name of that particular consultant at this time, but I could get it if people wanted it. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Dent.

MR. DENT: Thank you, Mr. Chairman. Mr. Chairman, one of my colleagues in the House noted that the Canadian Federation of Independent Business people had written to the Premier suggesting that we reconsider this issue of the hotel tax because in every jurisdiction where there is a hotel tax, it is being or the businesses are requesting, that it be removed because it is a sales tax that is targeted at one area of the business community and it is not felt to be fair.

I think that is also something that needs to be considered here. If we are going to embark on a sales tax, we have to be prepared to justify that sales tax. Personally, I do not think we can ever justify a sales tax, but if we are going to institute a sales tax, I am really having a hard time justifying it being on one narrow segment. I do not see how we can do it. If we are not going to tax fishing licenses for tourists or if we are not going to tax or raise monies from taxing the airplanes they come in on, then I do not see how we can pick one small area. It certainly should not say that we would not include tour operators or other people. You cannot just pick on one part of the industry and say they should bear the entire cost of increasing the advertising for the whole industry.

If I can move onto another issue briefly that was covered by the Canadian Federation of Independent Business people. They noted that our gas tax in the Northwest Territories is higher than that in Nunavut and the Yukon. I appreciate that the Minister has committed that gasoline taxes are being maintained on a per litre basis and not on an ad valorem rate, but I would like to ask the Minister, since he had committed to coming forward with a proposal to change that in legislation or in regulation so it would no longer be an ad valorem tax, but a per litre tax, will he come forward and deal as the Canadian Federation of Independent Businesses has recommended, to reduce the rate to match that charged in the Yukon and Nunavut? Thank you, Mr. Chairman.

CHAIRMAN (Mr. Krutko): Minister of Finance, Mr. Handley.

HON. JOE HANDLEY: Mr. Chairman, to lower the fuel tax on gasoline, and I think the Member is referring only to gasoline from 10.7 down to 6.4 percent, would cost us \$1.7 million to \$2 million. If we were not in a deficit situation, then it would definitely be something that we should be considering. But we are in a deficit situation as a government and I am just not sure it is wise for us to build up that debt through this kind of move and pass on the cost of it to future generations here. I have to say no. No, I would not commit today to lowering it down to the Nunavut rate or to the Yukon rate. I think we have held the line since 1997 and we will keep it that way.

I might add that off-highway use, or in communities that are off-highway, gasoline is taxed at 6.4 which is the same as the Nunavut one. So they basically have it the same as ours, except

they do not have highways. At this point, no, I could not commit to lowering it. We can not afford it right now. Thank you.

CHAIRMAN (Mr. Krutko): Thank you, Mr. Minister, Mr. Bell.

MR. BELL: Thank you, Mr. Chairman. I would also like to take this opportunity to state some of my concerns with the proposed hotel tax. I have discussed and questioned the Minister previously, but I would just like to, for his benefit, summarize most of the reasons that I have a real problem with the tax as it is proposed. I think, initially, one of the first things that comes to mind is it seems to be a directed tax to me and I think it sets us up. It sets a precedent. Certainly, this will be the first time that we have done something like this, to my knowledge. The department could tell me if I am wrong. But I think that you would have certainly have lobby groups coming out of the woodwork, suggesting that other taxes be diverted to their interest or their cause. I would say they would have as legitimate a right as tourism would to expect that a tax be diverted solely to them.

Another one of the concerns I have is that we have no guarantees, after this tax has been established, that in two years time or the next government's ten year plan, the money will not be put into some other use. Mr. Handley has assured us that he wants to build regional capacity and he wants to concentrate on marketing tourism. What about the next Finance Minister? I mean, once we have established a tax, it is difficult to go back. I think that certainly future governments can do with this money as they will. That to me is no guarantee that there is any long term future in this.

Another concern I have is the net revenue. I really think we have to look at the amount of money this government is spending on hotel rooms and not just government employees. We have to look at municipalities. We have to look at medical travel. We have to look at NGOs. We have to look at some of the aboriginal governments who get funding.

If we are just transferring money around, then I think we should save ourselves the hassle and the grief and just transfer some money to tourism from some other area. If the Minister would like, I am sure we can poll Members up and down this side of the House and ask where the money could be transferred from.

On the administrative costs, initially, when the Minister rolled this out to us, he gave us his best estimate at that time to administer the hotel tax at \$250,000. I do not believe you can come back two weeks later and say, "We sharpened our pencils, it is now \$100,000." I understand why the department would want to make this seem more viable, but I think they have to be realistic here. We have to look at what we really think this thing is going to cost to administer. I think dropping it by a factor of two and a half times in two weeks is not reasonable.

On enforcement, the Minister has stated in the House that he believes northern business is honest business and will certainly voluntarily remit the tax. I would agree.

I think Northerners are honest. However, I think we have to be realistic about our need to enforce any kind of tax. There is going to have to be some enforcement. We are going to have to go after people who do not remit the tax and simply collect it. It will happen.

I do not think we have to be entirely pessimistic about this. However, we cannot have rose colored glasses either. There will be people who do not play by the rules. I think if we are going to do something, we have to make sure that it applies fairly and equally to everybody and that includes enforcing it.

There are people in the world who collect GST in their business and then keep it. It happens. It has happened in the Northwest Territories before, although Northerners are, for the most part, honest. So I think we have to be realistic when we talk about enforcement and add that cost in. Do we enforce the payroll tax? I do not know. I would think that in some capacity we have to.

The other thing that really strikes me as strange is the focus. We are talking about five or six dollars a night and that really does not deter any tourism. We have studies from consultants saying that a five percent tax does not have any affect at all on tourism. That is fine. I really do not imagine that five dollars a night is the big issue here. I think it is the administrative burden to business. That is the big thing for me, Mr. Chairman.

There is enough red tape for small business. It is already a struggle for people who are overwhelmed with the amount of things they have to comply with and I think adding one more tax for business to remit, in some cases, might be the straw that breaks the camel's back.

I do not want to make this about the five or six dollars that a tourist can or cannot afford, because I do not think it is about that. I think it is about administrative hassles and administrative burdens.

So again, I think if the Minister wants to put some money into tourism, I would like to see him transfer \$500,000, or \$1,000,000 into tourism promotion and into building regional capacity. But let us look at where we might trim some of that money, because I think when he slaps on a hotel tax and we look at the amount of money that government is taxing itself in some sort or another, whether it is through direct employees or arms of government, I think that is really all he is doing.

So if he wants to transfer the money there, I say go ahead, but not in this manner. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Handley.

HON. JOE HANDLEY: Mr. Chairman, I will just comment to some of the main points I heard.

In terms of guarantees of what the future government might do with this tax, I cannot guarantee anything. All I can say is the Legislative Assemblies of the future are going to determine what the taxes are or are not going to be and that is the decision they will make. I cannot set up something that will give any kind of guarantees.

In terms of ideas for dollars to put into tourism, I am certainly open to any suggestions Members might have. I will take Mr. Bell up on his suggestion. If any Members have ideas of where we can get money to put into tourism without causing problems elsewhere, I am happy to hear those.

On the cost of administration, all I can tell you is in the Department of Finance, we have a total of eight people who administer all of our taxes. They administer all the taxes, do calls, enforcement and so on. That is personal income tax, corporate tax, tobacco tax, fuel tax, payroll tax, property tax, school tax, insurance tax, all the taxes. So adding this one more small tax on is not going to mean we need to add three or four more people or anything like that. Our estimate is the \$100,000. It is not a big issue.

In terms of enforcement, we could spend an awful lot of money if we wanted to, chasing a few dollars that might slip through our hands. No doubt, as the Member says, there are people who cheat on their GST, who drive their cars without a license, who do all sorts of things. However, there is a limit to how much we can dedicate to enforcing, trying to get 100 percent compliance, because we will probably never reach it and we could spend an awful lot of money.

So I am not interested in having a bunch of tax police going around, checking to make sure that everybody is paying their money. I appreciate the Member's comments. We are listening to them. We will listen to what people out in the communities have to say. If there are other ways of getting money, I am open to it. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Nitah.

MR. NITAH: Thank you, Mr. Chairman. I guess I am one of the few Members who is in support of this tax. I believe we have to diversify our economy in the Northwest Territories. The way the money is running these days, it is not diversified.

People say the diamond industry is great for the Northwest Territories. However, I have a newsletter here from BHP Incorporated and they have some statistics. They talk about business expenditures. Approximately \$356,000,000 was spent on expenditures from the company; \$280,000,000 of that was spent in the Northwest Territories; 96.7 percent or \$271,000,000 was spent in Yellowknife; 3.2 percent was spent in Hay River, \$8,900,000; other Northwest Territories communities, 0.1 percent was spent everywhere else, \$277,000. That is not diversification.

If we could introduce a tax that would get some money back and help diversify the economy of the Northwest Territories, I think I have to support that.

I have one community, Fort Resolution, that does not get too much action from these diamond mining companies. This government just cut the budget for a sawmill. They are seeing the most depressive economic times in the last 20 years. If we could bring tourism into that community using revenues from this tax, I have to support that, because certainly BHP Incorporated is not doing a great job in the areas of purchasing and whatnot in that area.

Sure they may not have the capacity, but the whole Northwest Territories, outside of Hay River and Yellowknife in the diamond industry, anyways does not have the capacity.

I have to support initiatives that are bringing revenue that might help diversify the economy of the Northwest Territories and I am in full support of that. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Krutko): Ms. Lee.

MS. LEE: Thank you, Mr. Chairman. I would like to add another voice onto the issue of the hotel tax and try to highlight some issues that are not, hopefully, a repetition of what the Members for Frame Lake and Yellowknife South have mentioned already.

With respect to the study, the consultants report the Minister mentioned, I would like to get a copy of that and know who did it.

Also, the information item we have here, a lot of it is based on Stats Canada statistics, which I understand because we cannot always have all the studies. However, I know for a fact, I live here in Yellowknife and I talk to the hotel operators and I have given a lot of thought about what this tax means.

I understand that there are hotel taxes when we travel all over the world or even every other city in Canada. But we are not Vancouver. We are not Toronto. We are not Edmonton. We are Yellowknife and the Northwest Territories. We do not have a conference industry. We have a fledgling tourism industry that needs a lot of support. I am not sure that this should be something that we should be adding on at the moment. What I am worried about is this tax base is so tiny. We have such a tiny population already and we have so few tourism operators from whom we are going to collect this tax. I am worried about the burden we place on these operators.

For example, the owner of the Igloo Inn told me that a five percent tax would constitute all of the money he spends on his utility bills. It comes right out of their pockets. What is so strange about this tax, what is irrational about it, is a government that has an \$800 million budget has to go and institute a new tax to collect, in my view at best, about \$800,000.

The Department of Resources, Wildlife and Economic Development budget is almost, I believe, \$75 million. If the department and the Minister are really committed to the tourism industry, and I know he is, I have heard his election platform, then I think that he should understand that all the Yellowknife MLAs are committed to a tourism strategy. We are talking about how we can help them.

The concern I have is that we are imposing this paper burden and operational burden on a small operator, especially the little bed and breakfasts, without a plan, without a commitment shown by the government. For the government in the fiscal position that it is in, it is in a deficit position, it has not come forward with any cost cutting measures first.

The department has not volunteered to take one percent out of the Department of Resources, Wildlife and Economic Development's budget to come up with a plan as to where the money for this tax would be spent. Talking to the tourism operators I understand that they are desperate for money. They are willing to bite this pill, if they could be guaranteed that they will get the kind of attention that they desire.

It seems like it is a carrot that is hung in front of them. To say, "Well if you go with this tax you are going to get the money." the Minister has made no commitment whatsoever in this House that he is interested in direct taxation so that there is an absolute 100 percent guarantee that the money will go to tourism operators.

I know that he replies to that by saying that he is committed, "I said that I am going to do it." I think that we need to see more than that.

The fad words by all Ministers lately are Regional Capacity Building. The Minister of Aboriginal Affairs has mentioned that a few times. He mentioned that in Fort Simpson. He mentioned that in his capacity as Minister of Municipal and Community Affairs. The word is mentioned in the Intergovernmental Affairs Forum and this Minister has mentioned regional capacity. That is one of the two prongs that he is going to practice in terms of a tourism strategy. But what does it mean? We have not had, as a Member, as an Assembly, any discussion about what that means. What does it mean in the tourism context? I have no idea.

I would think that if the Minister is really committed to the tourism industry, as I know he is, and if he is really committed that the only way that he could address the tourism industry is by taxing them, the least he could do is find the money within to come up with a plan that shows what the need is and where the tax would fit in. This is cart before the horse. This was a total surprise attack.

Another thing with the consultation that I have a problem with is what he means by consultation. He says he is going to implement this tax and he is not prepared to do direct taxation. He already says that he knows what he needs in the tourism industry. So what I see from this consultation is that I am just going to sell this ideal. I am going to convince everybody within the next six months that this is what is good for them. I have a real problem with the notion of consultation in that way. Thank you.

CHAIRMAN (Mr. Krutko): Minister of Finance.

HON. JOE HANDLEY: Thank you, Mr. Chairman. First of all I will get the name of the consultant, it is a consultant out of Alberta, who has done a lot of work with Alberta on their hotel tax. But I will get it for the Member.

When we talk about Regional Capacity Building, I think as Mr. Nitah has said, we have a lot of communities in this Territory that are very poor. They do not benefit from the non-renewable resource sector that is so important to our economy. We have such an opportunity to do more with tourism. It is a way of getting money out to those communities so that they can build the ability for the people in the communities to be able to welcome tourists, to have facilities for them, to have trained people who can deal with them and operators who can help.

I hope as we do consultation that, as many of the Members who have not travelled widely in the North as possible, get a chance to come out with me or come out on their own and talk to the people in the communities. We need to support that sector of our economy. We need to diversify our economy. We need to get something to the little communities, otherwise the people there will just continue to be a drain on our whole economy where they could be self-sufficient, contributing financially to our whole economy.

We have done some great things in some areas. I can tell you that Bill Tait's initiatives in bringing Japanese tourists is a real good example. I tell you the work that the outfitters have done in the North is great. They bring \$30 million a year into our economy. Unfortunately, it does not get out into the little communities in any big way.

The comment that it comes out of the hotel operators' pockets and their utility expenses is incorrect. It comes out of the pockets of the occupants of the hotels who to a large extent are tourists.

I am very committed to tourism and I want to find money to help diversify our economy and build this important piece. I think that we have a tremendously great Territory to live in and this has potential and we need to work together to make it happen. That is how we are going to get communities moving towards greater self-sufficiency.

To find it from somewhere else in the budget, it is easy to say find it from somewhere else, find it from within. But, we are stretched to the limit in the government in terms of what we are asking departments to deliver on and expecting good quality programs. We are asking this year for departments to identify \$5 million more in cuts in the 2000-2001 year. They have to find another \$5 million.

We cannot keep going back and asking them to find more and more, because like an elastic band, after awhile the thing just bursts. If you stretch them too much, you have no quality left at all. In future years, unless we get revenue from somewhere, whether it is federal government or from economic activity, we are going to go broke. That is just the bottom line of it. So we have to take some chances do some things that are going to generate some economy here.

This is not a surprise attack on anybody. I did bring it up in standing committee. I mentioned it in this Budget Address, even though it does not come into effect for a year, because I want to consult. When I talk about consultation then I am open to do that anyway at all, but I certainly want to talk.

Personally, I want to consult, through Finance, through Resources, Wildlife and Economic Development and so on, with as many people as possible to design the best tax possible before we implement anything. I am not out there to sell it. As I said in my opening comments, the Legislative Assembly has a chance when we bring legislation forward, to give me their approval for it or not. Depending on what they decide in November, it is not something that I am going to go out there and sell to people but I think it is a way of building out tourism economy. Thank you.

CHAIRMAN (Mr. Krutko): Thank you, Mr. Minister, Mr. Braden.

MR. BRADEN: Thank you, Mr. Chairman. A couple of general comments. First of all on the issue of the hotel tax. Taxation, in general, is something that I think the government should always have at its disposal. It is one of the tools to help keep a stable financial regime going. One of the things that I campaigned on was, however, that I would be very leery to see a tax which comes in that increases the cost of living for Northerners and this is where I am sort of conceptually in favour of a hotel tax, things like a payroll tax, because it does generate money from outside sources in, I think, a potentially viable way. I am not at this time, though, prepared to come out in favour categorically of the hotel tax. I have stated before that I would like to see first, and overall, a tourism strategy because the Minister has stated it would be the objective to direct funds directly into the tourism industry from this

tax. I would like to see the details of that strategy and how this tax could fit in as one of the potential revenue generators for it.

In that light, I am looking forward, Mr. Chairman, to the consultation that the Minister is going to have and that is already underway with the tourism industry on the overall strategy. To see how this tax could fit in.

A comment there, Mr. Chairman, but I did want to ask a question in terms of methodology. The models that the department is proposing here in this paper, and I appreciate very much getting this based on percentage, I was wondering whether the department looked at a flat rate per room as another method of collecting this kind of tax? I will stop there and see if the department can respond, Thank you, Mr. Chairman.

CHAIRMAN (Mr. Krutko): Mr. Handley.

HON. JOE HANDLEY: Thank you, Mr. Chairman. I appreciate the Member's comments and his open mindedness to the potential of this. I appreciate that he cannot commit to it right now. In terms of the other options like a flat rate tax that has been raised by myself, as well by one of the hotel operators, that just felt that this would be easier for people to calculate, even though it is just five dollars a night or seven dollars a night per room. It would be easier than working on percentages and that is certainly something that I think we can take into consideration as we do the consultation. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Braden.

MR. BRADEN: Thank you, Mr. Chairman. I am glad to see that methodology would be something that will be looked at. There are greater mathematical minds in our midst than mine, but I did a quick bit of math here and at five dollars, given the numbers and the occupancy rates, it would suggest that \$1.27 million could be raised at a five dollar flat rate. That does not include the lodges. I would like to suggest, probably, some fairly tough negotiations with the lodges because they price their services in a package and not by individual service. So I leave the hotel tax at that one.

On a sort of broader area, Mr. Chairman, the government has adopted a strategy that I am in support of, this continued spending and investing, at least this year, on a status quo basis. I also believe that if we were to engage in a bunch of dramatic cuts to spending services and investment that, given the level of activity and the demands that will be on our systems, we will be hurting ourselves if we cut back now. I think we will just have to redouble our efforts to build capacity as growth overtakes us. So I am satisfied with that strategy for now.

I am also encouraged with the contacts the Premier and the various Ministers have made in Ottawa on things, such as new investment money for highways, for economic development, for the non-renewable resource strategy, and the health program. These are encouraging. We sure hope there is going to be results, but we have had a couple of signals in the last few days or weeks that the federal government may not be all

that willing to follow through with this. They pulled back on the Protected Areas Strategy commitment, on things like the Giant miners. It gives me cause to think we had better have a plan B that we should be looking at.

So my question, Mr. Chairman, is at what point is the department going to have to say, "Gee, if Ottawa does not come through with some new spending in these areas, we are going to have to start looking at those cuts." We just have to. My question though is, at what points in a time basis, on a calendar basis, will the Minister have to say, "Gee, Ottawa is not coming through. We are going to have to change our strategy." Could the Minister explore that area? Thank you, Mr. Chairman.

CHAIRMAN (Mr. Krutko): Mr. Handley.

HON. JOE HANDLEY: Thank you, Mr. Chairman. I can assure the Member that at the same time as we are proceeding optimistically in our negotiations with the federal government, hoping that they will come through on the non-renewable resource investments we are asking them to make, we are also at the same time working internally in the departments on a worst case scenario, if we just got nothing from them and they continued to renege on some of their commitments and obligations in other areas. It is a difficult one because out of a total budget this year, I am looking at revenues of \$751 million. Our ability to generate revenues and make a big difference in the North is pretty small because 80 percent of that roughly comes from the federal government. So we would have to have a horrendous demand on our people to ever be able to balance the budget.

So the worst case scenario has to be going back to the federal government to renegotiate the grant, looking at things like increasing the borrowing limit and so on. We are looking at a whole host of scenarios here at the same time, so that we are not putting all our eggs just in that one basket and not putting any thought toward the other scenario if we do not get any support at all. Thank you.

CHAIRMAN (Mr. Krutko): Thank you, Mr. Minister. Mr. Braden.

MR. BRADEN: Thank you, I guess I would like to return to my question. In a time sense, when given the calendars there is a federal election coming up. I think the departments have already started the planning cycle for the 2001-2002 budget year, but you know at some point along that process, will it be November of this year, will it be February of next year? The writing is going to be on the wall, some of the money will be there, some of it will not.

The question is, when is the Minister going to be taking that measure of Ottawa's largess, or lack of it, and come back to us with the good news or the bad? Thank you.

CHAIRMAN (Mr. Krutko): Mr. Minister.

HON. JOE HANDLEY: Mr. Chairman. We are not waiting until any particular month to begin doing this. In fact, we have already begun. For example, we have served notice to the Minister of Finance that we do not believe the formula is working the way it was anticipated when it was signed and we are not getting a terribly good deal out of it.

Second, we have also given him notice that unless something changes, our borrowing limit is going to be reached within the next two years. So we have begun some of those processes, to say that, "Well if we are not getting the money through

investments from the federal government, then we have got to look at some alternatives." When do we become really aggressive in doing that? We want to wait and see how our other strategy of trying to negotiate investments from the federal government and non-renewable resources proceeds a bit further before we begin the other ones with the federal government.

In terms of trying to draw more money out of Northerners, that again is something that we are doing internally, but I do not see us implementing some massive tax increases in the near future. In fact, quite the opposite might be true because of the way other provinces and other jurisdictions are lowering their tax rates.

So it is certainly a decision we have to look at within the next two years, but I could not put a month to it when we switch gears here. Thank you.

CHAIRMAN (Mr. Krutko): Thank you, Mr. Handley. Mr. Miltenberger, you do have 10 minutes.

MR. MILTENBERGER: Thank you, Mr. Chairman. It should actually be 19, because I only got to use 30 seconds of my first 10 minutes. However, I would like to thank the Chair for his recognition.

Mr. Chairman, I just have a question on this hotel tax. If the intent of the Minister was to run us up the flagpole, so to speak, and see who saluted, at least at this Assembly, he has definitely gotten some reaction.

I have not heard anything in my community really strongly about this either way. I do have a question though, just to my very rudimentary math on the financial implications. I recognize the Minister said this was a draft. In my questions to the Minister yesterday, I asked about when you want to look at the true cost of government, in terms of the amount of money that they spend on accommodations. It has to be more than just employees. There are health boards, school boards, other agencies, NGOs, communities that get their funding entirely from the government, not to mention all the contractors and consultants that will just add that cost into their bill to the government.

So my question to the Minister is, as they fine tune this, if these are in fact just the first cut rudimentary figures, which it appears they are, will they be sharpening their pencils in terms of their calculations?

In terms of the \$1,250,000, because with that big piece of the equation missing, it will affect the bottom line in terms of potential revenues. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Handley.

HON. JOE HANDLEY: Mr. Chairman, I did commit yesterday to try to pull a more accurate estimate of how much we as a government are paying directly and indirectly.

Directly, I mentioned it was six to eight percent, it worked out from our employees traveling. But we do give contributions, grants, and so on to government

boards, agencies, other groups, including aboriginal organizations and so on.

To figure out how much they really spend on accommodation, we practically have to go to everyone of them and get them to give us an estimate because we have no way of knowing exactly how they spent their money. In a contribution, they do not have to account back to us for that kind of detail. I will do that and we hope to do that as we do the consultation, but I certainly will not have that for tomorrow. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Miltenberger.

MR. MILTENBERGER: Thank you, Mr. Chairman. I do not expect that by tomorrow. Once again, I am concerned, with my four and a half years experience with financial projections, in fact you project \$1,250,000 based on just government employees.

The reality is, for example, in Health and Social Services, there is over 60 or 70 percent of their budget right off the top. The two largest departments in government are about \$175 million. The majority of their budget, right off the top, goes to the health boards and school boards. So it is a significant chunk of the government's budget.

There is going to be an upward pressure on all of their costs, so I am concerned that if the figures are not accurate, if we accept his projection through rose colored glasses and then the money is not raised, the commitment and the expectation of the tourism sector is that they are going to get a certain amount of money, \$1 million a year, injected into their sector. If that does not come true, because we have not done our numbers tightly enough, then it reflects badly on us all.

I am not necessarily opposed to this. I just want to make sure that given the test of even a short period of time, that these things will stand scrutiny and that question is being asked.

So I just would assume the government is bringing forward a tax increase and would have quite tight numbers. This document is very broad and general and rudimentary from what I can see. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Handley.

HON. JOE HANDLEY: Thank you, Mr. Chairman. Because we have no history in this, we really have to work on estimates. So it is very much based on our own estimates, our own surveys, our access to Stats Canada information. That is the best information we have to work with.

We will do everything we can to be as accurate and as tight as we possibly can. I have confidence in my people in Finance, who have the expertise in these things, that they will do it very well. If anything, just to be on the safe side, then we are airing on the conservative side and we are not going out wild in terms of our projections.

I think our department can do a good job of being reasonably accurate. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Miltenberger.

MR. MILTENBERGER: Just my final comment or suggestion would be, just for the sake of these calculations, would it be possible to consider doing an account of all the employees, health board employees, and school board employees?

You say you are on the safe side and being conservative, then even municipal employees, and factor them in and see how that changes the calculation. I just think if you do not include those, these numbers are significantly off. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Handley.

HON. JOE HANDLEY: Mr. Chairman, I guess the challenge that we have in doing that is if we take education boards, for example, not many of the education board employees, teachers, travel as part of their job. A high percentage do not. The superintendent travels, a few specialists travel, the board travels, but we would have to go to every education board, every health board, and so on, to work that out.

I think there is a misconception that government people are out there traveling all the time and all the hotels are full. That is not the case. Most employees, including board employees, are in occupations where they pretty much are in the community, not doing a lot of traveling, except for their vacation. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Miltenberger.

MR. MILTENBERGER: Thank you, Mr. Chairman. I suppose, at this point, given the lack of data, that is an assumption, since nobody can speak one way or the other to that. The Minister, on the front page, takes some very big numbers and makes some very broad assumptions; 60 percent in the west, 'x' number here, 'x' number there. All I am suggesting is rather than leave out that big chunk of the population of the government employees, in that chunk of the government's travel budget, they should make the same kind of broad assumption to include them.

You can decide how you will, what that would be, but it is not the same. If you look at their budgets, just pick a figure for the sake of being conservative and assume, like you do here, you round things off. You take big percentages and carve them in two. Do the same, is all I am suggesting, and that is my one big criticism of this tax at this point. Just from a procedural point of view and an equation point of view, there seems to be a chunk missing.

So I am not asking you to go count every health board, I am suggesting you do the same thing you did so far. Take the big percentages, and make some assumptions. If you are going to err on the side of safety, do not overlook that portion of the budget. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Handley.

HON. JOE HANDLEY: Mr. Chairman, we will undertake to be as accurate as we can in doing this. The amount that we have included here for duty travel, the \$1.5 million to \$2 million, is based on actual duty travel that people have to report as government employees. When we start bringing in the board travels, it becomes more and more of an estimate.

I understand what the Member is saying and I will undertake to do the best we can, given the information that we have, to be as accurate as possible. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Miltenberger.

MR. MILTENBERGER: Thank you. That is all, Mr. Chairman.

CHAIRMAN (Mr. Krutko): Mr. Dent.

MR. DENT: Thank you, Mr. Chairman. I ran out of time just after getting into the fuel tax issue with the Minister and I asked him earlier if he would consider implementing a per litre tax that was equal to the Yukon or Nunavut as opposed to what we now have. He said, at the time, that because of our deficit situation, he did not feel it was right to commit to lower taxes equal to those in the Yukon or Nunavut. In the media over the past few days, and in responses to Members just recently in this House, since our exchange earlier, I have heard him talking about the possibility of cutting personal and corporate taxes because of cuts in Ontario and Alberta. Why would we consider cutting taxes because Alberta and Ontario have lower taxes than we do, but not because Nunavut and the Yukon have lower taxes than we do?

CHAIRMAN (Mr. Krutko): Minister of Finance.

HON. JOE HANDLEY: Mr. Chairman, we really do have to keep in mind our competitive position with the other jurisdictions across Canada. I think the fuel tax that we collect is really quite competitive with elsewhere in the country. When I talk about the need to be competitive and the need to possibly lower taxes, I am talking about a much broader picture than that.

For example, if Alberta has a 10.5 flat tax, we have to stay competitive with Alberta in personal income tax and the same with corporate taxes. The broader cost of doing business here. It may be possible in the future, as we look at this whole issue of competitiveness with the rest of Canada, that fuel taxes could be factored in there. At this point I am not prepared to change our tax on fuel to match the effect of Nunavut's because they do not have a highway, or match the Yukon's and do that one in isolation. We have to look at the big picture and look at the competitiveness. It might be better to lower personal income tax. That may be a fairer way of doing it. That gives everyone who is working an income benefit, maybe more fair to do a tax credit increase. Those are options we have to look at. I am not closing the door to this forever I am just saying that I could not see changing the fuel tax today. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Dent.

MR. DENT: Thank you, Mr. Chairman. I guess I would just point out that reducing the fuel tax will have more of an impact on the cost of living on people in the smaller communities than will typically reducing the personal and corporate income taxes. Earlier today, we heard Mr. Nitah talking about the economic benefits are not being felt in other areas. This would be an opportunity to reduce the cost of living in those areas if we were to bring that tax down as opposed to the personal income tax and the corporate tax. This would impact on those hunters, trappers and fishermen who are probably not too dramatically impacted by cuts in personal income tax or corporate tax. I will leave that for another day, Mr. Chairman.

I would just like to go back to briefly comment on the proposed hotel tax. During the campaign for election, I was asked one straight forward question quite often and that was, would I support

the imposition of a sales tax? Mr. Chairman, I said no. A rose by any other name is still a rose. This so-called hotel tax is nothing more than a sales tax. It may be limited in its application but what is to stop it. If a million dollars is not enough this year, what is to stop us next year? Let us add to it. Let us tax fishing licenses. Let us tax airline seats. Sooner, rather than later, I am worried that we are going to have a full blown sales tax here in the Northwest Territories.

The Minister admitted that it was a sales tax in his response to Ms. Lee, when he said this was not a tax on operators. It would come out of the pockets of the tourists. I am not convinced it will be only the tourists that he is referring to. I think he means southern tourists when he says that. As I pointed out earlier, it will also impact people from smaller communities who travel to Inuvik, Hay River, Yellowknife, to accompany their relatives who have to seek medical attention in those communities. Obviously, Mr. Handley was not asked the same question about a sales tax during the campaign, because I cannot believe that he would have agreed at the time not to bring in a sales tax and then bring this one forward.

In responding to Ms. Lee, he said that he was prepared to listen to suggestions about where we could get this money. I have to say that, Mr. Chairman, Ms. Lee is right. At the end of the day, we will find that much of the new money that we bring in with this tax, is in fact a reallocation from departments because of travel by government employees or funded agencies of this government.

Again, during the campaign, I was asked how would you get more money into the promotion of tourism? That was one of the things that I said I wanted to see. Quite clearly during the campaign, I said that I would like to see a reallocation of dollars within Resources Wildlife and Economic Development. So whether it takes a reallocation of the \$7.6 million that we have in trade and investment or whether it takes some of the money that we have otherwise allocated to the Northwest Territories Development Corporation, the net amount of money that we are going to realize from this tax is not big enough to go through the hassle of setting it up. I encourage the Minister to reconsider and to invest in tourism by finding monies from within to reallocate. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Krutko): Mr. Handley

HON. JOE HANDLEY: Mr. Chairman, the only thing I could say is that there is an awful lot of speculation of where this tax is going to come from, from a lot of people. I think we need, through the consultation process, more time to do some research to figure out exactly where the tax is going to come from. I anticipate that if we are successful in our plan to invest in tourism and to have more tourists here, more will come from tourist pockets. In terms of reallocation, I cannot say much. It is easy to say that but at the same time we can only reallocate so many ways and eventually things start to break apart. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Krutko): Thank you, Mr. Minister. General comments. Just a reminder to Members we are not allowed to flash placards or notes, which is a form of influence. Detail. On page 3-9, directorate, operation expense, total operations expense, \$1,112,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Agreed? Treasury, operation expense, total operations expense, \$7,431,000. Mr. Roland.

MR. ROLAND: Thank you, Mr. Chairman. Can the Minister inform us as to what are the projections of the interest rates? In his opening comments, he referred to an increase to pay for increased borrowing costs. Is there a projection here knowing our situation?

Again, the Minister is saying that one of the other areas is going to receive our borrowing limit raised, and that will only add to this. So right now, what is the projection of the department? Thank you.

CHAIRMAN (Mr. Krutko): Mr. Handley

HON. JOE HANDLEY: Thank you, Mr. Chairman. I will ask the deputy minister to answer that detail. Thank you.

CHAIRMAN (Mr. Krutko): Ms. Melhorn.

MS. MELHORN: Thank you, Mr. Chairman. The forecast of interest cost is based on a current rate of six percent and the forecasts that are being put out by the Conference Board of Canada, and other forecasting agencies including the chartered banks, were that the short term interest rates would go up to about 6.5 percent early in the new year. So their forecasts are based on those interest rates. Our total forecast of interest costs for this year are \$3.8 million.

CHAIRMAN (Mr. Krutko): Mr. Roland.

MR. ROLAND: Thank you, Mr. Chairman. What kind of an increase is this compared to previous years? Thank you.

CHAIRMAN (Mr. Krutko): Ms. Melhorn.

MS. MELHORN: The expenditure for the fiscal year just passed was based on the revised forecast \$2.5 million and the year before \$1.87 million, short-term interest costs.

CHAIRMAN (Mr. Krutko): Mr. Roland.

MR. ROLAND: Thank you, Mr. Chairman. So basically almost on a yearly basis we are seeing over a million dollar increase in the area of short-term borrowing. Is part of that not only due to interest rate, but because we are borrowing sooner in the fiscal year as well?

CHAIRMAN (Mr. Krutko): Mr. Handley

HON. JOE HANDLEY: Mr. Chairman, yes, the experience in the last few years has been that we are borrowing sooner. So that does have an impact on it. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Roland.

MR. ROLAND: Thank you, Mr. Chairman. Again, that just raises, as I stated earlier in my opening comments, a concern with the borrowing we are going to have to do as a government to

continue on with delivery of program services as we know them to date. We have raised concerns before of the growth, and I know with this department is mainly on the revenue side, so I will save my questions for the Financial Management Board Secretariat. Thank you.

CHAIRMAN (Mr. Krutko): Thank you. Treasury, operation expense, total operation expense, \$7,431,000. Agreed?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Fiscal policy, operation expense, total operation expense, \$735,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Bureau of Statistics, operation expense, total operation expense, \$519,000. Agreed?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Information item, active positions.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Detail of works performed on behalf of others. Agreed?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Liquor Commission, revolving fund, information item. Agreed?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Liquor Commission, revolving fund, active positions, information item.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Revenues, recoveries and transfer payments, information item.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Moving back to page 3-7, Department of Finance, department summary, operation expense, total operation expense, \$9,797,000. Agreed?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Does the committee agree, the Department of Finance is concluded?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): I would like to thank the Minister and his witnesses.

The next department that will be dealt within the committee of the whole is the Department of the Financial Management Board Secretariat. I would like to ask the Minister if he has any remarks? Mr. Minister.

HON. JOE HANDLEY: Thank you, Mr. Chairman. Mr.

Chairman, I am pleased today to be before the committee to present the Financial Management Board Secretariat's 2000-2001 main estimates.

The Financial Management Board Secretariat is a central agency of the GNWT whose primary responsibility is to provide support, analysis and advice to the Financial Management Board. In addition, the Secretariat is responsible for ensuring the government's financial, human and information resources are utilized in an effective, efficient and economical manner.

This means that any significant matters affecting the management of the financial, human and information resources of the GNWT impacts the FMBS. Changes in the labour environment, technological advances, trends in fiscal and economic conditions, public accountability expectations, new developments in public sector management or political and social reform all impact on the FMBS.

The 2000-2001 main estimates proposes expenditures of \$25,591,000, which provides for total expenditure growth for the 2000-2001 fiscal year of \$7,123,000. However, most of this increase is not new spending.

During the 1999-2000 fiscal year, the Financial Management Board Secretariat was provided with almost \$6 million in supplementary funding for equal pay litigation, pension plan repatriation work, tangible capital assets implementation, public private partnership implementation, and collective bargaining. During the last supplementary appropriation review, Members recommended that these types of needs be forecasted and included in the main estimates. As most of this work will continue during the 2000-2001 fiscal year, the related funding has been included in the estimates. The amounts are:

1. Equal Pay Litigation
2. Pension Plan Repatriation
3. Tangible Capital Assets Implementation
4. Public Private Partnership Evaluation
5. Collective Bargaining

Additional funding of \$1,678,000 has also been included in the main estimates related to the interim financing arrangements with the federal government which provides funds for the increased costs to the GNWT associated with the changes to the Public Service Superannuation Act. This arrangement runs until the 2003-2004 fiscal year. The FMBS amount includes the funding for the additional costs to the Workers' Compensation Board and the NWT Power Corporation, who will receive this funding as a contribution.

Funding has also been continued and increased to enable FMBS participation in the self-government processes, \$481,000, and to provide for the projected increases associated with the power subsidy program, \$498,000.

The FMBS has been, and will continue to be, aggressive in the recruitment and retention of affirmative action candidates. We have recently undertaken an initiative to solicit, through newspaper advertisements and postings on our web page, resumes from NWT students and recent NWT university graduates. We will be targeting respondents to this campaign for current and future job opportunities within the FMBS.

The most recent published data on affirmative action was as of December 1999. The data indicated that 53 percent of the FMBS staff were categorized as affirmative action candidates -- 28 are

aboriginal, 27 are indigenous non-aboriginal, and 10 are women in either management or non-traditional occupations. In terms of regional breakdowns, 44 percent of the staff at headquarters are categorized as affirmative action candidates, 87 percent of the staff in the Fort Smith/Fort Simpson region are categorized as affirmative action candidates, and 100 percent of the staff in Inuvik are categorized as affirmative action candidates. The data also indicate that women occupy 38 percent of the senior management positions in the Financial Management Board Secretariat. Thank you.

CHAIRMAN (Mr. Krutko): Thank you, Mr. Minister. Does the committee responsible for reading the department's main estimates have any comments? Mr. Braden.

MR. BRADEN: Thank you, Mr. Chairman. Under the committee's general comments, are as follows:

General

The FMBS and the Chair of the Financial Management Board (FMB) have the mandate for managing and controlling the financial, human and information resources of the government and for providing information to the Financial Management Board and ensuring that the government's financial, human and information resources are managed in an effective, efficient and economical manner.

The Standing Committee on Governance and Economic Development reviewed the 2000-2003 business plans and draft main estimates for the FMBS on Friday, May 26, 2000. The committee noted a \$7,123,000 or a 39 percent increase in total operations or operations and maintenance expenditures between the 1999-2000 main estimates and the 2000/2001 proposed main estimates. The committee also noted a \$66,000 or a 12 percent increase in total capital expenditures between the 1999-2000 main estimates and the 2000/2001 draft main estimates. Committee members also noted the significant increase of 30 positions; an overall 26 percent increase in staff in the Secretariat, Mr. Chairman.

The committee encourages the government to review and consider options to reduce our accumulated debt and operating deficit. Committee members are of the position that given our financial proximity to our debt wall or borrowing limit, the government is not taking enough effective action to lower our debt. The committee would like to be informed in advance of any debt management initiatives that may be considered for implementation by this government. Committee members were also concerned with regional capacity building and third party accountability. The committee, throughout the review exercise, emphasized that public safety should be considered first in any regional or community capacity building initiative.

Regional Capacity Building

Committee members concluded that adequate funding, training and facilities must accompany downloading of programs and services. Furthermore, regions and communities must adhere to an effective and auditable

third party accountability framework. We need to know if communities are managing and administering their programs and services in an accountable, safe and effective manner. The committee is aware that the need for a third party accountability framework was mentioned as a concern of the Auditor General of Canada in his Report on Other Matters for 1998-1999. The Secretariat agreed.

In the previous government, the capital planning process was initiated with each community receiving a call letter from the Premier. The community would submit its list of capital projects and priorities to the Premier's Office. Currently, selected departments have haphazardly adopted the call letter approach, Mr. Chairman. A consistent capital planning process across government is not apparent. Committee members suggested that the current capital planning process needs to be reviewed. In addition, the committee reiterated its concern for public safety by pointing out that communities must have enough funding to properly operate their facilities.

Oil and Gas

The oil and gas sector promises to provide Northerners with increased employment and business opportunities as well as additional tax revenues for the government. However, the northern labour pool may not have the training or numbers to take full advantage. Training for work in the petroleum industry should be a priority for the government.

The FMBS explained that there is not enough money available to provide the necessary training or for other industry programs or services. The committee replied that if the government can find money within for the diamond industry, it can find money "from within" for the oil and gas industry.

Business Planning

The FMBS is responsible for the overall coordination and planning process for business planning in government. The standing committees had less than two weeks to review the government's business plan and in addition, on this occasion, the government's draft main estimates. As a result, committee members strongly encourage a consistent reporting format, as well as a government-wide adoption of a more specific set of quantifiable performance measurements.

Digital Communications Network

The committee has pointed out that the DCN may no longer be able to meet increased demand. The government may be subsidizing a service that does not meet its needs. The Minister agreed. Committee members encouraged the FMBS to adopt new methods to increase bandwidth.

Capital Tangible Assets Software

The government has adopted the accrual based accounting system that is in use by the private sector. Part of the conversion to the new system will entail a valuation of the government's capital assets. The committee noted that FMBS has purchased the capital tangible assets software system to assist the government in completing and maintaining its capital assets reporting process.

Committee members remain concerned that this new software system may result in another PeopleSoft debacle where the government is consistently paying for required upgrades and

training for a program that is difficult to use.

The government advised the committee that it has spent \$744,000 to date on the capital tangible assets software program and stated that it is a one-time expense. The committee noted that the government requested \$500,000 in its 2000-2001 interim appropriation proposal for purchase of the same program. In addition, the government stated then, that the \$500,000 "is a one-time initiative", page 3, FMBS, 2000-2001 Interim Appropriation.

Staff Housing

The committee observed that the government is still involved in staff housing. The government had agreed to get out of staff housing three fiscal years ago. Committee members encouraged the government to increase its efforts to get out of staff housing. The committee recognizes that this issue remains a concern particularly in remote communities. Committee members encourage the FMBS to work with the Northwest Territories Housing Corporation to work with communities to rectify this housing issue.

Human Resources

The committee pointed out the minimal presence of aboriginal persons and women in management at the FMBS and encouraged the Secretariat to improve efforts in the area of affirmative action. Once the affirmative action plan is completed, the Secretariat will provide it to the committee for review.

That concludes the committee's remarks, Mr. Chairman.

CHAIRMAN (Mr. Krutko): Thank you, Mr. Braden. With that, we will take a short break.

-- Break

CHAIRMAN (Mr. Krutko): I will call the committee back to order. Mr. Minister, would you like to call in any witnesses?

HON. JOE HANDLEY: Yes, Mr. Chairman.

CHAIRMAN (Mr. Krutko): Does the committee concur?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Sergeant-at-Arms, could you please escort the witnesses in.

Mr. Handley, for the record, could you introduce your witness.

HON. JOE HANDLEY: Yes, Mr. Chairman. With me is Lew Voytilla, secretary to the Financial Management Board.

CHAIRMAN (Mr. Krutko): Welcome. We are on page 2-37. General comments. Mr. Miltenberger.

MR. MILTENBERGER: Thank you, Mr. Chairman. Mr. Chairman, I have an issue, or a comment, about PeopleSoft. The Minister tabled a report that was done,

but it was about a year ago. I have heard that, in fact, there is a much more current post PeopleSoft audit that was done by the consultants referenced in the information that was given to my colleague, Mr. Bell.

I was wondering if it would be possible to see a copy of that one? The other one is interesting, but it is dated. Thank you.

CHAIRMAN (Mr. Krutko): The Honourable Minister responsible for Financial Management Board Secretariat, Mr. Handley.

HON. JOE HANDLEY: Mr. Chairman. Yes, there is a post implementation review report that has just been completed, within the last ten days or so. There is no difficulty in making that available as well. Thank you.

MR. MILTENBERGER: Those are all my comments, for now, Mr. Chairman. I will gladly donate my nine minutes to somebody else.

CHAIRMAN (Mr. Krutko): General comments. Mr. Roland.

MR. ROLAND: Thank you, Mr. Chairman. This is an area where I will have to bring up these concerns because there is no particular area, I do not believe, in this department's main estimates that would refer to the Financial Administration Act. As well, earlier we heard from the Minister of Public Works and Services on the POL issue and he was told to refer their question on the one-time gift or one-time allocation from the Nunavut Government, that was referred to earlier on when we got in, before coming into the House for this Session. The reference to assets from Nunavut being transferred back to the Northwest Territories, it is a one-time fund. A drop of about \$35 million was the amount we were given and told that, in fact, it was not all to do with fuel or POL products.

We were told this afternoon that further questions in this area should be given to the Department of the Financial Management Board Secretariat, so I will start with that one. In that one-time payment from Nunavut for assets, how much of that included the actual assets like fuel, gas for vehicles, for homes and so on? Thank you.

CHAIRMAN (Mr. Krutko): Mr. Handley.

HON. JOE HANDLEY: Mr. Chairman, that is a piece of information that we just do not have with us right now. So I cannot even estimate exactly what the breakout would be.

CHAIRMAN (Mr. Krutko): Mr. Roland,

MR. ROLAND: Thank you, Mr. Chairman. We have one Minister say he could not do it and he was told to make the Financial Management Board respond to that, and the Minister of the Financial Management Board was in the House at the time, so hopefully they would have put something together in that area.

Gladly, I would like to get some information as to how much of that one-time payment was actually to do with POL products, such as home heating oil, automotive fuels, because there was a specific reference when we were first told of this one-time payment, that it was referred to assets like fuel and so on. The only place I know of that would directly impact us would be in our tank farms throughout the Northwest Territories under POL.

So I asked for that information and if the Minister doesn't have it, then I would request that he provide it. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Handley.

HON. JOE HANDLEY: Mr. Chairman, this afternoon, when the question was asked with regard to POL and so on, I thought it was more in relation to privatization. I did not realize I was expected to have this detailed information. So I apologize for not having it.

But the \$35 million that you are referring to, is a bottom-line figure and to arrive at that \$35 million, there is a lot of trading back and forth in order to balance out and to ensure that these are properly divided.

Fuel was mentioned more in a sense of being one example of what makes up that \$35 million. There are other things, in terms of trades payable, accounts payable and so that will all come into play to arrive at that bottom-line \$35 million figure. It takes some work to work backwards on exactly what all makes up this amount. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Handley.

HON. JOE HANDLEY: Mr. Voytilla says that we can work it out and provide it. That is not a problem. It is just that we did not come here expecting you would want the detail on that particular one. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Roland.

MR. ROLAND: Thank you, Mr. Chairman. Yes, I would like to have that information and hopefully it will come in the near future, knowing that we are breaking after tomorrow for quite a spell.

On the other area, though, I would like to know from the Minister of the Financial Management Board Secretariat, what is the procedure when it comes to departments reallocating dollars, either from within departments or else to other departments? What is the limit? And how is notification made? Thank you.

CHAIRMAN (Mr. Krutko): Mr. Handley.

HON. JOE HANDLEY: Mr. Chairman, we will have the information that the Member is requesting tomorrow morning, in terms of the breakout of the \$35 million as closely as we can.

With regard to the second question, Ministers have the authority to transfer funds between activities. Certainly, within activities and between activities and there isn't a limit on how much they can transfer but if there are transfers being made, then any amount over \$250,000 must be reported at each session of the Legislative Assembly. So anything over \$250,000, we will provide a report on it and there will be a report filed on that tomorrow.

Now, when it comes to capital, and I think there was some confusion on that one as well, where there is a new capital project over \$250,000 and it is only for the new capital projects, then the responsible Minister has to consult, in writing, with the affected MLA or MLAs and the appropriate standing committees. But that is in reference to new capital projects. On the other transfers

between activities within activities, there is not a limit but there is a reporting requirement. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Roland.

MR. ROLAND: Thank you, Mr. Chairman. What are the procedures after we have voted this amount? First of all for further clarity for new Members, what is an activity level and item level, as we voted in? It is required in the FAA that you voted in by activity. What is considered an activity in your definition? Thank you.

CHAIRMAN (Mr. Krutko): Mr. Minister.

HON. JOE HANDLEY: Mr. Chairman, under the FAA the Legislative Assembly basically votes the appropriation bill based on the votes for operations and maintenance and for capital and also by item. Item means department, essentially. That is the way it is voted in the Legislative Assembly.

When it comes to activities, activities are those major areas of responsibility. They are what we are going through in the department. If you take the Department of Resources, Wildlife and Economic Development, for example, the one that I am most familiar with, as an activity would be forest management, resources and wildlife, environmental protection. Those are each an activity. That is where there is authority for a Minister to move money. In fact, it could be delegated to a deputy minister to move money. For example, from forest management into the wildlife section or vice versa, if the amount is over the \$250,000 it has to be reported back.

I do not think there is any violation of the authority within the act or even in principle with the Legislative Assembly. In fact, in reality what the Legislative Assembly authority is and how we, in this Assembly are voting, we are doing it at the vote and the item level. I do not know if you want to add anything more, Mr. Voytilla. I think that is basically it. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Roland.

MR. ROLAND: Thank you, Mr. Chairman. Further in this area, as we go through this item and being the Financial Management Board Secretariat, you are requesting \$6,784,000. That is the item level as you described it, but if we flip the page to directed program details, activity level, staff housing. Am I correct in that?

As Members in this House, we are given that detail to know what areas you are spending your budget on. That is the way we are voting those dollars, that is my understanding of the process. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Minister.

HON. JOE HANDLEY: Mr. Chairman, what is being voted is the item, the whole department. When we break it into activity, we are breaking it into areas within our mandate and what the figures we have in there are, at this point our estimates, of the requirements within each of those sections within a department. We do not have separate votes for each activity. The vote is at the item level and then also at the appropriation level.

We have to have some flexibility as Ministers because we may not be spending all our money. Again, I will use the Department of Resources, Wildlife and Economic Development as an example. We may not spend it all in environment protection, but we need more in forest management or vice versa. We need the flexibility

in managing the departments responsibly, to be able to make those kinds of movements. We have a responsibility, as well, to report anything over \$250,000. Thank you.

CHAIRMAN (Mr. Krutko): General comments? Detail. Page 2-37, directorate, operations expense, total operations expense, \$6,748,000. Mr. Roland.

MR. ROLAND: Thank you, Mr. Chairman. Now as we are voting this amount in, you are talking the item level. Is that correct?

CHAIRMAN (Mr. Krutko): Mr. Roland, could you restate your question?

MR. ROLAND: Thank you, Mr. Chairman. Just for clarity, as we go through an example here. The total operations expense, \$6,748,000, is the item level?

CHAIRMAN (Mr. Krutko): Mr. Minister.

HON. JOE HANDLEY: Mr. Chairman. No, that is the activity level. What we have here is an activity summary of \$6,748,000. The item level is the whole department. As I said before, we do not vote each of these activity levels. We agree with that as being the reasonable and good estimate of what is required over the year within that area. That is what we have been doing with all departments. The vote is at the item level.

CHAIRMAN (Mr. Krutko): Mr. Roland.

MR. ROLAND: Thank you, Mr. Chairman. What is the purpose of us going through each activity level and agreeing to it as we go around the table?

CHAIRMAN (Mr. Krutko): Mr. Minister.

HON. JOE HANDLEY: Mr. Chairman. What we are doing is agreeing that this is a reasonable estimate. Again, we use the word main estimates for that purpose. This is an estimate of what we need, it is not the final, fixed amount that has to be spent within that activity. It is an estimate. As you know, we are not voting each of these. In fact, as we go through them we are just agreeing that and the vote comes at the end. We are not voting at this level.

Mr. Chairman, we have the flexibility to be able to manage our departments that way, otherwise, we are going to have lapses in areas, we are going to have surpluses in some areas, and I think it would severely hamper Ministers or deputy ministers' ability to manage their departments if we suddenly started to vote each activity separately.

CHAIRMAN (Mr. Krutko): Mr. Roland.

MR. ROLAND: Thank you, Mr. Chairman. For me as I look at this, we do not see any different steps taken for one. We go through this process and as we go to the other page, we do not see any other process and then when we go to the very first page for the department, we still get a call for agree. There is no formal counting of votes for and against.

We have been going through this process all the way through. If you are going to make a distinction there, then it should be a very clear distinction. As we go through this and as we spent two weeks in committees going through the detail of departments, departments justifying their expense in a whole lot of detail. Now you are saying, in fact, that it is just an estimate and that does not really count for anything, it is just a grand total. No wonder there is concern being raised in this forum or through some Members on the duplication from standing committee to committee of the whole. As we are, we see a lot of duplication. It would be, if that is all the purpose is to say at the end of the day, all your voting is the grand total. The rest of the information, the work, the hours spent by staff, really does not count for beans. This is where we get into situations. As a Member of the 13th Assembly, it was the same thing, when it came for capital and why most, of the changes for reporting of capital came through. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Minister.

HON. JOE HANDLEY: Mr. Chairman, when we vote the whole total appropriation bill, then that gives us an amount for each department. That is what is voted on, the amount for each department. We cannot move money without the authority of the Legislative Assembly. There is an amount for each department. What we have here in our activities are the estimates of what we need in each of the activities. We are not voting on it at this level. We do have a responsibility, as well Mr. Chairman, to report anything over \$250,000.

When it comes to capital, when they are new projects, again we have to consult with the MLA or the standing committee. It may have been useful, particularly for new Members to have gone through the Financial Administration Act first to realize what the responsibilities and authorities are within the Financial Administration Act. Maybe some day we should take the time to go through it carefully. If we want to change the process here we would have to change the Financial Administration Act as it is now. I am not sure when it was last changed, but to do it differently would mean changing that act. This is the same process that you would find other jurisdictions across Canada following.

To try and vote by activity and limit any ability back and forth, I think, would seriously hamper a department's ability to be managed by Ministers and deputies. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Roland.

MR. ROLAND: So in this case here, for example, you are requesting under directorate, total operations expense, \$6,748,000. In fact, what we are saying is that we just agree with your estimates. It does not count for beans in that sense, with all the work that has been done in providing detail as to compensation and benefits, for example, \$2,687,000, and telling us the amount of positions that you have, where those positions are, how many people are affirmative action. What was the reason for all of that work in that sense? More importantly, can you with what you have laid out here, put money into an area under something that was not discussed under the detail level? Can you create a new program, a new area, and put money into it without notifying anyone if it is over \$250,000? Thank you.

CHAIRMAN (Mr. Krutko): Mr. Minister.

HON. JOE HANDLEY: Mr. Chairman, we have committed to discussing new programs with the standing committee and that is a pattern that we want to follow right across all of the

departments. We have made that commitment, but to answer your question, technically if a need came up during the year for an expenditure in another activity or within this activity on something that we have not even discussed here, we could make that kind of adjustment. If it is over \$250,000 we have to report it back here, though. What we cannot do is to move money between departments. We could not move money from Health and Social Services to Resources Wildlife and Economic Development or something. Thank you.

CHAIRMAN (Mr. Krutko): General comments. Detail. Directorate, operations expense, total operations expense, \$6,748,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Agreed. Grant and contributions, directorate, contributions, total contributions, \$1,238,000. Mr. Roland.

MR. ROLAND: Thank you, Mr. Chairman. So this figure in contributions to these different organizations, although we are going to call out for agreement, in fact, what you have told me in your previous answers, this money can go anywhere else and it does not have to go to these groups? Correct?

CHAIRMAN (Mr. Krutko): Mr. Minister.

HON. JOE HANDLEY: Mr. Chairman, by doing estimates and presenting the estimates on each of the departments, we are committing that that is where, to the best of our knowledge and ability, the money is going to be spent. This is our best estimate of where we will be using the money. If we transfer it somewhere else, as I say, in anything over \$250,000, and this is cumulative, then we have to report it back here. There are in every department continually over a year, new things that crop up where adjustments have to be made. This is not a new approach at all. This is the approach that we have been following for at least the last four years and probably longer than that. This is not a new way that we have introduced at all. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Roland.

MR. ROLAND: I ask these questions from my past experience as a Minister. When changes came forward, when things were voted in, Members agreed to the estimates and the detail that was provided. If I was responsible for a department and had to move money or come up with a new program, I had to bring that notice to the Financial Management Board Secretariat and get their approval. You are telling me in fact that is not the situation. It is only a matter of bringing anything that is over \$250,000 and laying a report in front of the House. Is that all it requires to make this appropriate? Thank you.

CHAIRMAN (Mr. Krutko): Mr. Minister.

HON. JOE HANDLEY: Mr. Chairman, this change from having to bring each of those things back to the Financial Management Board Secretariat, was made early in the life of the last government. It was during the

time that Mr. Todd was the Minister of Finance. It has been in effect for the last three years or so. Thank you.

CHAIRMAN (Mr. Krutko): Grants and contributions, directorate, contributions, total contributions, \$1,238,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Labour relations, compensation services, operations expense, total operations expense, \$8,584,000. Mr. Roland.

MR. ROLAND: Mr. Chairman, under labour relations, equal pay is an issue that has dogged the previous government. This government continues to deal with it. I am more interested with this when it comes to dealing with employees and their points rating systems. Has that been fully implemented? Are changes still coming about as equal pay and the job evaluation that was done in points that were issued because of those changes? Thank you.

CHAIRMAN (Mr. Krutko): Mr. Voytilla.

MR. VOYTILLA: The new Pay Plan Job Evaluation System is fully implemented. Like any system of this nature, there will be continuing changes to jobs and the need to constantly deal with those changes and re-evaluate the jobs that are changing. In addition, we are continuing to perform quality control checks across the government because this ensures that we have consistency in how jobs are rated. This ensures that issues that are raised by employees are addressed. We have a continuing quality control effort done interdepartmentally. That sometimes gives rise to job evaluation changes.

In addition, we have in our collective agreement a process whereby employees who have a concern with their evaluation, that management has not been able to resolve, they have the ability to call for an independent review by a committee that is headed up by an independent chairperson. The committee's decision will be binding on the government. We are encouraging employees who have remaining concerns with their evaluations to access that process and we are trying to work with the union to get that process working. We have already had appeal reviews with our excluded staff. That process is well underway.

We are very encouraged by the numbers of appeals that are rising. They are very low for a major initiative of this type. Many jurisdictions see job appeals when they introduce a new system anywhere from low to very high. I know of a couple of jurisdictions where the appeal rate was in the 20, 30, 40 percent range. We have been very fortunate at this time. We have about 50 appeals on about 4,000 job evaluations, which we are very encouraged by. We are proceeding to deal with those appeals with that independent appeal process I mentioned. There will continue to be, as with any new job evaluation system or any ongoing existing system, refinements as you go forward. This one is fully implemented. We are still ongoing with maintenance and quality control work, but largely it is a done deal.

CHAIRMAN (Mr. Krutko): Mr. Roland.

MR. ROLAND: Thank you, Mr. Chairman. Mr. Chairman, in this area of job evaluation was any part of the private market built into this process? Thank you.

CHAIRMAN (Mr. Krutko): Mr. Voytilla.

MR. VOYTILLA: Thank you, Mr. Chairman. No. The reason that no private market comparators is used is because you are not permitted to build market comparators into your job evaluation system pursuant to the Canadian Human Rights Act. The Canadian Human Rights Act lays out very stringently the methodology and the criteria you have to use to evaluate jobs. Jobs have to be evaluated on their relative skill, effort required, knowledge required, problem solving difficulty required, and working conditions. Those are the only factors that you are able to evaluate a job on. Each job in an organization has to be rated relative to the other jobs in that organization. You cannot rate jobs based on what market conditions exist more broadly. If you do so, you are open then to a complaint under the Canadian Human Rights Act. We have followed very carefully the provisions of the Canadian Human Rights Act with respect to job evaluations.

CHAIRMAN (Mr. Krutko): Mr. Roland.

MR. ROLAND: Thank you, Mr. Chairman. Further in this area, it is a significant concern, especially to people who work in trades, whether a plumber, carpenter or mechanic, welder. Those are things that I have heard raised by constituents of mine who have had their red circles, so to speak, because of this process. The government today does not offer a comparable rate to the private sector. It seems that we are going to be building ourselves here into another problem in the very near future unless it is this government's intent to slowly cut people out of the process by pushing them off into the private sector and go fully privatized. That is a concern that has been raised to me. It is a fact that through this process that employees who are in the trades end have been heavily red-circled. Anyone who works in an office seems to have gotten an increase. That seems very unfair when you look at it in that method, especially knowing that you are not using this for market value out in the field. We seem to be building a false step in the process. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Voytilla.

MR. VOYTILLA: Thank you, Mr. Chairman. There are means by which individuals, as I have described, can appeal a job evaluation if they think it is wrong or if they think that their position has been improperly rated against other positions in the same organization. There is a process for people to appeal and have those concerns aired and considered by an independent process. With respect to market conditions, we cannot under the Canadian Human Right Act, adjust occupational groups within our organizations for market conditions. We can do things for temporary market aberrations, such as we did with the nurses last year. That can only be short term and those market adjustments or market supplements have to be very carefully considered. If you do not have the necessary justification, you can generate a human rights complaint if somebody feels aggrieved because of such a market supplement measure. There has to be a great deal of caution in even using tools like market supplements.

With respect to whether we will be out of step with market over time, that is an issue that we try to address

through doing regular market surveys, looking at our compensation package in general. But we have to keep all of our internal job relativities intact to make sure that we do not violate any provisions of the Human Rights Act.

CHAIRMAN (Mr. Krutko): We are on page 2-41, labour relations and compensation services, operations expenses, total operations expense, \$8,584,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Agreed? Government accounting, operation expense, total operation expense, \$7,301,000. Mr. Roland.

MR. ROLAND: Thank you, Mr. Chairman. Further to my first line of questioning in this area of government accounting. I go back to my previous experience. I know that in the late end of the 13th Assembly there was a ruling made. We are talking about \$250,000 because that was laid out in the Financial Administration Act, but there was also a limit of \$50,000 placed where it had to go back to the Financial Management Board Secretariat for approval. Is that still the situation?

CHAIRMAN (Mr. Krutko): Mr. Minister.

HON. JOE HANDLEY: Mr. Chairman. No, that is not the case. I do not even recall when it was. The limit has been \$250,000 for a long time. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Roland.

MR. ROLAND: Thank you, Mr. Chairman. As Minister responsible for the Department of the Financial Management Board Secretariat, any changes to the fiscal budget that we are putting forward, and departments know what amounts are there if you are going to change it or transfer it. My understanding is that notification had to be given to the Financial Management Board Secretariat so that there could be a report made in the House.

At the tail end of the 13th Assembly, I believe that was a decision made for better control because we were looking at the debt wall and knowing that was coming rather quickly. Is that still the plan although it was a decision in the Financial Management Board Secretariat I believe, there was a decision made so that it would require a record of decision. Has that been changed? Thank you.

CHAIRMAN (Mr. Krutko): Mr. Minister.

HON. JOE HANDLEY: Mr. Chairman, the departments have to report to the Financial Management Board Secretariat on all the capital adjustments they make and any transfers they make. But that is after the fact and that is reported to the Financial Management Board Secretariat and eventually to the Financial Management Board, but only as information. There is no requirement to come to FMB for approval on those transfers or adjustments. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Roland.

MR. ROLAND: Thank you, Mr. Chairman. I guess, in fact, we have heard comments from previous questions to different Ministers in this House about asking to move money from one location to another and they said they did not have that ability. In fact, you are telling me and this Assembly now, that a Minister, in this case, can deal with this budget, the total amount being \$25 million. You can move whatever amount as a Minister wherever

you want in that department? You do not need any record beside some report coming to this House, that is outside of capital? Thank you.

CHAIRMAN (Mr. Krutko): Mr. Minister.

HON. JOE HANDLEY: Mr. Chairman, that is correct. What you are approving here is \$25,591,000 but having said that, if anything is over \$250,000 it has to be reported back here. In order for the FMB to manage our expenditures, we require departments to report their transfers. There is a quarterly capital project adjustment report that is given to the Legislative Assembly as information. Ministers have the authority to make inter-activity transfers. There are reporting requirements. Another piece of the reporting requirement, as you will see on each of the pages here, you have last year's expenditures, both in terms of main estimates and the revised mains and this year's. There is an opportunity to find out what happened. It is after the fact but there is that accountability that has to come.

In terms of reporting to the standing committees and MLAs, it is only on the new capital projects over \$250,000. In this case, we vote by department and item.

CHAIRMAN (Mr. Krutko): Mr. Roland.

MR. ROLAND: Thank you, Mr. Chairman. Again I wonder why we call agreed in different activity areas. As the Minister says, he has free will and the Ministers now know that they have free will. They can move their money from wherever within their departments now and not have to worry about what Members will say. As long as there is a report put into this house on items over \$250,000. Correct?

CHAIRMAN (Mr. Krutko): Mr. Minister.

HON. JOE HANDLEY: Mr. Chairman. No, we always have to be concerned with what the Members say. That is part of how our system works. Any advice, recommendations, and so on, from the Members are important. I do not want to say we are not concerned about it, we are. We listen. We do make commitments on our side that this is our best estimate of how we are going to allocate that money within that department. We have every intention to follow it. It is outlined in our business plans, but in the final analysis does the Minister have the authority to make the inter-activity transfers? Yes, the Minister does. It is not new. It is a system that has been in place since early in the last Assembly. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Roland.

MR. ROLAND: Thank you, Mr. Chairman. I know from my own experience that there was a record of decision made in the FMB requesting any interactivity of transfers of \$50,000 had to go to FMB for approval. So are you telling me that this is not the case? Thank you.

CHAIRMAN (Mr. Krutko): Mr. Minister.

HON. JOE HANDLEY: Mr. Chairman, we can check on that. I was not there in the last Assembly so I do not

know for sure, but we will check and see if there was one. But again even if the FMB did issue that directive in the last government it does not necessarily follow that it has to apply to the next one, unless we want to write it into the Financial Administration Act and directives that go with it. Thank you.

CHAIRMAN (Mr. Krutko): Government accounting, operations expense, total operations expense, \$7,301,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Page 2-45, government accounting, grants and contributions, contributions, total contributions, \$4,580,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Total contributions, \$4,580,000. Agreed?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Budgeting evaluation, operations expense, total operations expense, \$1,772,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Audit Bureau, operation expense, total operation expense, \$1,186,000. Agreed?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Information item, active positions.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Detail of work performed on behalf of others, an information item.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Revenues, recoveries and transfer payments, another information item.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Going back to page 2-35. Financial Management Board Secretariat, program summary, operation expense, total operation expense, \$25,591,000. Mr. Roland.

MR. ROLAND: Thank you, Mr. Chairman. Just going with what the Minister stated that, in fact, all we are doing is voting on this one number and he can move anything from within there, I need clarification here because I have a copy of the Financial Administration Act here, section 30(1):

"..no person shall incur an expenditure unless it is pursuant to an appropriation and in accordance with the activity set out in the estimates on which the appropriation is based."

You just told me earlier that, in fact, it is on the item, the department. Clarification, please.

CHAIRMAN (Mr. Krutko): Mr. Minister.

HON. JOE HANDLEY: Mr. Chairman, you have read the Financial Administration Act in consideration of all of the articles within it. You have to go to other ones, for example, I will go to section 32(1), which reads:

"... the Board on the recommendation of the Minister responsible for an item may transfer funds among activities set out in the estimates on which the appropriate item is based if the amount appropriated for the item as a whole is not increased."

That gives the Financial Management Board Secretariat the authority to make those kind of interactivity transfers. Then that one was delegated too, through a directive in April, 1997, from the [inaudible] to Ministers the authority to adjust and make transfers among activity and control object budgets within the appropriation and be adjusted, make transfers activity, control object, and project budgets within the appropriation under vote 1 and vote 2, capital.

When you look at the Financial Administration Act, you cannot just read one article of it and not look at what each of the articles say and any of the changes that have been made by directive. Mr. Chairman, it gives the authority for the board to make the adjustment. The board has delegated that to the Minister and the Minister has the authority to make the interactivity transfer. This has not changed since 1997. Thank you.

CHAIRMAN (Mr. Krutko): Mr. Roland.

MR. ROLAND: Thank you, Mr. Chairman. Is there a possibility of getting a copy of the directives?

CHAIRMAN (Mr. Krutko): Mr. Minister.

HON. JOE HANDLEY: Yes, Mr. Chairman. They are public documents. They are on the website. If people want paper copies then we can provide that to all the Members. Thank you.

CHAIRMAN (Mr. Krutko): Order. Order. Can we have some order here, please? Order. Excuse me, can we have order in the House, please? We are dealing with the program summary, Financial Management Board Secretariat, program summary, operation expense, total operation expense, \$25,591,000. Agreed?.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): We move onto capital, page 5 of capital. Financial Management Board Secretariat, capital acquisition plan, government accounting, \$180,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Agreed. Budgeting evaluation, \$425,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Total department, \$605,000. Agreed?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Does the committee agree that the Department of Financial Management Board Secretariat is concluded?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): I would like to thank the Minister and the witness. Thank you. Could we go back to page 2-5, in regard to final consideration of the Department of the Executive? Page 2-5, under department Executive, department summary, operation expense, total operation expense, \$40,453,000. Agreed?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Does the committee agree the Department of the Executive is concluded?

SOME HON. MEMBERS: Agreed

CHAIRMAN (Mr. Krutko): Agreed. Moving on to page 1-7, Legislative Assembly. We will take a five minute break.

-- Break

CHAIRMAN (Mr. Krutko): I would like to call the committee to order. Next on the list of items is the review of the Legislative Assembly. I would like to ask the Speaker if he has any opening remarks.

MR. SPEAKER: Thank you, Mr. Chairman. Mr. Chairman, colleagues, I am pleased to appear before committee of the whole today to present for your consideration and approval the main estimates for 2000-2001 for the Legislative Assembly.

The Legislative Assembly is one of three distinct elements, which together comprise the constitutional makeup of the Northwest Territories. The administrative structure of the Legislative Assembly can be compared in general terms to a government department. However, it has a number of features that make it distinct from other public sector organizations. In saying it is distinct, Mr. Chairman, does not take away from my responsibility to ensure the operation of the Office of the Legislative Assembly complies with the operational procedures and policies of the Government of the Northwest Territories.

I am confident, Mr. Chairman, that the Legislative Assembly and its Members are perhaps the most accountable and open legislature in Canada.

-- Applause

The Legislative Assembly has a unique place in territorial history, rich in aboriginal and non-aboriginal traditions and housed in a modern building located on the capital site. Members are accountable generally to the electorate and to the Legislative Assembly, the Board of Management specifically, for the expenditures they incur as representatives of their constituencies.

Territorial government departments, represented by the Premier and Ministers in the Cabinet, are accountable to the Legislative Assembly for the expenditures they incur in delivering programs and services to all residents of the Northwest Territories.

The Legislative Assembly provides an environment in which the Members can effectively and efficiently meet the needs of residents, while considering the demographic diversity of the Northwest Territories. Mr. Chairman, the Legislative Assembly is requesting \$11,596,000 in operating expenses and \$210,000 under our capital acquisition plan.

You are all well aware that the 14th Legislative Assembly began its term with a new Legislative Assembly and Executive Council Act. The act, along with the regulations and policies, provides for

accountability, transparency and openness in all aspects of the business of the Members of the Legislative Assembly. In that regard, I tabled, on July 5th, the Annual Report of Members' Indemnities and Expenses. The new act has also had an impact on the financial and human resources required to meet the operational needs of the new Legislative Assembly.

Mr. Chairman, that concludes my opening remarks and I am open to responding to questions. Mahsi. Thank you.

CHAIRMAN (Mr. Krutko): Thank you, Mr. Speaker. Does the committee responsible for overseeing this department have any comments? Mr. Dent.

MR. DENT: Thank you, Mr. Chairman. Mr. Chairman, Members of the Standing Committee on Accountability and Oversight met on Wednesday, May 24th, 2000 to review the 2000-2003 business plan and the 2000-2001 main estimates for the Legislative Assembly.

The program delivered by the Office of the Legislative Assembly is divided into five ongoing activities: Office of the Speaker, Office of the Clerk; expenditures on behalf of Members; Office of the Chief Electoral Officer; and Commissioner of Official Languages. The Access to Information and Protection of Privacy Commissioner and Conflict of Interest Commissioner are included in the Office of the Clerk.

Goals, Strategies, Outcomes and Outcome Measures

The committee expressed to the Speaker their dissatisfaction with the lack of clearly defined outcomes and outcome measures in the Legislative Assembly's business plan. Upon the committee's request, more defined outcome measures have subsequently been supplied.

Affirmative Action Statistics

As in the case for the whole Government of the Northwest Territories, the committee was dissatisfied with progress made by the Legislative Assembly in the area of affirmative action. Every government department should be striving to achieve a workforce that is representative of the population it serves. The Legislative Assembly does not appear to be doing this. Committee members felt that the Legislative Assembly should be setting an example for the rest of government in attempting to achieve a more representative workforce. The committee encourages the Legislative Assembly to set targets in regard to affirmative action representation and implement programs to achieve these targets.

Official Languages

The Standing Committee on Accountability and Oversight noted that the Official Languages Commissioner did not submit a business plan to the committee for review. The committee is gravely concerned with the lack of a co-ordinated approach taken by the Government of the Northwest Territories in regard to our official languages. The lack of a co-

ordinated effort and attention of our government places the future of aboriginal languages in the Northwest Territories in jeopardy.

The Official Languages Act of the Northwest Territories has provisions for mandatory review every ten years. According to the act, the Legislative Assembly or a committee designated or established by the Legislative Assembly shall review the provisions and operation of the Official Languages Act. This review is to be done at the next session following December 31st, 2000. The Members look forward to this review. This concludes the committee's report on this department. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Krutko): Thank you, Mr. Dent. I would like to ask the Speaker if he would like to bring in any witnesses.

MR. SPEAKER: Thank you, Mr. Chairman. With the permission of the committee, I would like to invite the finance manager and Mr. Hamilton.

CHAIRMAN (Mr. Krutko): Does the committee agree?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Thank you. Would the Sergeant-at-Arms please escort the witnesses in?

Mr. Speaker, could you please introduce your witnesses for the record?

MR. SPEAKER: Thank you, Mr. Chairman. I would like to introduce Mr. Myles Moreside, director of corporate services, to my left. On my right, Mr. David Hamilton, Clerk of the Legislative Assembly, who will assist me with any questions the Members may have.

CHAIRMAN (Mr. Krutko): Thank you. General comments? Mr. Lafferty.

MR. LAFFERTY: Thank you, Mr. Chairman. Mr. Chairman, I would like to make some comments on using the Northwest Territories crest on business cards. I had asked earlier to use the crest in the background. I have sent letters and pictures of what I wanted to the Speaker. I am just wondering if they are going to agree with me. What is happening with it? I want to know.

CHAIRMAN (Mr. Krutko): Thank you, Mr. Lafferty. Could we have some order in the House please? Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Chairman. I am pleased to advise the Member that the Board of Management looked at the issue raised by the Member for North Slave and was impressed with the design of the second card he put forward. The Board of Management will look further at a new but consistent design that would perhaps change from the standard we are now using, and may incorporate some of the suggestions the honourable Member has submitted to us.

CHAIRMAN (Mr. Krutko): Mr. Lafferty.

MR. LAFFERTY: Thank you, Mr. Chairman. On another matter, my constituents, who I met with today have, along with one of my Member's statements, agreed and have given a resolution to change the name of my riding so it does not conflict with the rest of the North Slave budget or the Fort Smith budget. How do I go about doing that with the Legislative Assembly? Thank you, Mr. Chairman.

CHAIRMAN (Mr. Krutko): Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Chairman. The names of the electoral districts or ridings are in a schedule of the Legislative Assembly and Executive Council Act. They are described and named in that act and they had been done by previous governments after realignments with the involvement of the Members then, and perhaps the constituents, as far as the name is concerned.

If any changes are to be made, they can be made in consultation with the people involved. How you could go about doing that would be an amendment, introduced either by the government and followed through to complete the change, or a Private Member's Bill, which perhaps would take a little longer to do, but it is achievable. Those would be the ways of doing it. Of course, that would be with the support of the House and of the communities involved in that electoral district.

CHAIRMAN (Mr. Krutko): Thank you, Mr. Speaker. Mr. Lafferty.

MR. LAFFERTY: Thank you, Mr. Chairman. Since the business card would have my electoral riding name on it, I am wondering if they could go hand in hand and I could do them both together.

CHAIRMAN (Mr. Krutko): Thank you, Mr. Lafferty. Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Chairman. I guess it is a chicken and egg type of thing. The Private Member's Bill could be introduced in the fall Session. That takes a bit of time to see through. Perhaps if the Member wanted to hold off making any changes to the card, that is one way of going about doing it. For the time being, using the existing cards would probably get the message across of who he is and where he can be contacted.

I think it would take a bit of time if you are waiting for one to complement the other. If the riding name changes and you wanted that done, that would take some time to do. It is not a process that can happen overnight.

CHAIRMAN (Mr. Krutko): General comments?

SOME HON. MEMBERS: Detail.

CHAIRMAN (Mr. Krutko): Detail?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Page 1-9, Office of the Clerk, operations expense, total operations expense, \$6,642,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Thank you. Office of the Speaker, operations expense, total operations expense, \$125,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Thank you. Expenditures on behalf of Members, operations expense, total operations expense, \$4,044,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Thank you. Office of the Chief Electoral Officer, operations expense, total operations expense, \$440,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Commissioner of Official Languages, operations expense, total operations expense, \$345,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Thank you. Information item, active positions.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Thank you. Detail of work performed on behalf of others, information item.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Thank you. Revenues, recoveries, transfer payments, information item.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Thank you. Can we go back to the departmental summary, page 1-7, Legislative Assembly departmental summary, operations expense, total operations expense, \$11,596,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): We will now go to capital, page 3, Legislative Assembly, capital acquisition plan, directorate, \$210,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Thank you. Total department, \$210,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Does the committee agree the estimates for the Legislative Assembly are concluded?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Thank you. I would like to thank the Speaker and his witnesses.

MR. SPEAKER: Thank you.

CHAIRMAN (Mr. Krutko): Does the committee agree the consideration of the 2000-2001 main estimate detail is concluded?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Thank you. We will now consider Bill 1, Appropriation Act, 2000-2001, tab 1 of your grey binder. Are there any general comments on the bill?

SOME HON. MEMBERS: Detail.

CHAIRMAN (Mr. Krutko): Clause by clause?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Clause 1.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Clause 2.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Clause 3. The honourable Minister responsible for the Department of Finance, Mr. Handley.

Committee Motion 26-14(3): To Amend Clause 3(2) of Bill 1 (Carried)

HON. JOE HANDLEY: Thank you, Mr. Chairman. Mr. Chairman, this committee has passed a motion to increase the 2000-2001 main estimates of the Department of Education, Culture and Employment by \$650,000 for the Community Skills for Work Program. Therefore,

I MOVE that subclause 3(2) of Bill 1 be amended by striking out "\$813,717,000" and by substituting "\$814,367,000". Thank you, Mr. Chairman.

CHAIRMAN (Mr. Krutko): The motion is in order. To the motion. Question has been called. All those in favour? All those opposed? The motion is carried. Clause 3, as amended.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Clause 4.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Clause 5.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Clause 6.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Schedule, part 1, vote 1, operations expense, total appropriation for operations expense, \$756,835,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Part 2, vote 2, capital investment expenditures, total appropriation for capital investment expenditures, Mr. Nitah.

MR. NITAH: Thank you, Mr. Chairman. We just made a change on clause 3(2). Is that reflected in the total appropriation for operation expenditures?

CHAIRMAN (Mr. Krutko): Yes. Part 2, vote 2, capital investment expenditures, total appropriation for capital investment expenditures, \$56,882,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Total appropriation, \$813,717,000. Mr. Handley.

Committee Motion 27-14(3): To Amend Schedule 1 of Bill 1 (Carried)

HON. JOE HANDLEY: Mr. Chairman,

I MOVE that the schedule to Bill 1 be amended to:

- A) increase by \$650,000 the appropriation amount set out in part 1, item 9, "Education, Culture and Employment", by striking out "\$173,422,000" and by substituting "\$174,072,000";
- B) Increase by \$650,000 the amount set out in part 1 as "Total Appropriation for Operation Expenditures" by striking out "\$756,835,000" and by substituting "\$757,485,000"; and
- C) Increase by \$650,000 the amount set out at the end of the schedule as "Total Appropriation" by striking out "\$813,717,000" and by substituting "\$814,367,000".

Thank you, Mr. Chairman.

CHAIRMAN (Mr. Krutko): The motion is in order. To the motion. Question has been called. All those in favour? All those opposed? The motion is carried. Schedule 1 as amended.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): To the preamble.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Bill as a whole as amended?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Does the committee agree that Bill 1, as amended, is ready for third reading?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): Bill 1 is now ready for third reading as amended. Does the committee agree that Committee Report 1-14(3), Committee Report 2-14(3), Committee Report 3-14(3) are concluded?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Krutko): What is the wish of the committee? Mr. Dent.

MR. DENT: Mr. Chairman, I move we report progress.

CHAIRMAN (Mr. Krutko): The motion is in order. The motion is not debatable. All those in favour? All those opposed? The motion is carried. We will rise and report progress.

MR. SPEAKER: The House will come to order. Item 20, report of committee of the whole. The Chair recognizes the honourable Member for Mackenzie Delta, Mr. Krutko.

ITEM 20: REPORT OF COMMITTEE OF THE WHOLE

MR. KRUTKO: Thank you, Mr. Speaker. Mr. Speaker, your committee has been considering Bill 1, Appropriation Act 2000-2001, Committee Report 1-14(3), Committee Report 2-14(3), and would like to report progress with three motions being adopted, and Committee Report 1-14(3), Committee Report 2-14(3), and Committee Report 3-14(3) concluding. Bill 1 is ready for third reading as amended. Mr. Speaker, I move the report of the committee of the whole be concurred with.

MR. SPEAKER: Thank you, Mr. Krutko. Do we have a seconder? The Chair recognizes the honourable Member for Yellowknife Centre, Mr. Ootes. All those in favour? All those opposed? The motion is carried. Item 21, third reading of bills. Item 22, orders of the day. Mr. Clerk.

ITEM 22: ORDERS OF THE DAY

CLERK OF THE HOUSE (Mr. Hamilton): Mr. Speaker, meeting of the Standing Committee on Accountability and Oversight at 9:00 a.m. tomorrow morning.

Orders of the day for Friday, July 7, 2000:

1. Prayer
2. Ministers' Statements
3. Members' Statements
4. Returns to Oral Questions
5. Recognition of Visitors in the Gallery
6. Oral Questions
7. Written Questions
8. Returns to Written Questions
9. Replies to Opening Address
10. Petitions
11. Reports of Standing and Special Committees
12. Reports of Committees on the Review of Bills
13. Tabling of Documents
14. Notices of Motion
15. Notices of Motion for First Reading of Bills
16. Motions
 - Motion 6-14(3), Development of a Comprehensive Literacy Strategy
 - Motion 7-14(3), Extended Adjournment to October 31, 2000
17. First Reading of Bills
18. Second Reading of Bills

19. Consideration in Committee of the Whole of Bills and Other Matters

- Bill 4, An Act to Amend the Workers' Compensation Act
- Bill 5, An Act to Amend the Workers' Compensation Act, No. 2
- Bill 6, An Act to Amend the Nursing Profession Act

20. Report of Committee of the Whole

21. Third Reading of Bills

- Bill 1, Appropriation Act, 2000-2001

22. Orders of the Day

MR. SPEAKER: Thank you, Mr. Clerk. This House stands adjourned until Friday, July 7, 2000 at 10:00 a.m.

-- ADJOURNMENT

The House adjourned at 7:50 p.m.